



Stock Code: 2476

# **G-SHANK ENTERPRISE CO., LTD.**

## **2023 Annual Report**

*Notice to readers*

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

**Taiwan Stock Exchange Market Observation Post System:**

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# I. Letter to Shareholders

## 1. Letter to Shareholders

Dear shareholders:

First of all, I would like to thank you all for taking the time to attend this year's annual shareholder meeting. On behalf of G-Shank Enterprise Co., Ltd., I extend a warm welcome to all our shareholders and express my gratitude for your presence and support.

The financial statements for the fiscal year ended 2023 have been audited and signed off by the Auditors of Diwan & Company. The consolidated operating income of the group was NT\$5.75 billion, a decrease of 15.3% compared to the previous year. The pre-tax net profit was NT\$1.05 billion, a decrease of 19.9% compared to the previous year. The decline in revenue and profit was mainly due to the slowdown in customer inventory clearance after the lifting of the epidemic in fiscal year 2023. The consolidated net profit attributable to the owners of the parent company was NT\$675 million, with earnings per share of NT\$3.54.

Despite the challenging operating environment with frequent international wars, the prolonged US-China trade war, and inflation leading to higher raw material costs, our management team has persevered in their work, implementing various protective measures, and adjusting business strategies and directions with precision. We have made good use of the Group's layout advantages, continued to develop international large factories, technology research and development, pursued excellence in the lean management process, and provided high-quality products to meet customer needs. This has in turn increased revenue and profit, allowing shareholders and employees to share in the business results. I would like to express my sincere gratitude to all shareholders, customers, suppliers, and all employees for their long-term support and contributions.

Finally, I would like to once again thank all our shareholders for your long-term support and encouragement. I wish you all good health and every success in all your endeavors.

Sincerely,

Lin, Yu-Huang  
Chairman  
G-SHANK ENTERPRISE CO., LTD.

## 2. The 2023 Business Report

### (1) The results of the business plan

#### (A) Operating income overview

The Company's consolidated operating income was NT\$ 5,746,318 thousand in 2023, a decrease of 15.26% from the NT\$6,781,030 thousand in 2022, mainly due to the decrease of sales in parts from an amount of NT\$5,372,505 thousand in 2023 to NT\$6,331,276 thousand in 2022, representing a decrease of 15.14%. The company's revenue has decreased mainly due to the slow movement of customer destocking and the ongoing impact of the US-China trade war. The relevant statistics of the product sales of the Company are illustrated as follows:

#### Product sales statistics

Unit: NT\$ thousands

Item \ Year	Sales in 2023	Sales in 2022	Growth rate
Parts	5,372,505	6,331,276	-15.14%
Tooling	205,190	252,747	-18.82%
Tools	63,727	82,089	-22.37%
Instruments	104,896	114,918	-8.72%
Total	5,746,318	6,781,030	-15.26%

#### (B) Profit and loss overview

The Company's net income before tax was NT\$1,053,592 thousand in 2023, representing a decrease of 19.86% from the NT\$1,314,741 thousand in 2022. The net income after tax in the 2023 was NT\$761,997 thousand, representing a 22.55% decrease compared to NT\$ 983,915 thousand in the 2022.

Although costs and operating expenses remained stable, the decrease in revenue by 15.14%, amounting to a reduction of 1.034 billion, resulted in a decline in profits. The profit and loss, budget execution, financial income and expenditure situation, and profitability analysis are detailed in the table below:

## Profit and Loss Overview

Unit: NT\$ thousands

Item	Actual amount in 2023	Actual amount in 2022	Increase / Decrease ratio
Operating income	5,746,318	6,781,030	-15.26%
Operating cost	4,081,875	4,821,562	-15.34%
Gross profit	1,664,443	1,959,468	-15.06%
Operating expense	906,861	919,787	-1.41%
Other income, expense, and loss - net	383	383	-
Operating profit	757,965	1,040,064	-27.12%
Non-operating income and expense	295,627	274,677	7.63%
Net income before tax	1,053,592	1,314,741	-19.86%
Income tax expense	291,595	330,826	-11.86%
Net income	761,997	983,915	-22.55%
Net income attributable to			
Parent company's shareholders	675,040	867,603	-22.19%
Non-controlling interests	86,957	116,312	-25.24%
Earnings per share	3.54	4.58	-22.71%

### (2) Budget execution

The Group did not disclose the financial forecast to the public in 2023.

### (3) Financial income and expense overview

Unit: NT\$ thousands

Item		2023	2022	Increase (Decrease) ratio
Non-operating income and expense	Interist income	166,687	106,766	56.12%
	Other income	41,095	53,172	-22.71%
	Other profit and loss	54,854	(20,249)	-370.90%
	Financial cost	21,249	17,318	22.70%
	Percentage of profit from the associates under the equity method	9,987	11,233	-11.09%
	Foreign currency exchange loss - net	44,253	141,073	-68.63%
	Subtotal	295,627	274,677	7.63%



#### (4) Profitability analysis

Item		2023	2022	
Financial structure	Ratio of Liability to Assets (%)	31.26	32.92	
	Ratio of Long term fund to fixed assets (%)	607.14	576.85	
Profitability	Ratio of Return on Total assets (%)	7.98	10.58	
	Ratio of Return on Shareholders' Equity (%)	12.82	17.83	
	Ratio to issued capital stock (%)	Operating income	39.72	54.55
		Net income before tax	55.21	68.96
	Profit Ratio (%)	13.26	14.51	
Earnings per share (NTD)	3.54	4.58		

#### (5) Research and development status

##### (A) Industry analysis

The Company has been engaging in the tooling development and production for computer/information/home appliance-related components for a long time, and is committed to industrial dispersion with the hope of increasing the sales ratio in automotive/industrial equipment/medical-related products. The Company had gradually achieved the set goal since the year of 2023, including 48% in 3C products, 30% in industrial equipment (including medical), and 22% in automotive products; also, the Company's ultimate goal is to achieve one third of sales from each category.

##### (a) 3C electronics industry:

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

##### (b) Vehicle related:

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

##### (c) Industrial equipment:

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

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

(B) Responsive strategies

- (a) If the existing electronic component industry maintains the traditional processing mode with customer-supplied materials, there is no possibility of responding to the global massive/rapid changes. Therefore, the Company will focus on ODM operation and participating in customer design in the future.
- (b) The Company is mainly engaged in stamping and metal/plastic injection business with Stage-I one-step manufacturing process completed and has the manufacturing process extended to finished product assembly, an electromechanical department established for the design and production of automatic assembly machines so to achieve the goal of becoming a one-stop full-process supplier.
- (c) The inheritance of craftsmanship in a technology-intensive industry is the key to success. In addition to continuing the operation of the education and training center and the industry-university cooperation with three universities, the Company has introduced a mentor-disciple system and one-on-one in-depth teaching program to have the Company's core technology integrated and inherited effectively.
- (d) Based on the existing 3C electronic components business to expand and enter the market of automotive-related and industrial equipment. The Company had achieved the set goal in sales since the year 2023, including 48% in 3C products, 22% in automotive products, and 30% in industrial equipment; also, the Company's mid-term and long-term goal is to achieve one-third of sales from each category in 2025.
- (e) The Company has introduced TPS Toyota-style production management to improve corporate management per se, reduce mold-changing time, and enhance process linkage capabilities in response to the expansion of the automotive market. Also, the Company has initiated continuous, uninterrupted, and lean improvement of manpower, materials, and manufacturing processes to meet the high-standard requirements of the automotive market through visualized management, including purchasing, feeding, manufacturing, processing, quality assurance, shipping, etc.
- (f) By strengthening customer relationship management, G-Shank's core value lies in manufacturing. We integrate the best process configuration based on customer

needs, providing professional expertise to shorten customers' product development timelines and ensure customer satisfaction as their optimal partner in product development.

(C) Research & Development achievements

(a) Development of High-Speed Connector Mold for Micro Board-to-Board Applications

As electronic products pursue miniaturization, lightweight, and high performance, the development of micro board-to-board connectors is continuously evolving and applicable to different product types, with a wide range of applications and increasing customer demand. Therefore, our company has invested in high-speed terminal stamping mold technology through collaboration with Japanese technology. We have successfully developed nearly 10 related molds by learning and applying design, part processing, and mold assembly techniques, continuously accumulating technical experience to pursue more related projects.

(b) Development of Precision Spot Plating Technology

In conjunction with the micro board-to-board high-speed terminal stamping parts, our company has also invested in the development of precision spot plating technology. This technology can improve plating accuracy, reduce costs, and minimize waste by precisely plating small areas, enhancing coating uniformity, strengthening product performance, and widely applied in electronics, medical, automotive, and other fields. Our company has successfully implemented this technology, with in-house design, processing, testing, and mass production of electroplating fixtures to ensure competitiveness.

(c) Development of Integrated Production Process for Industrial Equipment Contact Parts

Continuously improving existing stamping, electroplating, injection molding, and assembly processes, we have cooperated with European customers to develop and introduce contact parts for industrial equipment, which are crucial components to prevent equipment damage caused by power overload. We have developed an integrated production process from metal stamping, diode riveting, embedded injection molding, laser marking to electronic control testing, with a fully automated human-machine separation production mode, receiving high recognition from customers.

(d) Multiple invention patents

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

### 3. The 2024 business plan outline

#### (1) Operating strategy:

Uphold the corporate culture of kindness, integrity, courage, and responsibility. Extend and adjust the Company's internal physique with "ENERGY," "ACTION," "MOVEMENT," "DISCIPLINE," "ART," "GOODNESS," "ABILITY," "INTEGRITY," "TRUTH," "POSITIVENESS," "HARMONY," "SINCERITY," "DILIGENCE" and "WIN." Form an attitude of practical, courageous execution, and uplifting team morale. Also, provide customers with professional, fast, ample, and massive service with a stable, healthy, simple, and practical business policy. Finally, achieve the management indicators of self-interest, altruism, and the greater good of the society taking as a whole; enhance management in the three aspects of quality, cost, and benefit.

- (A) Decentralized markets, diversified operations, and generated income.
  - (B) Enhance product quality control.
  - (C) Reduce costs and increase profitability.
  - (D) Internal management requires fair and reasonable rewards for merits and good deeds.
  - (E) 6S continuous pursuit of excellence
  - (F) Introduce TPS lean production system.
- (2) Expected sales volume and the reference: The Group does not have to disclose the financial forecast for 2024.

#### (3) Important production and marketing policies:

- (A) Substantiate ISO system, introduce IATF 16949, and improve product quality.
- (B) Production and sales/production planning is responsible for internal and external production management to meet customer delivery requirements.
- (C) The sales team is divided into 8 teams by function to exercise individually and support mutually.
- (D) Exercise the advantages of the Group and actively expand global deployment.
- (E) Refine technology research and development and set up a "Technology Committee" to promote innovation and enhance competitiveness.
- (F) Design of a brand new globally applicable website of the Group for international marketing.
- (G) Substantiate education and training; actively train independent and internationalized talents.

#### (H) Quality objectives:

- (a) Customer complaints are less than 8 cases per month.
- (b) Sales return rate due to quality issue is PPM 2500 per month or less.
- (c) Manufacturing process loss rate is below 1.15% per month.

Automotive Products Business Division:

- (a) Number of customer complaints per month  $\leq$  1 complaint
- (b) Delivery completion rate  $\geq$  91%

#### 4. Future development strategy of the Company

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

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

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

#### 5. The impact of external competitive environment, regulatory environment, and overall business environment

##### (1) Impact of external competitive environment

Stamping industry is with a low entry threshold. More than 80% of the domestic operations are by small-scale business entities (less than 30 employees) according to the statistics of Taiwan Mold & Die Association. While facing the demand for a low manufacturing cost, price competition is severe that is to the disadvantage of the Company.

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

Therefore, the Company expects to face more severe competitions externally and exchange rate risks continuously. Especially, electronic products are the most important exports of Taiwan. The Company will continue to rely on the profound mold technology capabilities, the continuous betterment of various manufacturing processes, and the integration of upstream and downstream processes to enhance quality control. The Company bases on the advanced automation production and peripheral equipment, integrated information management system, and self-developed visual inspection system (AI CCD vision system)

to gradually realize unmanned and automation production. The Company has comprehensive mold design, processing, and assembly capabilities with more than 95% mold parts made in-house, and can quickly cooperate with customers to develop precision parts and to prepare samples. There are 15 factories and 2 offices globally with the mold R&D centers set up in Taiwan and Shanghai. The R&D budget accounts for 3% of the Company's annual revenue. Facing the post-pandemic period, customers reducing inventory levels, multiple international conflicts, the ongoing US-China trade war, and rising raw material costs have led to a decline in the group's revenue and profitability.

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

## (2) Regulatory environment

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

Our company actively promotes carbon reduction in line with United Nations and national policies. Prior to embarking on carbon reduction initiatives, it is essential to understand our own greenhouse gas emissions in order to identify effective carbon reduction projects and maximize their benefits. To achieve this, G-Shank has adopted the international standard ISO 14064-1:2018 and systematically conducted greenhouse gas emission inventories and list establishment for our facilities in Taiwan (including the Xinwu and Bade plants). We have documented internal procedures and completed verification processes to provide reference for implementing cost-effective reduction measures in the future. Our efforts are directed towards advancing towards a low-carbon economy.

## (3) Impact of overall business environment

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

## II. Company Profile

### 1. Date of Establishment:

November 14, 1973

### 2. Company History:

- 1973: Established, with a capital of NT\$1.5 million.
- 1974: Put into production, developed molds, and produced precision metal stamped parts.
- 1975: Increased capital to NT\$3.55 million.
- 1977: Increased capital to NT\$4.5 million and recruited cadre members through stock options.
- 1979: Increased capital to NT\$6 million, purchased precision machinery and equipment, and introduced the CAD system.
- 1984: Set up the R&D department, implemented the 5S system, and expanded the machining workshop by 650 square meters.
- 1986: Increased capital to NT\$10 million, expanded the organization, and introduced labor-saving, automated machine design, manufacturing, and sale services for customers.
- 1987: Increased capital to NT\$20 million, expanded the employee cafeteria and the machining workshop by 1,250 square meters, and developed CLIP.
- 1988: Managed the organization by the department and developed strategies for international operations.
- 1989: Increased capital to NT\$50 million, expanded the office building and the stamping workshop by 1,870 square meters, and developed and produced variable resistor (VR) double-layer housing (16 φ).
- 1990: Made a great stride in production technology, with the utilization of high-speed punch reaching 1,000 R.P.M.
- 1991: Developed and produced VR double-layer housing (12 φ).
- 1992: Increased capital to NT\$65 million, expanded the stamping workshop II and the warehouse for finished goods by 1,800 square meters, introduced Japanese high-precision punch and 3D testing equipment, and developed and produced 200PIN computer REC SHELL.
- 1993: Re-elected directors and supervisors.
- 1994: Increased capital to NT\$170 million and invested in the construction of a branch in Malaysia.
- 1995: Increased capital to NT\$199 million, invested in the construction of a branch in Mexico, expanded the machining workshop and employee dorm by 2,400 square meters, and introduced PG, JG high-precision machinery and equipment; implemented on-the-job training to improve the employees' quality and implemented ISO9001 Quality Assurance System; developed and produced VR SLIDER of PITCH 0.30 10IN.

- 1996: Increased capital to NT\$250 million, invested in the construction of a branch in Shanghai, China, obtained ISO9001 certification, and forged technical cooperation with TEIKOKU TSUSHIN KOGYO CO., LTD.; reelected directors and supervisors; developed and produced computer connectors and terminals of PITCH 0.8.
- 1997: Increased capital to NT\$327.5 million; obtained ISO9002 certification at the branch in Malaysia; went listed on the Taipei Exchange (TPEX) based on the TPEX Letter (86) Zheng-Gui-Shang-Zi No. 25130 dated December 4, 1997.
- 1998: Increased capital to NT\$495.5 million, began stock trading on the TPEX on February 24, 1998, invested in the establishment of HONGYUE INVESTMENT CO., LTD. and plants in Thailand and Bade, Taoyuan; obtained ISO9002 certification at the branch in Shanghai and won Top Ten Outstanding Automation Companies from the Industrial Development Bureau, Ministry of Economic Affairs.
- 1999: Increased capital to NT\$623.5 million, implemented the profit center system, reelected directors and supervisors, and invested in the incorporation of JINDE INVESTMENT CO., LTD.; obtained ISO9002 certification at the branch in Mexico, completed the phase 2 expansion at the branch in Malaysia, developed and produced 0.5PITCH terminal for communication, and worked with the Industrial Technology Research Institute to develop 0.5PITCH connectors for notebook computers.
- 2000: Increased capital to NT\$823 million, reelected one director through a by-election, put into production at the branch in Thailand, changed into electronics stocks upon approval of TPEX, and reinvested in G-Shank Enterprise (M) Sdn. Bhd. through G-Shank Enterprise (M) Sdn.Bhd.; purchased 5,000 pings (about 16500 square meters) of land for plant expansion, added 1,200 pings (about 3,960 square meters) to the branch in Shanghai and 430 pings (about 1,419 square meters) to the branch in Mexico, and developed and produced motor stamped parts.
- 2001: Increased capital to NT\$1,140 million, went listed on the Taiwan Stock Exchange (TWSE), issued the first domestic unsecured convertible bonds at NT\$1 billion, issued new shares at NT\$50 million for capital increase, reinvested in Hongjin (Shanghai) Electronics Co., Ltd., G-Shank Dongguan 1st Factory (G-Long), G-Shank Xiamen, G-Shank Suzhou, and G-Shank Qingdao; invested NT\$37.69 million additionally in G-Shank Enterprise (M) Sdn.Bhd. and NT\$163.3 million in Hongyue Investment Co., Ltd., obtained ISO9002 certification at the branch in Thailand, and commenced the construction of the 5th factory at the head office.
- 2002: Increased capital to NT\$1,331 million, launched the enterprise resource planning (ERP) system, and completed the construction of the 5th factory at the head office; reinvested in the branch in Indonesia through G-Shank Enterprise (M) Sdn.Bhd., obtained QS-9000 certification by G-Shank, Inc., increased capital of HONGYUE Investment Co., Ltd. by NT\$149.5 million, reelected directors and supervisors, and developed 25PIN CF terminal, SMC terminal, fast charging connector shell, CD-ROM motor base, and aluminum alloy lithium battery cover.
- 2003: Increased capital to NT\$1,409.75 million, introduced the ERP system to G-Shank Shanghai, G-Shank Qingdao, and G-Shank Suzhou, invested in the incorporation of G-Shank Tianjin, and developed connector terminal of digital camera, battery holder shrapnel, mobile phone charger, connector terminal of hands-free handset, MMC holder, MP3 holder shell and connector terminal.



- 2004: Increased capital to NT\$1,494.24 million and introduced the ERP system to Malaysia branches 1 and 2, G-Shank Dongguan 1st Factory (G-Long), and Bade branch.
- 2005: Increased capital to NT\$1,618.63 million, obtained ISO 14001 and ISO/TS 16949 certification, completed the construction of G-Shank Xiamen, and reelected directors and supervisors.
- 2006: Increased capital to NT\$1,810.3 million, commenced the construction of a new plant in the head office, invested in the incorporation of G-Shank Shenzhen, and obtained ISO14001 and ISO9001 certification in Malaysia branches.
- 2007: Increased capital to NT\$2,060.53 million, completed the construction of the sixth plant in the head office, invested in the incorporation of G-Shank Shenzhen G-Bao Branch, and merged with Hongyue Investment Co., Ltd. upon approval of the Ministry of Economic Affairs (MOEA).
- 2008: Received the MOEA's approval on January 17 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT\$2,079.62 million, increased capital from earnings to NT\$2,362.18 million, invested in the incorporation of G-Shank Dongguan G-Yue, reelected directors and supervisors, and received the Evergreen Enterprise Excellence Award from the Taoyuan County Government.
- 2009: Increased capital from earnings to NT\$2,433.04 million, received the MOEA's approval on October 20 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT\$2,443.04 million, and received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan.
- 2010: Commenced the construction of Jingji Building in the head office and received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan.
- 2011: Completed the construction of the 6th Factory Building in the head office, commenced the construction of office and warehouse buildings, and received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan; reelected directors and supervisors, reinvested in the incorporation of Sichuan Jin-Yue Mold Technology Co., Ltd. through G-Shank Shanghai, revoked the investment in G-Shank Dongguan G-Yue, established the Remuneration Committee, and developed Insert Molding.
- 2012: Invested in the incorporation of G-Shank Japan, reinvested in the incorporation of Hanzhe Electronic Technology (Hubei) Company through G-Shank Hardware (Shanghai) Co., Ltd., completed the construction of office and warehouse buildings, became SONY's certified partner, and completed the construction of Operation Building at G-Shank Qingdao.
- 2013: Won the best supplier (Crystal Award) of Eaton Corporation (G-SHANK MEXICO), won the outstanding partner of TE CONNECTIVITY LTD (G-SHANK QINGDAO), reduced capital of SICHUAN JIN-YUE MOLD TECHNOLOGY CO., LTD., attended the EuroMold in Frankfurt, Germany, and won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.
- 2014: Won the best supplier award from SCHNEIDER JAKARTA (PT. INDONESIA G-SHANK PRECISION) and the J. I.T Award from CANON RA (GREATSHANK CO., LTD.), liquidated SICHUAN JIN-YUE MOLD TECHNOLOGY CO., LTD., and received a bronze

in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan; reelected directors and supervisors, attended the Taipei Int'l Smart Mold & Die Industry Fair, reduced capital to NT\$1,800,523 thousand, and won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.

- 2015: Attended the Electronica/Productronica in India, won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency, received the Total Evaluation Award from CANON (GREATSHANK CO., LTD.), attended the electronica in Shanghai (G-SHANK SHANGHAI), won the Outstanding Supplier Award from LOJACK (G-SHANK ENTERPRISE (M) SDN.BHD.), and won the Outstanding Quality Supplier Award from TE CONNECTIVITY LTD (G-SHANK SHENZHEN).
- 2016: Received the MOEA's approval on April 1 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT\$1,822.36 million, received the MOEA's approval on December 13 regarding the conversion of employee stock option certificates into ordinary shares, and increased capital to NT\$1,823.76 million; attended the Electronica/Productronica in India, and Electronica, won the Outstanding Enterprise Award from Xinqiao Town People's Government and Excellent Quality Award and Sincere Cooperation Award from PANASONIC ECO SOLUTIONS INFORMATION EQUIPMENT (SHANGHAI) CO., LTD. (G-SHANK SHANGHAI), the Excellent Supplier Award from DECOMA, EATON and EATON Reynosa (G-SHANK MEXICO), and the Outstanding Partner Award from SMK ELECTRONICS (G-SHANK SHENZHEN G-BAO BRANCH).
- 2017: Obtained the ISO 14001:2015 transition certification, received a bronze in training quality evaluation from the Vocational Training Bureau, Council of Labor Affairs, Executive Yuan; won the 1<sup>st</sup> Outstanding Supplier Award from TE CONNECTIVITY LTD (Zhuhai) and received the National High-tech Enterprise certificate (G-SHANK SHENZHEN G-BAO BRANCH); won the Green Excellence Award from CANON (GREATSHANK CO., LTD.).
- 2018: Received the MOEA's approval on April 20 regarding the conversion of employee stock option certificates into ordinary shares, increased capital to NT\$1,849.68 million, and won the outstanding company in the Dual Training Flagship Program from the Ministry of Labor; won the Service Excellence Award from LITTELFUSE (G-SHANK MEXICO), the Best Quality Award from ABB (PT. INDONESIA G-SHANK PRECISION), and the Excellent Supplier Award in Asia from SMK (G-SHANK SHENZHEN G-BAO BRANCH).
- 2019: Won the 28th Model of Entrepreneurs Award (PT. INDONESIA G-SHANK PRECISION), obtained the New Product certification from the Qingdao Municipal Bureau of Industry and Information Technology (G-SHANK QINGDAO), and obtained the National High-tech Enterprise certificate (G-SHANK SHENZHEN).
- 2020: Won the first place in the Machinery Industry Lean Management/TPS Incentive Program from the Industrial Development Bureau, MOEA; won the Outstanding Enterprise Award from Xinqiao Town People's Government (G-SHANK SHANGHAI), the Wujiang District Harmonious Labor Relations Award (G-SHANK SUZHOU), the Best Quality Supplier Award (Gold) of TE CONNECTIVITY LTD (G-SHANK SHENZHEN G-BAO BRANCH), and the Specialization/Refinement/Differentiation/Innovation (SRDI) Award from the Bureau of Economic Development (G-SHANK QINGDAO).
- 2021: Acted as a model company for the implementation of TPS in Taiwan and won the 6<sup>th</sup> Taiwan Mittelstand Award from the Industrial Development Bureau, MOEA, invested in the

incorporation of SHENZHEN JUBAO PRECISION MOLD CO., LTD. (G-SHANK SHENZHEN G-BAO BRANCH), obtained the National High-tech Enterprise certificate and the Outstanding Enterprise Award from Xinqiao Town People's Government (G-SHANK SHANGHAI), received the MOEA's approval on November 30 regarding the conversion of employee stock option certificates into ordinary shares, and increased capital to NT\$1,878.32 million.

2022: The headquarters has been honored with the Outstanding Green Procurement Performance Award by the Taoyuan City Government and the Model Member Award by the Taiwan Machinery Industry Association's 10th Annual Awards. The Shanghai plant has received the Outstanding Enterprise Award and Party Building Demonstration Award for 2022 from Xinqiao Town, and the Qingdao plant has passed the re-evaluation of a High-tech Enterprise, as well as obtaining funding for a Technology Innovation Center project and a Small and Micro Enterprise Innovation Transformation project. Jubaopeng in Shenzhen has received the TE Excellent Quality Gold Award for 2022, and the company's capital has increased to 1,897.84 million yuan through the conversion of employee stock warrants into ordinary shares.

2023: Employee stock options certificates were exchanged for common stock, increasing the company's capital to NT\$1.90654 billion. The company completed ISO14064-1 verification, and the headquarters received a "Silver Award" in the TTQS education and training system assessment conducted by the Labor Affairs Training Bureau. The company also purchased real estate in Guanyin District, Taoyuan. Shanghai G-Shank was awarded the Outstanding Enterprise Award for 2023 by Xinqiao Town. Suzhou G-Shank received recognition as a specialized and small medium-sized enterprise (provincial level) and was awarded as an enterprise engineering technology research center (municipal level) and a national-level small and medium-sized technology innovation enterprise. Qingdao G-Shank factory passed the certification for high-tech enterprises in Qingdao in 2023.

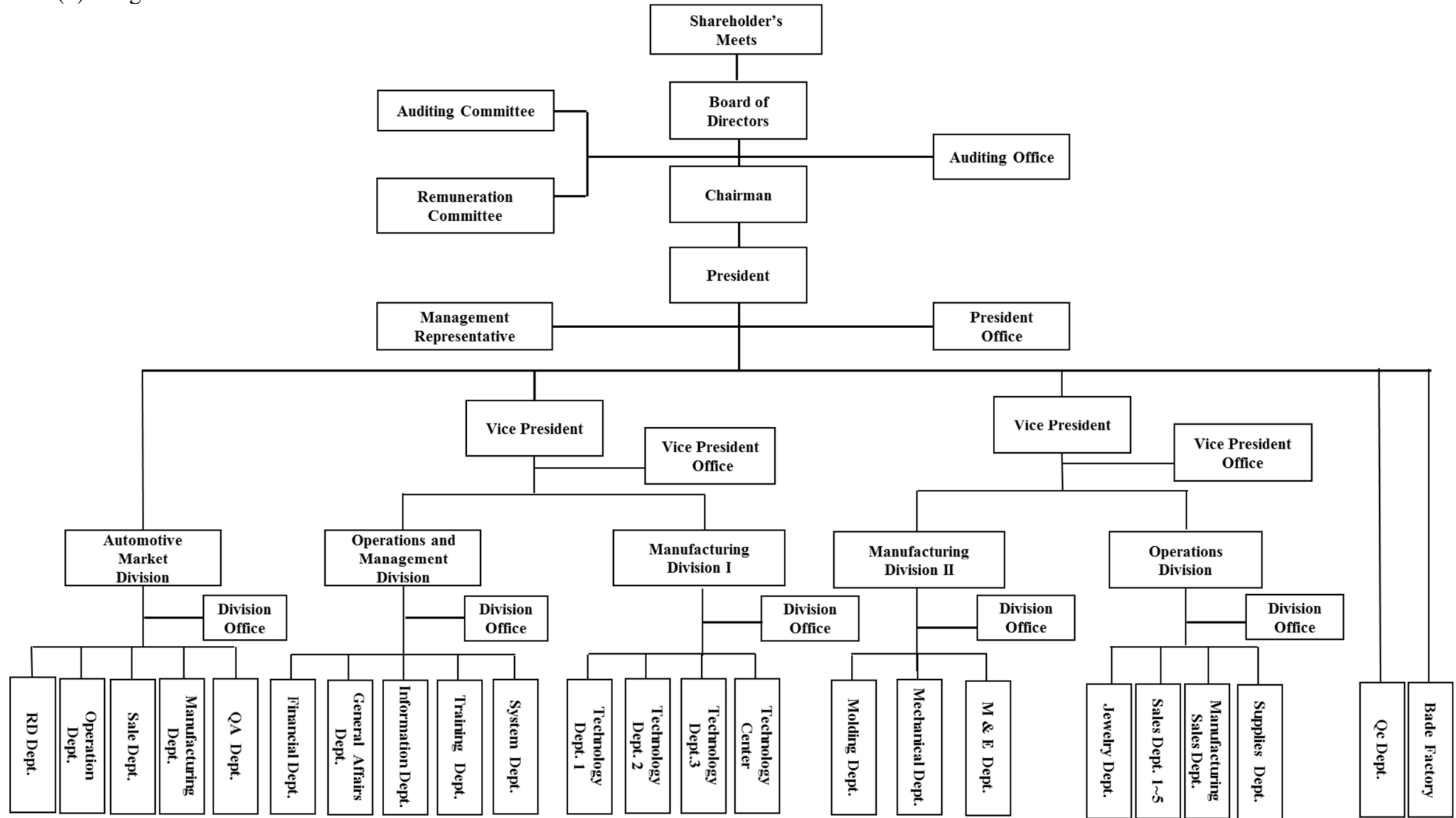
2024: The company issued its second unsecured convertible corporate bond domestically, totaling NT\$1 billion, and conducted a cash capital increase of NT\$150 million. Employee stock options certificates were exchanged for common stock, increasing the company's capital to NT\$2.05844 billion.

(Date of publication)

### III. Corporate Governance Report

1. Organization System:

(1) Organization Structure



## 2. Operations of Primary Departments

Departments	Main Operations and Functions
General Manager /Deputy General Manager Office	Responsible for the planning, formulation of group corporate articles of incorporation, evaluation of operating outcome of business divisions within the group, and acting as the consulting officer for the president in business promoting.
Audit Office	In control of company internal audit, audit and evaluate the accuracy, reliability, efficiency, and validity of company internal control, providing suggestions for improvement and effective execution of internal control system.
Management Representative	The management representative of the Company's ISO 9001, ISO 14001 and TS 16949 quality assurance system, representing the matters related to the execution of quality system on behalf of the president.
Operations and Management Division	In control of company general affairs, finance, information department and the operation, management, strategy formation and execution related matters of the training center. Coordinating the financial and accounting system of overseas group, establishing information system and providing support and assistance, and planning the operation and management strategies based on company needs to implement thoroughly in all departments.
Manufacturing Division I	Coordinating company development, manufacturing, suppliers management, administration, strategy formulation and execution related matters, and ruling over and supervising the matters reconciled between departments, and coordinating the production technology and support of oversea group.
Manufacturing Division II	Coordinating company machinery, molding, M&E operation, management, strategy formation and execution, and ruling over and supervising the matters reconciled between departments.
Automotive Product Division	In control of the R&D, manufacturing, sales, and market promotion and after-sales service for vehicle related products produced by the Company.
Operations Division	In control of the operation of Company's operation department, management strategy formation and execution related matters.
Marketing & Sales Division I ~ V	In control of company product sales, market promotion, after-sales service and in control of management of finished-product warehousing, and promote the effective accomplishment of sales target.
Production and Sales Dept.	In control of the production status of manufacturing department and the integrated services of customer demand.
Supplies Department	In control of company materials, hardware material, equipment, office suppliers, product import/export customs, and contracting process as well as purchase related matters.
Financial Department	In control of company finance, taxation, cost accounting and other services, analysis of cost difference in manufacturing, taxation plan and financial operation analysis; gain/loss forecast, stock service management, budget review and deviation analysis, and responsibility in

	fund forecast, control, transfer, custody of securities, and banking transactions.
General Affairs Department	In control of Company's general affairs and administrative work, human resource management and development, ISO-14001 system establishment and maintenance, project outsourcing and supervision, and public safety and public relation maintenance.
Information Office	In control of Company's various computer system designs, development, maintenance, and responsibility of establishing computer documents and information processing, management and maintenance of software/hardware, planning and managing information links among the subsidiaries of the group, hot system planning and establishment, and information security control and maintenance, so that the information exchange among the group becomes more convenience and fast.
Training Center	Responsible for the basic training for molding knowledge among new employees, design training and mold production, and training for new mold assembly.
System Department	Responsible for the introduction, maintenance, improvement, auxiliary system plan analysis and development of group CAD/CAM system, and conducting CAD/CAM application improvement and revision to upgrade the overall performance of CAD/CAM system.
Technology Department I~III and Technical Center	In control of the R&D design, assembly, production scheduling plan and stamping production of company's molding, responsible for solving process and quality issues, reducing costs and upgrading product competitiveness.
Molding Department	In control of company's injection molding technology and production by order, production scheduling plan and introduction of mass production, and responsible for solving the operation and quality issues related to injection mold production, thereby to upgrade the processing capacity.
Mechanical Department	In control of company's fixture and mold parts manufacturing, and with responsibility in the relevant production scheduling and planning management.
M&E Department	In control of the company's post-processing or automatic design manufacturing and subsequent mechanics, vehicle related model introduction, production scheduling plan and introduction of mass production, and responsibility in manufacturing operation and quality issues that will upgrade the manufacturing capacity.
QA Center	Supervising factory quality system operation and implementing quality policy objectives of the company, with responsibility in the quality inspection of raw materials and finished products, quality assurance of company products, and supporting the quality system of the subsidiaries.
Bade Taoyuan Factory	In control of the operation, purchase, and production related matters of products from Bade Taoyuan Factory of the Company.

## 2. Information on Directors, President, Vice Presidents, Assistant Managers, and Heads of Departments and Branches:

### (1) Directors

#### (A) Director Information

April 16, 2024; Unit: Shares

Title	Nationality/ Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
Chairman	Republic of China	Lin, Yu- Huang	Male 71-80	2023.6.9	3	1990.6.25	8,612,089	4.52%	8,612,089	4.17%	5,687,897	2.75%	0	0	Department of Administration, Takming University of Science and Technology	Chairman of G-Shank Enterprise (M) Sdn. Bhd. Chairman of Shanghai G-Shank Precision Machinery Co., Ltd. Chairman of Great Shank Co., Ltd. Director of G-SHANK , INC. Chairman of Chin De Investment Co., LTD. Chairman of GRAND STAR ENTERPRISES L.L.C. Chairman of Global Star International Co.,Ltd Director of G-Long Precision Machinery (Dong Guan) Co., Ltd. Director of Qingdao G-Shank Precision Sdn. Bhd. Chairman of G-Shank Precision Machinery (Suzhou) Co., Ltd. Chairman of Xiamen G-Shank Precision Machinery Co., Ltd. Chairman of Tianjin G-Shank Precision Machinery Co., Ltd Chairman of Shenzhen G-Shank Precision Sdn. Bhd. Director of Hong Jing (Shanghai) Electronics Co., Ltd. Chairman of Shanghai G-Shank Precision Hardware Co., Ltd . Chairman of Shenzhen G-Bao Precision Sdn. Bhd. Director of G-Shank Japan Co., Ltd. Chairman of Hubei Hanstar Electronics Technology Co., Ltd. Director of Chen Guang Investment Co., Ltd.	Director	Tseng, Chia-Jung	Affinity	(Note 2)
															Director	Lin, Ying- Shuo	Parent- child			
															Director	Lin, Ying- Chih	Parent- child			
Director	Republic of China	Lin, Hsien- Kuo	Male 71-80	2023.6.9	3	1990.6.25	3,793,106	1.99%	3,793,106	1.84%	53,607	0.03%	0	0	Mechanical Engineering, Tatung University Vice President of Taiwan Hosiden Co., Ltd. and Vice President of G-	Supervisor of G-Shank , Inc. Chairman of G-Long Precision Machinery (Dong Guan) Co., Ltd. Director of Xiamen G-Shank Precision Machinery Co., Ltd. Director of G-Shank Precision Machinery (Suzhou) Co., Ltd.	-	-	-	

Title	Nationality/ Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
														Shank Enterprise Co., Ltd.	Director of Tianjin G-Shank Precision Machinery Co., Ltd Director of Reel Mask Industry Co., Ltd.					
Director	Republic of China	Tseng, Chia- Jung	Male 61-70	2023.6.9	3	1990.6.25	2,362,703	1.24%	2,362,703	1.14%	477,899	0.23%	0	0	Mechanical Engineering, Ching Hua High School	Director & General Manager of Shanghai G-Shank Precision Machinery Co., Ltd. Director of G-Long Precision Machinery (Dong Guan) Co., Ltd. Director & General Manager of G-Shank Precision Machinery (Suzhou) Co., Ltd. Director & General Manager of Qingdao G-Shank Precision Sdn. Bhd. Director & General Manager of Hong Jing (Shanghai) Electronics Co., Ltd. Director & General Manager of Tianjin G-Shank Precision Machinery Co., Ltd Director & General Manager of Shanghai G-Shank Precision Hardware Co., Ltd. Director & General Manager of Shenzhen G-Shank Precision Sdn. Bhd. Director & General Manager of Shenzhen G-Bao Precision Sdn. Bhd. Director of G-Shank Japan Co., Ltd. General Manager of Hubei Hanstar Electronics Technology Co., Ltd.	Chairman	Lin, Yu- Huang	Affinity	
Director	Republic of China	Lin, Ying- Shuo	Male 41-50	2023.6.9	3	2017.6.16	3,503,643	1.84%	1,913,643	0.93%	410,037	0.20%	1,792,603 (Note 1)	0.87%	Bachelor in Physics, National Chung Hsing University	General Manager of G-Shank Enterprise Co., Ltd. Director of Shanghai G-Shank Precision Machinery Co., Ltd. Supervisor of Chin De Investment Co., LTD. Chairman of Hong Jing (Shanghai) Electronics Co., Ltd. Director of Xiamen G-Shank Precision Machinery Co., Ltd. Chairman of Qingdao G-Shank Precision Sdn. Bhd. Director of Shenzhen G-Bao Precision Sdn. Bhd. Director of G-Shank Japan Co., Ltd. Chairman of Chen Lin Investment Ltd. Director of Ji Hong Investment Co., Ltd. Director of Hong Yue Investment Co., Ltd.	Chairman  Director	Lin, Yu- Huang  Lin, Ying- Chih	Parent- child  Sibling	(Note 2)



Title	Nationality/ Country of Origin	Name	Sex Age	Date of Election (Taking Office)	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives, Directors who Are Spouses or within Second Degree of Kinship			Remarks			
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation				
																Supervisor of Chen Guang Investment Co., Ltd. Chairman of Hong Lin Investment Co., Ltd.							
Director	Republic of China	Lin, Ying- Chih	Male 41-50	2023.6.9	3	2023.6.9	3,468,439	1.82%	3,528,439	1.71%	1,160,533	0.56%	0	0	Master in Business Administration, Adelphi University Deputy General Manager of G- Shank Enterprise Co., Ltd.	Director of Chin De Investment Co., LTD. Director of Shanghai G-Shank Precision Hardware Co., Ltd. Director of Shenzhen G-Shank Precision Sdn. Bhd. Chairman of Hong Yue Investment Co., Ltd. Chairman of Chen Guang Investment Co., Ltd. Director of Ji Hong Investment Co., Ltd. Director of Hong Lin Investment Co., Ltd.	Chairman	Lin, Yu- Huang	Parent- child	Director	Lin, Ying- Shuo	Sibling	(Note 2)
Independent Director	Republic of China	Ma, Shu-Chin	Female 51-60	2023.6.9	3	2017.6.16	30,000	0.02%	31,768	0.02%	0	0.00%	0	0	Master in Accounting, Chinese Culture University Accountant	CPA at CHIALIN CPA Firm Supervisor of Agricultural Technology Research Institute	-	-	-				
Independent Director	Republic of China	Liao, Ya-Ling	Female 41-50	2023.6.9	3	2020.6.15	200,000	0.10%	144,490	0.07%	67,357	0.03%	0	0	Master in Chemical Engineering, National Chung Cheng University and Supplier Chain Manager, Apple Inc. Taiwan Branch	The QC Manager of Suppliers for Applied Materials, Inc.	-	-	-				
Independent Director	Republic of China	Chen, Hung- Yi	Male 71-80	2023.6.9	3	2021.7.16	0	0	0	0	26,269	0.01%	0	0	B.S. in Civil Engineering, Chung Yuan Christian University and Section Chief at National Property Administration, Ministry of Finance	None	-	-	-				
Independent Director	Republic of China	Liu, Ssu-Min	Female 41-50	2023.6.9	3	2023.6.9	0	0	0	0	0	0.00%	0	0	Master in Department of Industrial Economics, Tamkang University Director of Financial Accounting Department of Kimlan Foods Co.,Ltd.	The Section Manager Of Financial Division For Hsin Chong Machinery Works Co. Ltd.	-	-	-				

Note 1: Through holding 99.77% of the shares of Run Lin Investment Co., Ltd., the company holds 0.87% of the shares of this company.

Note 2: When the company chairman and president or person with equivalent position (Executive manager) is the same person, spouse to each other or relative by first degree kinship, explain the reason, rationality, necessity, and information related to the response actions:

- (a) The Company has developed in the market entering the 50th year. The Chairman and founding managers led all professional leaders to expand overseas in China, Malaysia, Mexico, Thailand, and Indonesia with 15 production centers established. G-SHANK GROUP is a domestic professional progressive stamping factory that builds a strong group through excellent group and corporate system and regulations. Although the chairman and president are related by first degree kinship, the president has worked in the company for over 19 years and has been promoted to the president of the company due to the professional skills and the G-SHANK cooperate system and regulations. The personnel is placed on the right position with proper talents, who meets the qualification for G-SHANK Group manager.
- (b) The company established an audit committee on June 15, 2020, and during the comprehensive board of directors election on June 9, 2023, four independent directors were appointed. Besides specifying their duties, the audit committee can enhance and supervise the governance functions of the board of directors, thereby reducing concerns from regulatory authorities regarding the concentration of power in family-owned businesses due to close relationships between the chairman and general manager.

Major shareholders who are juristic person shareholders: None

Major shareholders of juristic person shareholders who are juristic person representative: None

(B) Information Disclosure of Directors' Professional Qualification and Independent Directors' Compliance with Independence:

April 16, 2024

Director Name	Criteria Professional Qualification and Experience (Note 1)	Compliance with Independence (Note 2)	Number of Independent Directors of Other Public Offering Companies
Chairman Lin, Yu-Huang	Over 40 years of work experience required for company operations. One of the first founders of the Company and is currently acting as the chairman of the company and the chairperson of the group. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director Lin, Hsien-Kuo	Over 40 years of work experience required for company operations. Worked as the vice president of Taiwan Hosiden Co., Ltd. and the Company. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director Tseng, Chia-Jung	Over 40 years of work experience required for company operations. Currently working as the president of SHANGHAI JUXIANG PRECISION MOULD LIMITED COMPANY. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director Lin, Yin-Shuo	Over 20 years of work experience required for company operations. Currently working as the president of the Company. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Director Lin, Yin-Chih	Over 17 years of work experience required for company operations. Currently working as the vice president of the Company. Not a person specified in any subparagraph of Article 30 of the Company Act.	N/A	0
Independent Director Ma, Shu-Chin	Over 20 years of work experience required for company operations. Currently working as the CPA at CHIALIN CPA Firm. Not a person specified in any subparagraph of Article 30 of the Company Act.	(1) The independent director of the Company, in compliance with independence. (2) Not the independent director, the spouse or a relative within the second degree of kinship acts as the director, supervisor or employee of the Company or its affiliate enterprises; not the director, supervisor or employee of	0
Independent Director Liao, Ya-Ling	Over 20 years of work experience required for company operations. Currently working as the QC manager of supplier for Applied Materials, Inc. Not a person specified in any subparagraph of Article 30 of the Company Act.		0

Independent Director Chen, Hung-Yi	Over 40 years of work experience required for company operations. Currently working as the section chief at National Property Administration, Ministry of Finance. Not a person specified in any subparagraph of Article 30 of the Company Act.	(3) the company with specific relation to the Company. Not a professional individual, company, or institution that provides commercial, legal, financial, or accounting services to the Company or to any affiliated company for the amount of compensation acquired from the latest two years.	0
Independent Director Liu, Ssu-Min	Over 18 years of work experience required for company operations. Currently serving as the section chief of the Finance Department at Hsin Chong Machinery Works Co. Ltd. Not a person specified in any subparagraph of Article 30 of the Company Act.		0

Note 1: Professional Qualification and Experience: Specify the professional qualification and experience of individual director and supervisor. If the director or supervisor is a member of the Audit Committee with expertise in accounting or finance, specify the accounting or financial background and work experience. Additionally, specify any circumstances specified in Article 30 of the Company Act. Please refer to the information on directors for the relevant education and work experience for Company directors and independent directors.

Note 2: Specify the compliance of independence by independent directors, including but not limited to the independent director, spouse, relative by second degree kinship, and if they serve as the director, supervisor or employee of the Company or affiliated enterprise. The shareholding and ratio of Company shares by person, spouse, and relative by second degree kinship (or under other's name); serving as the director, supervisor or employee of companies with specific relation with the Company (refer to the provisions stated under subparagraph 5~8, paragraph 1 of Article 3 in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). The amount of remuneration acquired by offering the commercial, legal, financial, and accounting services to the Company or affiliated enterprise in the most recent two years.

(C) Diversity and Independence of Board of the Directors:

The Company complies with Article 20 of Corporate Governance Best Practice and takes consideration of diversity in Board members by formulating applicable diverse guidelines based on the company operations, operation model and development needs.

(a) Background

Name of Director	Sex	Professional background	Professional Skills	Professional Experience
Lin, Yu-Huang	M	✓	✓	✓
Lin, Hsien-Kuo	M	✓	✓	✓
Tseng, Chia-Jung	M	✓	✓	✓
Lin, Yin-Shuo	M	✓	✓	✓
Lin, Ying-Chih	M	✓	✓	✓
Ma, Shu-Chin (Intendent Director)	F	✓	✓	✓
Liao, Ya-Ling (Intendent Director)	F	✓	✓	✓
Chen, Hung-Yi (Intendent Director)	M	✓	✓	✓
Liu, Ssu-Min (Intendent Director)	F	✓	✓	✓

(b) Diverse Core Competences

Name of Director	Diverse Core											
	Sex	Age	Nationality	Year Elected Director	Operation Judgment Capacity	Accounting and Financial Analysis Capacity	Managerial Capacity	Crisis Response	Industry Knowledge	International Marketing Perspective	Leadership	Decision Making
Lin, Yu-Huang	M	71-80	ROC		✓	✓	✓	✓	✓	✓	✓	✓
Lin, Hsien-Kuo	M	71-80	ROC		✓	✓	✓	✓	✓	✓	✓	✓
Tseng, Chia-Jung	M	61-70	ROC		✓	✓	✓	✓	✓	✓	✓	✓
Lin, Yin-Shuo	M	41-50	ROC		✓	✓	✓	✓	✓	✓	✓	✓
Lin, Ying-Chih	M	41-50	ROC		✓	✓	✓	✓	✓	✓	✓	✓
Ma, Shu-Chin (Intendent Director)	F	51-60	ROC	3 <sup>rd</sup>	✓	✓	✓	✓	✓	✓	✓	✓
Liao, Ya-Ling (Intendent Director)	F	41-50	ROC	2 <sup>nd</sup>	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Hung-Yi (Intendent Director)	M	71-80	ROC	2 <sup>nd</sup>	✓	✓	✓	✓	✓	✓	✓	✓
Liu, Ssu-Min (Intendent Director)	F	41-50	ROC	1 <sup>st</sup>	✓	✓	✓	✓	✓	✓	✓	✓

(2) President, Vice President, Assistant Manager, and Heads of Departments and Branches:

April 16, 2024: Unit: Shares

Title	Nationality	Name	Sex	Date Elected (Office)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives who Are Spouses or within Second Degree of Kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
General Manager	ROC	Lin, Yin-Shuo	M	2017.08.01	1,913,643	0.93%	410,037	0.20%	1,792,603	0.87%	Bachelor in Physics, National Chung Hsing University General Manager, G-SHANK Enterprise Co., Ltd.	General Manager of G-Shank Enterprise Co., Ltd. Director of Shanghai G-Shank Precision Machinery Co., Ltd. Supervisor of Chin De Investment Co., LTD. Chairman of Hong Jing (Shanghai) Electronics Co., Ltd. Director of Xiamen G-Shank Precision Machinery Co., Ltd. Chairman of Qingdao G-Shank Precision Sdn. Bhd. Director of Shenzhen G-Bao Precision Sdn. Bhd. Director of G-Shank Japan Co., Ltd. Chairman of Chen Lin Investment Ltd. Director of Ji Hong Investment Co., Ltd. Director of Hong Yue Investment Co., Ltd. Supervisor of Chen Guang Investment Co., Ltd. Chairman of Hong Lin Investment Co., Ltd.	Deputy General Manager	Lin, Ying-Chih	Sibling	Note
Deputy General Manager	ROC	Lin, Yong-Bao	M	2017.08.01	43,788	0.02%	737	0.00%	0	0	Mechanical Engineering Department, Chung-Hsin High School Deputy General Manager, G-SHANK Enterprise Co., Ltd.	SUNFLEX TECH CO., LTD.- Chairman Vice President of the Company GOLDEN IMPRESSION L.L.C.- Chairman	-	-	-	

Title	Nationality	Name	Sex	Date Elected (Office)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives who Are Spouses or within Second Degree of Kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
Deputy General Manager	ROC	Lin, Ying-Chih	M	2022.04.01	3,528,439	1.71%	1,160,533	0.56%	0	0	Adelphi (Long Island in U.S.) Master in Financial Management Deputy General Manager, G-SHANK Enterprise Co., Ltd.	Director of Chin De Investment Co., LTD. Director of Shanghai G-Shank Precision Hardware Co., Ltd. Director of Shenzhen G-Shank Precision Sdn. Bhd. Chairman of Hong Yue Investment Co., Ltd. Chairman of Chen Guang Investment Co., Ltd. Director of Ji Hong Investment Co., Ltd. Director of Hong Lin Investment Co., Ltd.	General Manager	Lin, Ying-Shuo	Sibling	
Factory Chief of Production Division II	ROC	Cheng, Rui-Dian	M	2018.07.01	98,697	0.05%	19,000	0.01%	0	0	Mechanic Engineering, Nanya Institute of Technology Director of Production Division II, G-SHANK Enterprise Co., Ltd.	None	-	-	-	
Chief Financial Officer	ROC	Liao, Wen-Ying	F	2011.03.23	132,703	0.06%	509	0.00%	0	0	Department of Industrial Management, Vanung University. Nippon Paint Financial Department Section Chief Manager of Financial Dept., G-SHANK Enterprise Co., Ltd.	Supervisor of Ji Hong Investment Co., Ltd. Chairman of Wen Lin Investment	-	-	-	
Chief Accounting Officer	ROC	Liau, Yu-Fen	F	2011.03.23	129,815	0.06%	0	0.00%	0	0	Department of Accounting, Chung Yuan Christian University Hui-Zhong CPA Firm - Manager Assistant Manager of Financial Dept., G-SHANK Enterprise Co., Ltd.	None	-	-	-	
Head of Audit Office	ROC	Chiu, Hsiu-Hsiang	F	2003.10.15	60,000	0.03%	0	0.00%	0	0	Department of Electronic Data Processing,	None	-	-	-	

Title	Nationality	Name	Sex	Date Elected (Office)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education and Work Experience	Current Position in the Company and/or Other Companies	Executives who Are Spouses or within Second Degree of Kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation	
											National Taipei University of Business Assistant Manager of Audit Dept., G-Shank Enterprise Co., Ltd.					

Note: When the company chairman and president or person with equivalent position (Executive manager) is the same person, spouse to each other or relative by first degree kinship, explain the reason, rationality, necessity, and information related to the response actions:

- (A) The Company has developed in the market entering the 50th year. The Chairman and founding managers led all professional leaders to expand overseas in China, Malaysia, Mexico, Thailand, and Indonesia with 15 production centers established. G-SHANK GROUP is a domestic professional progressive stamping factory that builds a strong group through excellent group and corporate system and regulations. Although the chairman and president are related by first degree kinship, the president has worked in the company for over 20 years and has been promoted to the president of the company due to the professional skills and the G-SHANK cooperate system and regulations. The personnel is placed on the right position with proper talents, who meets the qualification for G-SHANK Group manager.
- (B) The company established an audit committee on June 15, 2020, and elected a total of 4 independent directors when the board of directors was fully re-elected on June 9, 2023. In addition to defining their powers, the audit committee can enhance and supervise the management function of the board of directors, thereby reducing concerns from regulatory authorities about the concentration of power in family-owned businesses due to close relationships between the chairman and general manager.



### 3. Remuneration Paid to Directors, Presidents, and Vice Presidents in latest year:

#### (1) Remuneration to general directors and independent directors

2023: Unit: NT\$ thousands

Title	Name	Remuneration to Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 7)		Remunerations Paid to Concurrent Employees								Ratio of Total Remuneration (A, B, C, D, E, F, and G) to Net Income c (Note 7)		Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Remuneration (A) (Note 1)		Severance Pay (B)		Director Remuneration (C) (Note 2)		Business Execution Expenses (D) (Note 3)				Salary, Bonus and Allowances (E) (Note 4)		Severance Pay (F) (Note 5)		Employees' Remuneration (G) (Note 6)						
		G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK		All Companies Listed in the Financial Statements		G-SHANK	All Companies Listed in the Financial Statements	
Chairman	Lin, Yu-Huang	2,976	3,456	0	0	0	0	254	254	0.48%	0.49%	0	0	0	0	0	0	0	0	0.48%	0.49%	None
Director	Lin, Hsien-Kuo	0	0	0	0	0	0	275	275	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Director	Tseng, Chia-Jung	0	0	0	0	0	0	254	254	0.04%	0.03%	1,140	2,334	66	66	0	0	0	0	0.22%	0.35%	None
Director	Lin, Yin-Shuo	0	0	0	0	0	0	254	254	0.04%	0.03%	2,531	2,531	127	127	0	0	0	0	0.43%	0.38%	None
Director	Lin, Ying-Chih (Note 8)	0	0	0	0	0	0	110	110	0.02%	0.01%	2,218	2,218	70	70	0	0	0	0	0.36%	0.31%	None
Independent Director	Ma, Shu-Chin	0	0	0	0	0	0	277	277	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Independent Director	Liao, Ya-Ling	0	0	0	0	0	0	272	272	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Independent Director	Chen, Hung-Yi	0	0	0	0	0	0	277	277	0.04%	0.04%	0	0	0	0	0	0	0	0	0.04%	0.04%	None
Independent Director	Liu, Ssu-Min (Note 8)	0	0	0	0	0	0	127	127	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	None

(A) Describe the payment policy, system, standards and structure of payment to independent directors and the association with amount of payment according to the responsibility, risk, devotion of time and other factors:

- (a) Independent director transport allowance: It is resolved by the Board of Directors that the transport allowance for director services is NT\$20,000 per month.
  - (b) Director remuneration from earning distribution: It is stipulated by Article 17 of the Company's Articles of Incorporation, "The Company shall appropriate 1%~10% of the current pre-tax income as employee remuneration and no higher than 3% of pre-tax income as director remuneration prior to withholding the employee remuneration and director remuneration for the current year." The Company directors are currently not appropriated for director remuneration.
  - (c) Independent director remuneration: Currently not paid.
- (B) Apart from the disclosure from previous table, the remuneration for the services provided by the Company directors to all companies listed on the financial statements in current year (e.g. consultant of non-employee based): None.

Note 1: 2023 remuneration to directors (including salary to directors, allowance, service pay, various bonuses, and incentives).

Note 2: The amount of remuneration paid to directors with the approval by Board of the Directors in 2023.

Note 3: Referring to the business execution expenses for 2023 (including transport allowance, special allowance, allowances, dormitory, company car, and other substantial objects).

Note 4: Referring to the requisition by director and employee concurrently in 2023, including salary, allowance, job bonus, bonuses, incentives, transport allowance, special allowance, allowances, dormitory, company car and other substantial provision. Additionally, the book value for automobile used by president provided is NT\$634 thousand, which is not included in the aforementioned remuneration. Additionally, the salary expense recognized according to IFRS 2 Share-based Payment, including the acquisition of employee stock option, shall be included in the remuneration.

Note 5: Referring to the amount appropriated from pension expenses.

Note 6: Referring to the 2023 employee salary (including stocks and case) acquired by 2023 director and employee (including part-time president, vice president, other manager, and employees). The 2023 Board of Director meeting adopted the amount of remuneration to be distributed to employees.

Note 7: The ratio to net income is the net income of the Company's 2023 separate financial statement and all companies in the financial statements shall be based on the net income stated in the 2023 consolidated financial statements.

Note 8: Directors Lin, Ying-Chih and independent director Liu, Ssu-Min were newly appointed on June 9, 2023.

## (2) Remuneration to President and Vice President

2023; Unit: NT\$ thousands

Title	Name	Salary (A) (note 1)		Severance Pay (B)		Bonus and Special Allowances (C) (Note 2)		Amount of Employee Remuneration (D) (Note 3)				Ratio of Total Remuneration (A, B, C, D) to Net income (%) (Note 4)		Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary
		G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK		All Companies Listed in the Financial Statements		G-SHANK	All Companies Listed in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Lin, Yin-Shuo	2,500	2,500	127	127	31	31	0	0	0	0	0.39%	0.35%	None.
Deputy General Manager	Lin, Yong-Bao	1,343	1,343	90	90	23	23	0	0	0	0	0.22	0.19%	2,291
Deputy General Manager	Lin, Ying-Chih	2,200	2,200	70	70	18	18	0	0	0	0	0.34%	0.30%	None.
Note 1:		Referring to the 2023 salary and allowance to president and vice president.												
Note 2:		Referring to the requisition of employee stock option for 2023 president and vice president according to the IFRS 2 Share-based Payment. Additionally the book value for the automobile used by the president is NT\$634 thousand, which is excluded from the aforementioned remuneration.												
Note 3:		Referring to the amount of 2023 employee salary (including stocks and case) adopted by the 2023 Board of Director meeting to be distributed to the president and vice president.												
Note 4:		The ration to net income is the net income of the Company's 2023 separate financial statement and all companies in the financial statements shall be based on the net income stated in the 2023 consolidated financial statements.												

(3) The salaries of the top five highest-paid executives.

2023; Unit: NT\$ thousands

Professional title	Name	Salaries (A)(Note 1)		retirement pensions (B)		bonuses, special support fees, etc. (C)(Note 2)		Total amount of employee compensation (D)(Note 3)				Proportion of total amounts A, B, C, and D to net profit after tax.%(Note 5)		Receipt of Remuneration from Investments Outside of Subsidiaries
		The company	All companies in the financial report	The company	All companies in the financial report	The company	All companies in the financial report	The company		All companies in the financial report (Note 4)		The company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General Manager	Lin, Yin-Shuo	2,500	2,500	127	127	31	31	0	0	0	0	0.39%	0.35%	None.
Deputy General Manager	Lin, Yong-Bao	1,343	1,343	90	90	23	23	0	0	0	0	0.22%	0.19%	2,291
Deputy General Manager	Lin, Ying-Chih	2,200	2,200	70	70	18	18	0	0	0	0	0.34%	0.30%	None.
Factory Chief	Cheng, Rui-Dian	2,115	2,115	30	30	18	18	0	0	0	0	0.32%	0.28%	None.
Manager	Liao, Wen-Ying	2,079	2,079	26	26	12	12	0	0	0	0	0.31%	0.28%	None.

Note 1: Disclose the salary, position allowance, and severance pay of the top five highest-paid executives in 2023.

Note 2: Provide the various bonuses, incentives, car allowances, special support fees, allowances, housing, vehicle provisions, and other compensations for the top five highest-paid executives in 2023. If assets such as housing, cars, or other transportation means are provided, disclose the nature and cost of the provided assets, actual rental or fair market rent, fuel costs, and other expenses. If a driver is provided, please provide details on the remuneration paid to the driver by the company, excluding this from executive compensation. Additionally, include the employee compensation disbursed to the top five highest-paid executives approved by the board of directors before distribution (including stocks and cash). Apply IFRS 2 "Share-based Payment" to include salary expenses related to employee stock options, restricted stock units, and participating in cash capital increase subscription shares.

Note 3: Report the employee compensation disbursed to the top five highest-paid executives approved by the board of directors before distribution for the fiscal year 2023.

Note 4: Disclose the total executive compensation for the top five highest-paid executives in the consolidated financial statements for all companies (including this company).

Note 5: Calculate the total amount as a percentage of net profit after tax based on the net profit after tax in the individual financial statements for the fiscal year 2023 for this company and in the consolidated financial statements for the fiscal year 2023 for all companies.

(4) List of Managers Receiving Employee's Remuneration and Implemented Distribution

2023; Unit; NT\$ thousands

	Professional title	Name	Employee's Remuneration-in Stock (Fair Market Value)	Employee's Remuneration -in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive officers	General Manager	Lin, Yin-Shuo	0	0	0	0
	Deputy General Manager	Lin, Yong-Bao				
	Deputy General Manager	Lin, Ying-Chih				
	Factory Chief of Production Division II	Cheng, Rui-Dian				
	Manager	Liao, Wen-Ying				
	Assistant Manager	Liau, Yu-Fen				

(5) Analysis of ratio of total remunerations paid to directors, the president and vice presidents by the Company and all companies listed in the consolidated financial statements to net income in the most recent two years; and explain the policies, standards, and portfolios of remunerations; procedures for determining remunerations; and correlation between business performance and future risks.

(A) Analysis of Ratio of Total Remunerations Paid to Directors, the President and Vice Presidents by the Company and All Companies Listed in the Separate or Consolidated Financial Statements to Net Income in the Most Recent Two Years:

Title	2023				2022				Increase (Decrease)			
	Total Remuneration		Total Remuneration to Net Income Ratio % (Note 1)		Total Remuneration		Total Remuneration to Net Income Ratio % (Note 1)		Total Remuneration		G-SHANK	All Companies Listed in the Financial Statements
	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements	G-SHANK	All Companies Listed in the Financial Statements		
Director	5,076	5,556	1.70%	1.57%	4,783	5,263	1.21%	1.11%	293	293	0.49%	0.46%
President and Vice President	6,402	6,402			5,694	5,694			708	708		

Note 1: Net income described below: The net income from 2023 G-SHANK parent company only financial statements is NT\$675,040 thousand. All companies from the consolidated financial statements generated net income of NT\$761,997 thousand. The 2022 G-SHANK parent company only financial statements showed net income of NT\$867,603 thousand, where all companies in the financial statements is NT\$983,915 thousand in net income from the consolidated financial statements.

- (B) Compare and describe the ratio between the amount of remuneration distributed to the Company directors, president, and vice president from the Company and all companies in the consolidated financial statements in the most recent two years to the net income of individual or separate financial statement, in addition to explaining the policy of remuneration, standards and combination, procedure for formulating remuneration, and operating performance and association with future risk:

With regards to the remuneration to directors and managerial officers, according to Article 14-2 of the Company's Articles of Incorporation, "directors' remunerations and transportation fees shall be determined by the Board of Directors based on the level of their involvement in operations and value of contribution with consideration of the average standards of other businesses in the same industry. According to Article 15, "The Company has set up president and vice presidents, whose appointment, dismissal and remuneration are subject to the provisions prescribed in Article 29 of Company Act." The remuneration distributed to the directors and managerial officers are describe below:

- (a) Director service and transportation allowance: It is resolved by the Board of Directors that the transport allowance for director services is NT\$20,000 per month.
- (b) Director remuneration from earning distribution: It is stipulated by Article 17 of the Company's Articles of Incorporation, "The Company shall appropriate 1%~10% of the current pre-tax income as employee remuneration and no higher than 3% of pre-tax income as director remuneration prior to withholding the employee remuneration and director remuneration for the current year." The Company directors are currently not appropriated for director remuneration.
- (c) Director remuneration: Except for some directors are paid with remuneration, the rest directors currently are not paid remunerations.
- (d) Remuneration to managerial officers: including salary, bonus, and employee stock options, which shall be determined by the position and responsibility taken with consideration of the standard of the same position in peer industry. Moreover, the corporate management performance and personal performance shall be taken into account for determining the salary adjustment with submission to the Salary and Remuneration Committee for review and resolution by the Board of Directors.

The association and reasonableness of the content and amount of salary based on the evaluation results of the individual performance of directors and managerial officers have been reviewed by the Salary and Remuneration Committee and discussed by the Board of Directors on December 29, 2023, as within the reasonable range.

- (e) Analysis of discretion in payment between two years after valuation: After evaluation, there were no significant differences in the benefits for the second year.

#### 4. Implementation of Corporate Governance:

##### (1) The Board's Operations

(A) A total of 7 meetings of the Board of Directors were held in most recent year, and the attendance of directors is as follows:

Title	Name	No. of actual Attendance	of actual Attendance by proxy	Rate of actual attendance (%)	Remarks
Chairman	Lin, Yu-Huang	7	0	100%	
Director	Lin, Hsien-Kuo	7	0	100%	
Director	Tseng, Chia-Jung	7	0	100%	
Director	Lin, Yin-Shuo	7	0	100%	
Director	Lin, Ying-Chih	5	0	100%	June 9, 2023 New Appointment
Independent Director	Ma, Shu-Chin	7	0	100%	
Independent Director	Liao, Ya-Ling	6	1	86%	
Independent Director	Chen, Hung-Yi	7	0	100%	
Independent Director	Liu, Ssu-Min	5	0	100%	June 9, 2023 New Appointment

Other matters to be recorded:

- (a) Should any of the following takes place in a Board's meeting, the date, session, and proposals of the Board's meeting, opinions of all independent directors, and the Company's response to such opinions from the independent directors shall be specified:
  - i. Matters listed in Article 14-3 of Securities and Exchange: Please refer to the description in point 2.
  - ii. Other than the matters mentioned above, other resolutions that are objected and reserved by the independent directors, recorded or stated in writing: None.
- (b) Implementation of Conflict of Interest for Directors in proposition as stakeholders:
  - i. Board meeting on August 4, 2023: Appointment of the Fifth Remuneration Committee of the Company, with interested parties Ma, Shu-Chin, Liao, Ya-Ling, Chen, Hung-Yi, Liu, Ssu-Min, all four independent directors, having recused themselves, the remaining attending directors unanimously approved the proposal.
  - ii. Board meeting on December 29, 2023: Remuneration for certain directors and executives of the Company for the year 2024, with interested parties Lin, Yu-Huang, Lin, Yin-Shuo, Lin, Ying-Chih recusing themselves, the remaining attending directors unanimously approved the proposal.
- (c) Public trading companies should disclose the evaluation cycle and period of self (or peer) evaluation of Board of Directors, scope of evaluation, method and evaluation content. The implementation of Board of Directors evaluation is described in attached table.
- (d) The objectives for strengthening the function of Board of Directors for current and the most recent year (e.g. set up the Audit Committee to promote information transparency) and the evaluation of implementation:



- i. The Company’s Board of Directors set up Audit Committee (founded in June 2020) and the Salary and Remuneration Committee (set up two functional committees in December, 2021 to assist the Board of Directors with performing its supervisory responsibilities).
- ii. The Company has included the operation of Board of Directors meeting by law into the internal control system while the Audit Department shall conduct periodic audit.
- iii. The Company has complied with “Regulations Governing the Evaluation of Board of Directors Performance” and conduct individual director and Board of Director self-evaluation process. The 2023 self-evaluation results were reported to the Board of the Directors on March 8, 2024.

(B) Independent director’s opinion towards major agenda of Board of Directors and Company response to Independent Directors’ Opinion in the most recent year is described below:

Board of Directors	Agenda and Subsequent Process	Matters listed under Article 14-3, Securities and Exchange Act	Opinion that are objected and reserved by the independent directors
2023.10.27	Purchase of real estate (including movable fixtures and equipment inside the building)	✓	None.
	Issuance of new shares for cash capital increase in fiscal year 2023 and issuance of domestic unsecured convertible corporate bonds for the second time.	✓	None.
	Independent Director's Opinion: None		
	Company's Handling of Independent Director's Opinion: None		
	Resolution Result: Unanimously approved by all attending Directors		
2023.12.29	Assessment and Appointment Case of Visa Accountant's Independence and Suitability	✓	None.
	Independent Director's Opinion: None		
	Company's Handling of Independent Director's Opinion: None		
	Resolution Result: Unanimously approved by all attending Directors		

(C) Implementation of Board of Directors Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Implemented once a year	2023.01.01~2023.12.31	<ol style="list-style-type: none"> <li>1. Board of Director</li> <li>2. Individual board member</li> </ol>	Board self-evaluation and Board member self-evaluation	<ol style="list-style-type: none"> <li>1. Evaluation of Board of Directors performance: Including the involvement in company operations, promotion of Board of Directors' decision-making quality, Board of Directors composition and structure, director election and continuous advanced study, and internal control, comprising 5 dimensions and 45 items.</li> <li>2. Evaluation of individual director performance: Including the control of company objectives and mission, director's recognition of responsibility, involvement in company operation, internal relation management and communication, director's professionalism and continuous study, and internal control, comprising 6 dimensions and 23 items.</li> </ol>

(D) Succession plan and operation of important management

- (a) The Company owns 15 production sites in Taiwan and overseas. The Company has been holding 2 senior managers from all factories of the group incessantly at the beginning of the year and mid-year, from 2005 to 2023. The meeting reviews the operation performance and not only reports the operation outcome but also shares the case reports of all factories, so that the important officers can be trained for leadership experience by sharing the corporate organization culture and the leadership practice in management. For this reason, the retirement of transfer in senior manager at subsidiaries can always be taken over the proper senior manager any time, so that the subsidiaries will not interrupt the operation and management.
- (b) To ensure the intermediate to long-term development and the long-term vision of the group headquarter, the Company has arranged for potential successors in control of the operations of group subsidiaries since May, 2015. This will strengthen the business management and operation capacity so that the successor will familiarize with the operation and management of G-SHANK group. In June, 2016, the potential successor has entered the Board of Directors to familiarize with the operation of Board of Directors and took over the group affairs officially as the group president in August, 2017.

(2) The operation of Audit Committee participating in Board of Directors operation:

(A) The Audit Committee has held the meeting 6 times in most recent year. The attendance by independent directors is described below:

Title	Name	Actual No. of Attendance	Number of Attendance by Proxy	Actual Attendance Rate (%)	Remarks
Independent Director	Ma, Shu-Chin	6	0	100%	
Independent Director	Liao, Ya-Ling	6	0	100%	
Independent Director	Chen, Hung-Yi	6	0	100%	
Independent Director	Liu, Ssu-Min	4	0	100%	Newly appointed on June 9, 2023.

Other matters to be recoded:

- (a) Should any of the following takes place in a meeting of the Audit Committee, the date and session of the meeting, the proposal, the opinion opposed by independent director, reserved opinion or major suggestions, the outcome of Audit Committee's resolution and the Company's response to such a resolution shall be specified.
  - i. Matters listed in Article 14-5, Securities and Exchange Act: Please refer to item 3 for more information.
  - ii. Apart from foregoing matters, other solution agreed by 2/3 or all directors without the approval by Audit Committee: None.
- (b) The execution of evasion by independent directors towards agenda with conflict of interests, shall describe the name of independent director, agenda content, reason for evasion of conflict of interests and the participation in voting: None.
- (c) Communication between directors, internal audit chief and CPA (including the major incidents, method and results of communication regarding company finance and operations): please refer to description in item 4.

(B) Key annual work and operation of Audit Committee:

The Company has set up Audit Committee since June 15, 2020, which is responsible for executing the supervisor responsibility required by law. The Audit Committee aims to assist the Board of Directors with fulfilling their monitoring of Company in terms of quality and integrity in accounting, audit, financial report process, and financial control.

Matters of current review and key works for the Audit Committee include:

- (a) Financial statements.
- (b) Internal control system and relevant policy and procedure.
- (c) Derivative financial instrument transaction.
- (d) Capital loan.
- (e) Independence and competence assessment and appointment remuneration to CPA.

## (C) Opinion or resolution of Audit Committee on major agenda:

Board of Directors	Agenda and Subsequent Handling	Matters listed in Article 14-5, Secures and Exchange Act	Adoption without Audit Committee but with 2/3 of consent from all directors for the resolutions
2023.03.10	(1) Report on derivative financial instrument transaction	✓	None
	(2) Internal audit report by internal audit chief	✓	None
	(3) Formulation of the basis date for issuing new shares through the conversion of employee stock options certificates in our company.	✓	None
	(4) The Company's 2022 independent preparation of separate financial statements and consolidated financial statements.	✓	None
	(5) Company's 2022 business report, separate and consolidated financial statements.	✓	None
	(6) The Company issued the 2022 "Internal Control System Validity Assessment" and "Statement of Internal Control System"	✓	None
	(7) Profit distribution plan for the fiscal year 2022 of our company.	✓	None
	(8) Review of financial interconnectedness among enterprises within the group in the fourth quarter as required by regulatory authorities.	✓	None
	Outcome of Audit Committee Resolution (2023.03.10): All the member present at the meeting unanimously approve.		
Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.			
2023.05.05	(1) Report on derivative financial instrument transaction	✓	None
	(2) Internal audit report by internal audit chief	✓	None
	(3) Company's 2023 Q1 consolidated financial statements	✓	None
	(4) Qualification criteria, subscription quantities, and list of subscribers for the third issuance of employee stock options certificates in the fiscal year 2022 of our company.	✓	None
	(5) Review the financial interconnectedness situation of various enterprises within the group in the first quarter as required by the regulatory authorities.	✓	None
	Outcome of Audit Committee Resolution (2023.05.05): All the member present at the meeting unanimously approve.		
Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.			
2023.08.04	(1) Report on derivative financial instrument transaction	✓	None
	(2) Internal audit report by internal audit chief	✓	None
	(3) Company's 2023 Q2 consolidated financial statements	✓	None
	(4) Review the financial interconnectedness situation of various enterprises within the group in the second quarter as required by the regulatory authorities.	✓	None
	Outcome of Audit Committee Resolution (2023.08.04): All the member present at the meeting unanimously approve.		
Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.			
2023.10.27	(1) Purchase of real estate (including movable equipment and fixtures within the buildings).	✓	None
	(2) Cash capital increase and issuance of new shares in the year 2023, as well as the issuance of the second unsecured convertible corporate bond domestically in 2023.	✓	None

Board of Directors	Agenda and Subsequent Handling	Matters listed in Article 14-5, Secures and Exchange Act	Adoption without Audit Committee but with 2/3 of consent from all directors for the resolutions
	Outcome of Audit Committee Resolution (2023.10.27): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2023.11.03	(1) Report on derivative financial instrument transaction	✓	None
	(2) Internal audit report by internal audit chief	✓	None
	(3) Company's 2023 Q3 consolidated financial statements	✓	None
	(4) Review the intercompany financing arrangements of each enterprise within the group as required by regulatory authorities in the third quarter.	✓	None
	Outcome of Audit Committee Resolution (2023.11.03) ): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2023.12.29	(1) Report on derivative financial instrument transaction	✓	None
	(2) Internal audit report by internal audit chief	✓	None
	(3) Audit plan progress report for the fiscal year 2024	✓	None
	(4) Operational plan for the fiscal year 2024	✓	None
	(5) Formulation of the method for cash capital increase and issuance of new shares for employee subscription in the fiscal year 2023	✓	None
	(6) Assessment and appointment of independent auditors' independence and qualifications for the Company	✓	None
	Outcome of Audit Committee Resolution (2023.12.29): All the member present at the meeting unanimously approve.		
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2024.03.08	(1) Report on derivatives trading activities	✓	None
	(2) Internal audit report by the Chief Internal Auditor	✓	None
	(3) Formulation of the basis date for issuing new shares through the conversion of employee stock options certificates in our company.	✓	None
	(4) Preparation of the individual financial statements and consolidated financial statements for the Company for the fiscal year 2023	✓	None
	(5) Annual operating report, individual and consolidated financial statements for the fiscal year 2023 for the Company	✓	None
	(6) Company's issuance of "Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement" for the fiscal year 2023	✓	None
	(7) Dividend distribution proposal for the fiscal year 2023 for the Company	✓	None
	(8) Distribution of cash from capital surplus by the Company	✓	None
	(9) Investment plan in the Philippines for the Company	✓	None
	(10) Review of the Group's various enterprises for potential financial conduits in the 4th quarter as required by regulatory authorities	✓	None
	(11) Change in the Company's financial reporting auditor starting from the 1st quarter of fiscal year 2024	✓	None
	Outcome of Audit Committee Resolution (2024.03.08) : All the member present at the meeting unanimously approve.		

Board of Directors	Agenda and Subsequent Handling	Matters listed in Article 14-5, Securities and Exchange Act	Adoption without Audit Committee but with 2/3 of consent from all directors for the resolutions
	Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.		
2024.05.10	(1) Report on derivative financial instrument transaction	✓	None
	(2) Internal audit report by internal audit chief	✓	None
	(3) Formulation of the basis date for issuing new shares through the conversion of employee stock options certificates in our company.	✓	None
	(4) Company's 2024 Q1 consolidated financial statements	✓	None
	(5) Reviewing the situation of disguised financing among the various enterprises of the group in the first quarter in accordance with the regulations of the competent authority.	✓	None
	(6) The Company's subsidiary, Tianjin G-Shank Precision Machinery Co., Ltd, intends to reclassify accounts receivable as collections from Beijing National Battery Technology Co., Ltd. and Henan Guoneng Battery Co., Ltd	✓	None
	Outcome of Audit Committee Resolution (2024.05.10) : All the member present at the meeting unanimously approve.		
Company response to opinion from Audit Committee: All the directors present at the Meeting unanimously approve.			

(D) Communication between independent directors, internal audit supervisor and CPA:

The Company's independent director communicate with audit chief and CPA: The Company independent directors directly contact with audit chief and CPA; according to the provisions of competent authority, the company finance and operations shall be periodically reviewed and directly communicated with the management.

(a) Independent directors maintain excellent communication with audit chief, while independent directors do not express other opinion. The matters of 2023 main communication are summarized below:

Audit Committee	Subjects of Communication	Communication Outcome
2023.03.10	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
	(2) "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" for the Fiscal Year 2022	Review adopted, reported to Board of Directors for resolution.
2023.05.05	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
2023.08.04	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
2023.11.03	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.

Audit Committee	Subjects of Communication	Communication Outcome
2023.12.29	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
2024.03.8	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.
	(2) “Internal Control System Effectiveness Assessment” and “Internal Control System Statement” for the Fiscal Year 2023	Review adopted, reported to Board of Directors for resolution.
2024.05.10	(1) Internal audit report of the Company.	Review adopted, reported to Board of Directors for resolution.

(b) The independent directors maintain excellent communication with the CPA and does not hold other opinion. The matters of main communication for 2023 are summarized below:

Audit Committee	Subjects of Communication	Communication outcome
2023.03.10	Company’s 2022 business report, separate and consolidated financial statements.	Review adopted, reported to Board of Directors for resolution
2023.05.05	Company’s 2023 Q1 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution
2023.08.04	Company’s 2023 Q2 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution
2023.11.03	Company’s 2023 Q3 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution
2024.03.8	Company’s 2023 business report, separate and consolidated financial statements.	Review adopted, reported to Board of Directors for resolution
2024.05.10	Company’s 2024 Q1 Consolidated Financial Statements	Review adopted, reported to Board of Directors for resolution

(3) Implementation of corporate governance, discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has developed the “Corporate Governance Best Practice Principles” based on “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” to ensure the actual implementation of corporate governance philosophy, and thereby pursue shareholder equity maximization and corporate sustainable management. The operation does not discrete from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.” Currently the “Corporate Governance Best Practice Principles” is listed on the investor zone on company website and uploaded to the Market Observation Post System (MOPS) for public reading.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
2. Shareholding structure & shareholders’ rights				Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies..
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company sets up “Internal Material Information Processing Procedure” to handle suggestions or doubts for shareholders. The Company also offers spokesperson and deputy spokesperson, ㄐ stock transfer agent with dedicated service staff, and “Investor Consulting Service” zone on the company website in order to handle shareholder’s suggestions or disputes.	
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) The Company keeps close contact with major shareholders while major shareholders directly participate in company management. The Company discloses the shareholding of major shareholders and the final controller of major shareholders by law.	
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) The Company independently operate from the operation and finance of affiliate enterprises by developing relevant management operations to specify the financial transactions between the Company and the affiliated enterprises with due monitoring matters.	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	✓		(4) The “Internal Material Information Processing Procedure” developed by the Company prohibits insiders from buying/selling securities based on the information unleased to the market, in addition to education the insiders at all time.	
3. Composition and responsibilities of the Board of Directors				



Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
(1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1) (A) The Company adopted the formulation of “Corporate Governance Best Practice Principles” at the Board meeting on December 29, 2015. The Company develops diversification guidelines under Chapter 3 “Strengthening Board of Directors Function.” The Board of Director members follow articles of incorporation for the nomination and election of board members, based on candidate nomination system. Apart from evaluating the education and work experience of all candidates but also complying with “Director Election Guidelines” and “Corporate Governance Best Practice Principles” to ensure the diversity and independent of board directors. (B) On June 9, 2023, the board of directors of the Company was re-elected with a total of 9 seats (including 3 female independent directors). The proportion of directors holding employee status is 33%, female independent directors account for 33%, and external directors account for 55%. One independent director has less than 3 years of tenure, two have 3-6 years of tenure, three directors are aged over 70, one is aged 60-69, one is aged 50-59, and four are below 50 years old. The Company has placed importance on the diversity of the board members' composition and has implemented it effectively. (C) The Company has disclosed information on individual director on the Company website: Corporate Governance →Information on Board of Director Members with reference on “Board of Directors Operation” for more information.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2) Does the Company voluntarily establish other functional committees in addition to the Salary and Remuneration Committee and the Audit Committee?	✓		(2) Apart from Salary and Remuneration Committee and Audit Committee, no other functional committees have been set up. Currently other departments are in charge of the remaining corporate governance operations.	Depending on other requirement, other types of functional committees will be set up later.
(3) Does the Company establish a guidelines for evaluating the Board of Director performance	✓		(3) The Company has set up the BOD performance evaluation system, where the BOD passed the “Board of Directors Performance Assessment Regulations” on December 30, 2019. Starting from 2020,	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
<p>and the method of evaluation? Does the Company conduct annual performance evaluation and submit the outcome of performance evaluation to the Board of Directors in addition to applying such evaluation on the consideration for the remuneration of individual director and the renewal of nomination?</p> <p>(4) Does the Company regularly evaluate the independence of CPAs?</p>		✓	<p>the Board of Directors conduct internal self-evaluation each and the peer evaluation by board members each year. Please refer to the “Board of Directors Operation Status” for the outcome of this self-evaluation.</p> <p>(4) The Financial Department conducts self-evaluation of the independence and competence of CPA once a year. The Company shall validate the attestation and taxation case expenses with the CPA and will not involve in other financial interests and business relation with the CPA. The member of CPA’s family may not violate the requirement of independence, which will be reported to the Board of Directors. The Company BOD will discuss the independence and competence of CPA while enclosing the CV of CPA, the statement of independence made by each CPA to the BOD for the discussion of independence. The Company has submitted the results to the Audit Committee and BOD review for approval on December 29, 2023.</p>	<p>Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>4. Does the Company allocate a corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to Board’s meetings and shareholders’ meetings according to laws, handle corporate registration and amendment registration, produce minutes of the Board’s meetings and shareholders meetings...etc.)?</p>	✓		<p>On March 10, 2023, our company's board of directors approved the appointment of the financial manager as the governance officer, she is responsible for handling all corporate governance related affairs, including providing information needs for Board execution of services, applying for Board and Shareholders’ meeting by law, and apply for company registration and change registration, and prepare BOD and shareholders’ meeting agenda.</p>	<p>Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
5. Does the Company establish communication channel of the stakeholders (including but not limited to shareholders, employees, customers, supplier, etc.), and establish an exclusive zone of the stakeholders in the Company's website, and properly respond the important issues of corporate social responsibility concerned by the stakeholders?	✓		The company sets up spokesperson system and utilize the public information system to help shareholders and stakeholders fully understand the corporate financial situations and implementation of corporate governance. For other debtor with frequent banking, The Company holds to the principle of integrity and transparency, providing the necessary financial and sales information for their needs, according to the financial. Provide financial and sales information needed to make judgement and decision based on the corporate operation status. The Company website is established with stakeholder zone that offers response window to stakeholders' window, and has established the complete information on all concerned important corporate social responsibility issues.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has commissioned professional stock transfer agent," Capital Securities Corp." to handle the shareholders' meeting and stock affairs related matters.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?  (2) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?  (3) Does the Company announce and declare the annual financial report in 2 months after the accounting year, in addition to making early announcement prior to the period required and report the quarter financial statements for the first,	✓  ✓  ✓		(1) The Company has established the website and an investor section for disclosing information on financial operations, corporate governance and letters to shareholders (including email) execution. The website is www.gs.com.tw.  (2) The Company has set up English information on the investor zone and assigned a specialist to collect, disclosure and implement spokesperson system for information on the Company. The Company has called juristic person shareholder meeting and indicates on the investor zone of the website, which relative information is also periodically updated on the company website.  (3) Based on the accuracy of financial statement preparation, the Company request CPA review (or approval)./ Currently it is published and declared according to the data specified.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.  The Company has disclosed information on the regulatory website.  Currently still announcing and reporting by competent authority's specified date.

Evaluation Item	Implementation Status			Discrepancies in the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and reasons for such discrepancies
	Y	N	Summary	
second and third quarters, and the monthly operations?				
8. Is there any other important information to facilitate a better understanding of the Implementation of Corporate Governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) To intensify the promotion of corporate governance, the Company may notify the Board of Directors of the update in corporate governance related regulation and participation in competent authority related courses. (2) The Company directors show normal attendance while the directors may not cast votes if the propositions from the directors to the Board of the Directors involve stakeholder relation and damage the interests of the Company. The continuous education for directors are described below: (3) The Company has purchased liability insurance for the directors and managerial officers.	Compliance with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
9. Explanation of the recent improvements in accordance with the Corporate Governance Evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and identification of priority areas for further enhancement and measures for those aspects that have not yet been improved. Completed improvement item in the year 2023: 4.13 - Whether the company has obtained verification of ISO 14001, ISO 50001, or similar environmental or energy management systems. Planned improvement items for the year 2024: 3.17 - Whether the company's website discloses relevant information including financial, business, and corporate governance matters. 4.25 - Whether the company discloses the annual greenhouse gas emissions for the past two years.				

2023 Continuous Education for Directors:

Title	Name	Date	Sponsor	Course Title	Duration
Chairman	Lin, Yu-Huang	2023.06.09	Securities & Futures Institute	The development of electric vehicles and smart cars and the business opportunities The future development of metaverse and cryptocurrency blockchain	6 Hours
Director	Lin, Hsien-Kuo				
Director	Tseng, Chia-Jung				
Director	Lin, Yin-Shuo				
Director	Lin, Ying-Chih				
Independent Director	Ma, Shu-Chin				
Independent Director	Liao, Ya-Ling				

Title	Name	Date	Sponsor	Course Title	Duration
Independent Director	Chen, Hung-Yi				
Independent Director	Liu, Ssu-Min				
Director	Lin, Ying-Chih	2023.10.13	Securities & Futures Institute	Insider trading prevention campaign for the year 2023	3 Hours
Director	Lin, Ying-Chih	2023.11.22	Securities & Futures Institute	Insider trading prevention and legal compliance campaign for the year 2023	3 Hours
Independent Director	Liu, Ssu-Min	2023.07.04	Taiwan Stock Exchange	2023 cathay sustainable finance and climate change summit	6 Hours

2023 Professional Development of Corporate Governance Officer:

Title	Name	Date	Sponsor	Course Title	Duration
Manager	Liao, Wen-Ying	2023.06.09	Securities and Futures Market Development Fund Foundation of Chinese Taipei	The technological development and business opportunities of electric vehicles and smart cars The future development of metaverse and blockchain cryptocurrencies	6 Hours
Manager	Liao, Wen-Ying	2023.11.13 2023.11.14	Accounting Research and Development Foundation of Chinese Taipei	Continuous professional development for accounting executives of issuers, securities firms, and stock exchanges	12 Hours

2023 Continuous Education for Managerial Officers:

Title	Name	Date	Sponsor	Course Title	Duration
President	Lin, Yin-Shuo	2023.06.09	Securities & Futures Institute	The development of electric vehicles and smart cars and the business opportunities The future development of metaverse and cryptocurrency blockchain	6 Hours
Vice President	Lin, Yong-Bao				
Vice President	Lin, Ying-Chih				
Vice President	Lin, Ying-Chih	2023.10.13	Securities & Futures Institute	Insider trading prevention campaign for the year 2023	3 Hours

Title	Name	Date	Sponsor	Course Title	Duration
Vice President	Lin, Ying-Chih	2023.11.22	Securities & Futures Institute	Insider trading prevention and legal compliance campaign for the year 2023	3 Hours
Manager	Liao, Wen-Ying	2023.11.13	Accounting Research and Development Foundation	Issuer securities firm securities exchange accounting supervisors continue professional education.	12 Hours
Assistant Manager	Liau, Yu-Fen	2023.11.14			

(4) If the Company sets up Salary and Remuneration Committee, disclose the composition and operation:

(A) Information on Members of Salary and Remuneration Committee

Criteria Identification Name	Professional Qualification and Experience (Note1)	Compliance with Independence (Note 2)	Number of Members of Salary and Remuneration Committee of Other Public Offering Companies
Independent Director Ma, Shu-Chin (Convener)	Over 20 years of work experience required for company operations. Currently working as the CPA at CHIALIN CPA Firm. Not a person specified in any subparagraph of Article 30 of the Company Act.	(1) The independent director of the Company, in compliance with independence. (2) Not the independent director, the spouse or a relative within the second degree of kinship acts as the director, supervisor or employee of the Company or its affiliate enterprises; not the director, supervisor or employee of the company with specific relation to the Company. (3) Not a professional individual, company, or institution that provides commercial, legal, financial, or accounting services to the Company or to any affiliated company for the amount of compensation acquired from the latest two years.	0
Independent Director Liao, Ya-Ling	Over 20 years of work experience required for company operations. Currently working as the QC manager of suppliers for Applied Materials, Inc. Not a person specified in any subparagraph of Article 30 of the Company Act.		0
Independent Director Chen, Hung-Yi	Over 40 years of work experience required for company operations. Formerly working as the section chief at National Property Administration, Ministry of Finance. Not a person specified in any subparagraph of Article 30 of the Company Act.		0

Criteria Identification Name	Professional Qualification and Experience (Note1)	Compliance with Independence (Note 2)	Number of Members of Salary and Remuneration Committee of Other Public Offering Companies
Independent Director Liu, Ssu-Min	Over 18 years of work experience required for company operations. Currently serving as the section chief of the Finance Department at Hsin Chong Machinery Works Co. Ltd. Not a person specified in any subparagraph of Article 30 of the Company Act.		0

Note 1: Professional Qualification and Experience: Description of the professional qualification and experience for individual members of Salary and Remuneration Committee.

Note 2: The compliance of independence for independent directors includes but not limited to the natural-person, spouse or relative within second degree of kinship is a director, supervisor, or employee of the Company or affiliated enterprise. Not the natural-person, spouse and relative of second degree kinship (or under other's name) who holds the shares of the Company and with certain weight; Not a director, supervisor or employee of the company with specific relation to the Company (refer to Refer to Article 6, Item 1, Paragraph 5~8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies). Not a professional that provides commercial, legal, financial, accounting, or consultation services to the Company or to any affiliated company for any remuneration in recent 2 years.

(B) Operation of Salary and Remuneration Committee

- (a) The compensation committee of the company originally consisted of 3 members, but has been increased to 4 members in the current term.
- (b) Tenue for this committee: Commences form August 4, 2023 and ends on June 8, 2026. The Salary and Remuneration Committee has called two meetings (A) for the most recent year and the qualification member and attendance are described below:

Title	Name	Actual No. of Attendance (B)	No. of Attendance by Proxy	Rate of actual attendance (%) (B/A)	Remarks
Convener	Ma, Shu-Chin	2	-	100%	
Member	Liao, Ya-Ling	2	-	100%	
Member	Chen, Hung-Yi	2	-	100%	
Member	Liu, Ssu-Min	1	-	100%	Appointment on August 4, 2023.

Other matters to be recorded:

- i. Should the Board of the Directors refuse to adopt or revise the suggestions given by the Salary and Remuneration Committee, the date and session of the Board of the Directors meeting, the proposal, the resolution reached by the Board of Directors and the Company's response to such an opinion from the Salary and Remuneration Committee shall be specified: None.
- ii. Should any member opposes or expresses conservative opinion towards the matters resolved by the Salary and Remuneration Committee with records or statement in writing, the data and session of the Salary and Remuneration meeting, proposal, opinions from all members and response to members' opinions shall be specified: None.

2023 Salary and Remuneration Committee Meeting:

Salary and Remuneration Committee	Agenda and Subsequent Process	Outcome of Resolution	Compose response to opinion from Salary and Remuneration Committee
First 2023.3.10	<ol style="list-style-type: none"> <li>1. Adopted the 2022 employee remuneration and distribution remuneration.</li> <li>2. Adopted the 2022 employee remuneration amount for managerial officers.</li> </ol>	All the members of the committee unanimously approve	All the directors present at the Board of Directors Meeting unanimously approve.
Second 2023.12.29	<ol style="list-style-type: none"> <li>1. Through the revision of our company's 'Salary and Compensation Committee Organization Regulations'.</li> <li>2. Adopted the 2024 salary and remuneration to some directors and managerial officers</li> <li>3. 2. Adopted the Company's 2024 Director Reimbursement of Transport Allowance.</li> <li>4. Approval of the cash capital increase and issuance of new shares in 2023, as well as the issuance of the second unsecured domestic convertible corporate bond.</li> </ol>	All the members of the committee unanimously approve	All the directors present at the Board of Directors Meeting unanimously approve.

(c) Nomination Committee member information and operation information : None.

(5) Implementation of sustainable development, and discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies, and reasons for such discrepancies:



Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
1. Does the Company establish the governance framework for promoting sustainable development and an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, which is authorized by the Board of the Directors for handling and supervised by the Board of the Directors?	✓		(1) Our company has established an administrative department as a part-time unit to promote sustainable development activities. The relevant sustainable development measures will be reported by the administrative department to the senior management team through business management meetings to review the execution situation and will be presented to the board of directors depending on the importance of the issue. (2) Our company has established a 'Greenhouse Gas Inventory Team' and appointed a managerial representative to promote the inventory work of greenhouse gases. The team is responsible for conducting greenhouse gas inventory and reporting the results to senior management through business management meetings, and bringing important issues to the attention of the board of directors. (3) The 2022 inventory of greenhouse gases for our new factory has been completed, and the report was presented to the board of directors in March 2024. A progress report on the greenhouse gas inventory will be presented to the board of directors every quarter.	No discrepancies
2. Does the Company conduct risk assessment on the environmental, social and corporate governance agenda related to corporate operation according to the principles of materiality (Note), in addition to establishing relevant risk management policies or strategies?	✓		Our company implements management certifications such as IATF 16949, ISO 9001, and ISO-14001 through the ISO system. Every year, we perform a SWOT analysis on the relevant risks and develop appropriate response strategies based on the analysis results.	No discrepancies
3. Environmental issues (1) Does the Company establish applicable environmental management system according to the industry characteristics?  (2) Does the Company commit to upgrading the utilization of resources and use of recycled materials with low environmental impact?	✓  ✓		(1) A. Our company conducts internal audits and external third-party certifications for our environmental management system on an annual basis. B. Our company has obtained ISO-14001:2015 and ISO-14064:2018 certifications for our environmental management system.  (2) A. Our company has installed solar panels at our facilities in Xinzhu and Malaysia, demonstrating our commitment to providing green energy. B. Annual green procurement exceeds 3 million dollars, and in order to reduce environmental impact, the use of recyclable packaging materials and pallets has resulted in good performance.	No discrepancies

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
(3) Does the Company evaluate the potential risk and opportunities of climate change on enterprises now and in the future, in addition to taking response actions to climate related issues?	✓		(3) In response to climate change legislation, this regulation has been identified in the 'List of Authorized and Registered Regulations' under ISO-14001. In order to address extreme weather events such as typhoons and floods, a set of emergency response Standard Operating Procedures (SOP) has been developed and practiced within the plant.	
(4) Has the Company compiled the greenhouse gas emission, water consumption and total waste weight in the last two years, in addition to formulating policies on energy-saving, carbon reduction, greenhouse gas emission, reduction of water consumption, or other waste management?	✓		(4) A. Greenhouse Gas Inventory Report Explanation: (a) The Taiwan area (Xinwu Plant and Bade Plant) has completed the external verification of carbon emissions for the year 2022 in accordance with ISO-14064. Calculations for Scope 1, Scope 2, and Scope 3 carbon emissions have been completed, and the related carbon emission calculations are disclosed in the "2022 Greenhouse Gas Inventory Report". (b) As the manufacturing process in the plant involves metal mold processing without generating any harmful waste, the main waste generated is general household waste. B. The greenhouse gas reduction measures disclosed in the 2022 Greenhouse Gas Inventory Report mainly include the following: (a) Investigate and compile a list of green procurement items (LED lighting fixtures, paper plates, copy paper, carbon clip, products bearing the Taiwan Energy Label or international environmental labels) that have been purchased and reported. (b) Seeking recyclable items from waste and enforcing sorting requirements, and supervising in recycling control areas to reduce the volume of waste incineration treatment. (c) Sign equipment maintenance contracts for high and low voltage electrical equipment to maintain optimal operation and reduce energy consumption (d) Regular cleaning of cooling towers and heat exchangers to maintain operational efficiency. 2022 Greenhouse Gas Inventory and Explanation of Confidence Situation Details Attached Table 1 Explanation The aforementioned work is ongoing and a report will be presented during the management review meeting.	

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
4. Social Issues				No discrepancies
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The company has formulated work rules in accordance with human rights policies and has reported them to the Taoyuan City Department of Labor and Human Resources for approval. The relevant welfare measures include:	
(2) Does the Company develop and implement reasonable employee welfare measures (including salary, leave, and other benefits) in addition to reflecting the managerial performance or outcome appropriately on employee salary?	✓		(2) A. The company established a Employee Welfare Committee on July 29, 1986, and it was approved by the competent authority and filed under the letter no. 097577 (Labor Department Letter No. 1421) of the Ministry of Interior on file. The relevant welfare measures include: (a) Birthday gifts and various gifts for holidays. (b) Various subsidies for marriage, funeral, childbirth, and setup of emergency relief. (c) Emphasize regular self-improvement activities for leisure, organize various group fitness activities, and establish clubs such as "yoga club", "jogging club", "golf club", "basketball club", "badminton club", and "bowling club". (d) Organize annual company retreats, departmental dinners, and other large-scale events for employees. (e) Provide a Chinese meal subsidy. (f) Provide subsidies for employees and their children's scholarships. (g) Construct a sports center and fitness room within the company for employees to use. B. The company is required by its bylaws to allocate a certain percentage of its profits to distribute as employee compensation.	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) A. The company places a high value on social responsibility (CSR) as a member of society. It has obtained ISO-14001 certification for the work environment and adheres to the company's environmental policy of "protecting natural resources, reducing environmental pollution, and complying with environmental laws and regulations." The company also places great importance on ensuring the safety of its employees and conducts regular "safety and health committees" to review industrial safety and health activities within the factory. In terms of the work	

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
			<p>environment and employee safety, major objectives and management plans are set annually as a basis for implementation.</p> <p>B. Follow-up activities for promoting environmental and occupational health and safety:</p> <p>(a) Promotion activities for Restriction of Hazardous Substances (ROHS): ROHS officially came into effect on July 1, 2006, prohibiting the sale of products containing six hazardous substances including lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers to the European Union. Our company actively promotes compliance with ROHS by purchasing several XRF machines for self-testing. Moreover, we require suppliers to provide relevant reports from an authorized inspection agency, and possess a complete testing mechanism to meet ROHS requirements.</p> <p>(b) Preventive measures mechanism for occupational accidents: The company regularly convenes a safety and health committee every three months. In addition to the mandatory occupational safety training for new employees, each employee is required to attend at least two hours of occupational accident prevention training each year to enhance their understanding of occupational accidents and prevent their occurrence.</p> <p>(c) Free annual health check-up for employees. The company regards employees as assets and offers free annual health check-ups through qualified medical institutions to monitor their physical condition. Additionally, for employees in jobs with exposure to high levels of noise or dust, the company conducts checks to understand their health status and use the results for employee health management classification.</p> <p>(d) Water quality testing for factory drinking water: Quarterly, an external qualified testing agency is commissioned to conduct water quality testing for drinking water in the factory, to ensure the safety of drinking water for employees.</p> <p>(e) Implement automatic inspection operations: Employees may suffer physical injuries due to unsafe operations, equipment or management in different work environments, processes, operations and tasks. To address this, the company has established automatic inspection procedures and developed automatic inspection checklists for dangerous machines or equipment such as lathes, presses, milling machines, etc.</p> <p>(f) On-site work environment measurement.</p>	

Promotion Item	Implementation		Summary	Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N		
(4) Does the Company provide its employees with career development and training sessions?	✓		<p>Our company commissions a qualified environmental measurement unit every year to conduct on-site work environment measurements for noise, dust, and local exhaust devices. The annual measurement results have all been qualified to ensure the safety of the working environment for our employees.</p> <p>(g) Perimeter Environmental Monitoring Our company commissions a qualified environmental monitoring unit every year to conduct environmental monitoring on our noise and effluent water. The annual test results are all qualified in order to maintain harmonious relations with our neighboring factories.</p> <p>(4) In order to effectively develop our company's human resource strategy, we have designed an education and training system that includes four main categories: specialized training courses for new employees, training programs for hierarchical management, professional training programs by job function, and an on-job training system. We have also utilized job function assessments to understand any gaps in our workforce's skills, and have implemented education and training to address those gaps.</p>	
(5) Does the Company establish any consumer protection policies and appealing procedures for the health and safety of customers, in accordance with the laws and international standards governing products, services, customer privacy, marketing, and labeling?	✓		<p>(5) Since the Company does not directly sell products to consumers, the Company does not offer complaint channel to consumers in terms of R&amp;D, purchase, production, operation, and service procedure. Nonetheless, the Company offers complete complaint procedure for customers.</p>	
(6) Does the Company establish supplier management policy to request suppliers for the relevant regulations in environmental production, occupational safety and health or human rights for labor, as well as the implementation status?	✓		<p>(6) The Company conducts quality system assessment on major suppliers, which items tested include the organization quality and environmental system of the supplier, quality and environment records, occupational safety and health and workers' rights under social responsibility. The audited suppliers have all complied with the requirement.</p>	

Promotion Item	Implementation			Discrepancies in the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
5. Does the Company refer to the standards or guidelines for preparing international standard reports for the preparation of sustainable development report and other reports disclosing non-financial information of the Company? Has the aforementioned report acquired validation or opinion of guarantee from third certification body?	✓		Although our company has not yet compiled a sustainability report, we have disclosed our social responsibility performance in the annual report for shareholders. Furthermore, we have planned to prepare a report based on international standards by the fiscal year 2024, and disclose it in 2025.	No discrepancies
6. If the Company has established its own corporate social responsibility best practice principles according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please state the difference: The Company upholds to the business philosophy of “Savors in self, people and society” to implement according to “the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” with al operations executed by fulfilling the mission of corporate social responsibility.				
7. Other important information helpful in understanding corporate sustainable development and social responsibilities operation: (1) The Company has acquired ISO-9001 quality certificate in 1996, IATF-16949 quality certificate in 2004, ISO-14001 quality certificate in 2005, passed ISO 14001:2015 environmental management system transition certificate in 2017, and passed IATF-16949 transition certificate in 2018. In 2013, the group acquired the green partner certificate from SONY, its Shanghai representative group passed the ecovadis CSR certificate in 2016, while the Thailand factory was awarded by CANON with green outstanding award in 2017. (2) In response to government policy on green energy, the Company deployed solar panel on the roof to reduce CO2 emission. (3) The Company purchased power-saving air pressure system and variant-frequency air conditioner in the factory to reduce power consumption, in response to government policy on energy saving. (4) An organizational carbon inventory will be conducted for the Taiwan region (Xinwu and Bade plants) for the year 2022 in accordance with the ISO-14064:2018 version. The '2022 Greenhouse Gas Inventory Report' has been completed and verified by a third-party agency, TUV.				

The company's implementation status on climate-related information:

Items	Implementation status
<ol style="list-style-type: none"> <li>1. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management.</li> <li>2. Explain how identified climate risks and opportunities affect the company's business, strategy, and finances (short-term, medium-term, and long-term).</li> <li>3. Describe the financial impact of extreme weather events and transformational actions.</li> <li>4. Explain how climate risk identification, assessment, and management processes are integrated into the overall risk management system.</li> <li>5. If scenario analysis is used to evaluate resilience in the face of climate change risks, describe the scenarios, parameters, assumptions, analysis factors, and major financial impacts used.</li> <li>6. If there is a transformation plan to manage climate-related risks, describe the plan's contents, indicators, and targets used to identify, manage physical and transition risks.</li> <li>7. If internal carbon pricing is used as a planning tool, explain the basis for price determination.</li> <li>8. If climate-related objectives are set, describe the covered activities, greenhouse gas emission scopes, planning timelines, annual progress and information; if carbon offsetting or renewable energy certificates (RECs) are used to achieve the relevant objectives, explain the source and quantity of carbon credits or the number of RECs used.</li> <li>9. Greenhouse gas inventory and verification status (to be filled in at Table 1).</li> </ol>	<ol style="list-style-type: none"> <li>1. An emergency response Standard Operating Procedures (SOP) has been developed and practiced within the plant to address extreme weather events such as typhoons and floods.</li> <li>2. The Taiwan region factories (Xinwu and Bade plants) will conduct an annual greenhouse gas inventory and verification, and the inventory quantities will be compiled in the form at Table 1.</li> </ol>

Table 1

Basic Information of Our Company	According to the regulations of the Sustainable Development Roadmap for Listed Companies, at least the following should be disclosed.
<input type="checkbox"/> Capital: capital of over 10 billion 、 Steel industry 、 Cement industry	<input type="checkbox"/> Parent Company Check <input type="checkbox"/> Consolidated Financial Statements for subsidiaries Check
<input type="checkbox"/> Capital: between 5 billion and less than 10 billion	<input type="checkbox"/> Parent Company Verification <input type="checkbox"/> Consolidated Financial Statements for subsidiaries Verification
<input checked="" type="checkbox"/> Capital: less than 5 billion	<input checked="" type="checkbox"/> Parent Company Verification <input type="checkbox"/> Consolidated Financial Statements for subsidiaries Verification

2022 carbon disk data total 6,709.533 MT CO<sub>2</sub>e

2022 Hsinwu factory revenue: 1,776 million

Parent Company: Hsinwu Factory	Total Emissions (MT CO <sub>2</sub> e)	Density (MT CO <sub>2</sub> e/ million)	Certainty Institution	Clarification of Certain Circumstances
Scope 1	263.8266 MT CO <sub>2</sub> e	0.145	TUV	Reasonable Assurance Level , Obtained Certificate on December 15th, 2023. (ISO-14064-1:2018)
Scope 2	5,210.7536 MT CO <sub>2</sub> e	2.934		
Scope 3	1,234.9532 MT CO <sub>2</sub> e Limited Warranty Level, Obtained Certificate on December 15th, 2023. (ISO-14064-1:2018)			

2022 the carbon inventory of the Bade plant amounts to 247,564 MT of CO<sub>2</sub>e.

2022 the revenue of the Bade plant is NTD591 million.

Parent Company: Hsinwu Factory	Total Emissions (MT CO <sub>2</sub> e)	Density (MT CO <sub>2</sub> e/ million)	Certainty Institution	Clarification of Certain Circumstances
Scope 1	20.1096 MT CO <sub>2</sub> e	0.0340	TUV	Reasonable Assurance Level , Obtained Certificate on April 6th, 2023. (ISO-14064-1:2018)
Scope 2	178.1995 MT CO <sub>2</sub> e	0.3015		
Scope 3	49.2545 MT CO <sub>2</sub> e Limited Warranty Level, Obtained Certificate on December 15th, 2023. (ISO-14064-1:2018)			



(6) Implementation of Ethical Corporate Management, Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and Reasons for Such Discrepancies

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Y	N	Summary	
<p>1. Formulate policies and plans for ethical corporate management</p> <p>(1) Has the Company clearly indicated policies and activities related to ethical corporate management in its bylaws and external documents, and are the Company's directors and management actively fulfilling their commitment to corporate policies?</p> <p>(2) Has the Company established an evaluation mechanism for risks associated with unethical conducts and regularly analyzes and evaluates business activities subject to higher risk of unethical conducts within the scope of business? Has the Company developed measures for preventing unethical conducts, which at least covers the preventive measures under the items prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"</p> <p>(3) Has the Company stipulates operation procedures, conduct guide, disciplinary and grievance system for violation for preventing unethical conducts, in addition to implementing execution and regularly review and revise the aforementioned solution?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) To establish the foundation of corporate culture and sound organization development of the integrity management of the company, in addition to establishing the framework of excellent commercial operation, the Company has established the "Code of Ethical Conduct" according to the "Ethical Corporate Management Best Practice Principles," as compliance of implementing ethical management. The relevant internal operation specification and internal control system are developed to review the different operations. Any major violations will be reported at the Board of Directors Meeting.</p> <p>(2) The company analysis on business scope shows that "purchase" and associate supplier" have relatively higher management risks and hence the Company develops treaty with associate suppliers as preventive measures.</p> <p>(3) The Company develops the "Code of Ethical Management" according to the "Ethical Corporate Management Best Practice Principles" and provides training for new employees during education and training with implementation of execution.</p>	No major discrepancies

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTS M Listed Companies and Reasons
	Y	N	Summary	
<p>2. Implement ethical corporate management</p> <p>(1) Has the Company evaluated ethical records of its counterpart? Does the contract signed by the Company and its trading counterpart clearly provide terms on ethical conduct?</p> <p>(2) Has the Company established a full-time unit directly under the supervision of the Board, which is devoted to promoting corporate ethical business, and routinely (at least once a year) reporting the ethical management policies and solutions for preventing unethical conducts as well as the implementation to the Board?</p> <p>(3) Has the Company established policies preventing conflict of interest, provided proper channels of appeal, and enforced these policies and opened channels accordingly?</p> <p>(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Are regular audits carried out by the Company's internal audit unit or commissioned to a CPA?</p> <p>(5) Does the Company regularly organize internal and external training on ethical corporate management?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company develops "Treaty with Purchase and Associate Suppliers" to prohibit all employees and their relatives/friends with direct or indirect contact to the associate suppliers, within the scope of personal work, to proceed with the non-business related loans, lease, investment, and any other non-direct and non-business activities.</p> <p>(2) The Company will assign the operation management department-general affairs office as the current unit for corporate integrity management. The factor-wide monthly meeting allows the Company to advocate and explain the launch of corporate integrity management. Additionally, the Board of Directors meeting will explain and report the corporate integrity management, if necessary.</p> <p>(3) The Company establishes internal "Treaty with Purchase and Associate Supplier." Any violation will lead to the general affairs office or audit office to collect relevant data and requesting the related party for statement and explanation.</p> <p>(4) To ensure the implementation of integrity management, the Company establishes valid accounting system and internal control system, conducting the internal audit periodically and verifying the compliance of aforementioned system at all subsidiaries of the group.</p> <p>(5) The Company not only offers training to new employees but conduct experience based instruction activities by groups so that the employees will understand the importance of integrity.</p>	No major discrepancies

Evaluation Item	Implementation			Discrepancies in the Ethical Corporate Management Best Practice Principles for TWSE/GTS M Listed Companies and Reasons
	Y	N	Summary	
<p>3. Operation of whistle-blowing mechanisms in the Company</p> <p>(1) Has the Company established concrete whistle-blowing and rewarding systems and accessible whistle-blowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistle-blower?</p> <p>(2) Has the Company stipulated standard operating procedures (SOP) and relevant systems of confidentiality for investigating the case being exposed by the whistle-blower?</p> <p>(3) Has the Company adopted protection against inappropriate disciplinary action for the whistle-blower?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company sets up the whistle-blowing channel below: A. Compliant Hotline: 03-4775141 EXT 100 B. Complaint Email: <a href="mailto:HR@mail.gs.com.tw">HR@mail.gs.com.tw</a></p> <p>(2) The Company sets up standard operating procedures (SOP) for whistle-blowing. If the case exposed by whistle-blower is investigated with truth, the Company will distribute bonus as incentive.</p> <p>(3) The Standard Operating Procedures (SOP) has explained the member of investigation team and the related parties shall keep confidentiality over the investigation process and relevant data, and may not disclose such information without authorization.</p>	No major discrepancies
<p>4. Strengthening information disclosure</p> <p>(1) Has the Company disclosed the content of its best practices on ethical corporate management and the effectiveness of its activities on its official website or the Market Observation Post System (MOPS)?</p>	<p>✓</p>		<p>(1) The Company sets up group promotional website to disclose the corporate culture. Each month the Company holds factory-wide meeting to promote company operation and philosophy. The Company establishes headquarter to collect relevant data and may advocate to employees and stakeholders, if necessary.</p>	No major discrepancies
<p>5. Where the Company has stipulated its own best practices on ethical corporate management according to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the prescribed best practices and actual activities taken by the Company: To establish the foundation of corporate culture and sound organization development of the integrity management of the company, in addition to establishing the framework of excellent commercial operation, the Company has established the “Code of Ethical Conduct” according to the “Ethical Corporate Management Best Practice Principles,” and incorporated the “Codes of Ethical Conduct” in corporate management and operations. The Company also periodically comply with the code and review the implementation to make improvement. There has not been any major discrepancy since the implementation.</p>				
<p>6. Any important information useful for understanding the state of ethical corporate management (e.g. Company review and amendment on the formulated ethical management best practice): The Company complies with Compact Act, Securities and Exchange Act, and other commercial conduct related decrees as the implementation of basic philosophy in integrity management.</p>				

(7) The method of query in case the Company formulated corporate governance principles and related regulations is describe below:

The Company has developed corporate governance principles and relevant rules, in addition to publishing the principles and rules on the company website (<http://www.gs.com.tw>), in the “Key Company Regulations” under the “Corporate Governance” of investor relations, thereby providing the public, investors and shareholders with access for query.

(8) Other Important information for better understanding of the implementation of corporate governance: None.

(9) The implementation of Internal Control System should disclose the follows:

(A) Statement of Internal Control System

## G-SHANK ENTERPRISE

### Statement of Internal Control System

Date: March 8, 2024

The 2023 Statement of Internal Control System is issued based on the self-assessment of the Company:

1. The Company acknowledges that the establishment, implementation and conservation of the internal control system are the responsibilities of the Board of Directors and the managers of the Company. The Company has constructed such system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
2. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned objectives. Moreover, the effectiveness of the internal control system may be altered from changes in the environment and under different situations. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: 1 Control Environment; 2 Risk Assessment; 3 Control Activities; 4 Information and Communication; and 5 Monitoring Activities. Each constituent element includes a number of categories. Please refer to "the Regulations" for the aforementioned categories.

The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid items of determination for internal control system.

4. Based on the above assessment results, the Company determined that the Company's internal control system on December 31, 2023 (covering monitoring and management of its subsidiaries) has been effectively designed and implemented and sufficient to ensure that the objectives below are achieved, including understanding the degree of achievement of operational effectiveness and efficiency objectives, reliable, timely and transparent reporting and compliance of applicable rules, laws, regulations and bylaws.
5. This Statement will form an integral part of the Annual Report and the Prospectus of the Company. If the aforementioned content contains illegal matters such as any fraudulent or hidden information, the Company will be in question of breaching Articles 20, 32, 171, and 174 in the Securities and Exchange Act and face legal consequences.
6. The Statement has been approved by the Board of Directors on March 8, 2024. Among seven directors (including independent directors) present, no director raised any objection. All of them agreed with the contents of this statement and made this statement.

G-SHANK ENTERPRISE CO., LTD.

Chairman: Yu-Huang Lin

General Manager: Ying-Shuo Lin

(B) Any CPA commissioned to conduct a project review of the internal control system shall disclose the CPA's evaluation report: N/A.

(10) The Company and internal personnel are penalized by law or if the company penalize internal personnel for violation of internal control system, which consequence of penalty could have great influence on shareholder equity or stock prices, in the most current fiscal year up to the date of publication of the annual report, which shall be listed for the content of penalty, major defect and improvement: None.

(11) Important resolutions of shareholders' meeting and board of directors meeting in the most current fiscal year up to the date of publication of the annual report :

(A) Content and implementation of important resolutions of shareholders' meeting:

Meeting date	Important resolutions	Implementation
2023.06.09	1. Adopted the 2022 business report, separate and consolidated financial statements.	The proposition was adopted by voting.
	2. Adopted the proposition for 2022 earning distribution.	This proposal has been approved by a vote and authorized by the chairman, with an ex-dividend date of August 18, 2023, and a payment date of September 8, 2023. The cash dividend of \$438,505,000 (NTD) has been fully distributed, with a dividend of \$2.3 (NTD) per share.
	3. The proposal for a comprehensive re-election of the board of directors has been approved.	st of elected directors: Lin, Yu-Huang, Lin, Hsien-Kuo, Tseng, Chia-Jung, Lin, Yin-Shuo, Lin, Ying-Chih . List of elected independent directors: Ma, Shu-Chin, Liao, Ya-Ling, Chen, Hung-Yi, Liu, Ssu-Min.
	4. The proposal to lift the non-compete restrictions for new directors has been approved.	The proposition was adopted by voting.

(B) Important Resolutions of Board of Directors

Session of Board of Directors	Date	Important Resolutions
2023 First	2023.3.10	<ol style="list-style-type: none"> <li>1. Report on the progress of the company's greenhouse gas inventory and the schedule for subsidiaries within the group.</li> <li>2. Report on the insurance purchased by directors and executives.</li> <li>3. Report on the results of the performance evaluation of the board of directors for the fiscal year 2022.</li> <li>4. Report on the progress of investment in the establishment of Huizhou Jubao Precision Mold Co., Ltd.</li> <li>5. Pass a proposal to establish the ex-dividend date for the issuance of new shares through the conversion of employee stock options.</li> <li>6. Pass a proposal to establish the first company governance supervisor.</li> <li>7. Pass a proposal to revise the "Board Meeting Regulations".</li> <li>8. Pass a proposal to revise the "Corporate Governance Practice Guidelines".</li> <li>9. Pass a proposal to revise the "Sustainability Practice Guidelines".</li> <li>10. Pass a proposal for the distribution of employee and director compensation for fiscal year 2022.</li> </ol>

Session of Board of Directors	Date	Important Resolutions
		<ol style="list-style-type: none"> <li>11. Pass a proposal for the amount of employee compensation for fiscal year 2022 for executives.</li> <li>12. Pass a proposal for the self-preparation of individual financial reports and consolidated financial reports for fiscal year 2022.</li> <li>13. Pass a proposal for the business report, individual financial reports, and consolidated financial reports for fiscal year 2022.</li> <li>14. Pass a proposal on the assessment of the effectiveness of internal control systems and the internal control system statement for fiscal year 2022.</li> <li>15. Pass a proposal for the distribution of earnings for fiscal year 2022.</li> <li>16. Pass a proposal for a comprehensive re-election of the board of directors.</li> <li>17. Proposal to nominate candidates (including independent directors) for the 2023 Board of Directors election.</li> <li>18. Proposal to lift the newly appointed directors' non-compete restrictions.</li> <li>19. Proposal to determine the date and location of the 2023 annual shareholder meeting.</li> <li>20. Proposal to review the financial transactions in the fourth quarter of the group's various businesses that may be considered indirect financing.</li> <li>21. Adopted the amendment to "Standard Operating Procedure for Handling Director Requests"</li> </ol>
2023 Second	2023.5.5	<ol style="list-style-type: none"> <li>1. Report on the progress of investing in Huizhou Jubao Precision Mould Co., Ltd.</li> <li>2. Report on the progress of greenhouse gas inventory.</li> <li>3. Approval of the financial statements for the first quarter of the year 2023.</li> <li>4. Approval of credit from China Trust Commercial Bank.</li> <li>5. Approval of credit from Bank of Taiwan.</li> <li>6. Approval of the eligibility criteria, subscription quantity, and list of subscribers for the third issuance of employee stock options in 2022</li> <li>7. Approval of the review of the financial connections among various companies within the group in the first quarter.</li> </ol>
2023 Third	2023.6.9	<ol style="list-style-type: none"> <li>1. Proposal to elect a chairman of the board.</li> </ol>
2023 Fourth	2023.8.4	<ol style="list-style-type: none"> <li>1. Report on the progress of investing in Hui Zhou G-Bao Precision Sdn. Bhd.</li> <li>2. Report on the progress of greenhouse gas inventory.</li> <li>3. Report on the relocation of Shenzhen Juxiang Precision Mould Co., Ltd.</li> <li>4. Report on the capital reduction of Hubei Hanzhe Electronic Technology Co., Ltd.</li> <li>5. Report on the schedule for distributing cash dividends for the year 2023.</li> <li>6. Report on the adjustment of the pricing of employee stock options issued in 2018 and 2022.</li> <li>7. Approval of the financial statements for the second quarter of the year 2023.</li> <li>8. Approval of appointing the 5th Salary and Compensation Committee.</li> <li>9. Approval of credit from Federal Bank.</li> <li>10. Approval of credit from Mega International Commercial Bank.</li> <li>11. Approval of credit from Cathay United Commercial Bank.</li> <li>12. Approval of credit from E. Sun Bank.</li> <li>13. Approval of credit from Taipei Fubon Commercial Bank.</li> <li>14. Approval of reviewing the financial connections among various enterprises within the group in the second quarter.</li> </ol>
2023 Fifth	2023.10.27	<ol style="list-style-type: none"> <li>1. Approval of the purchase of real estate (including movable equipment within the buildings).</li> </ol>

Session of Board of Directors	Date	Important Resolutions
		2. Approval of the cash capital increase and issuance of new shares in 2023, as well as the issuance of the second unsecured domestic convertible corporate bond. 3. Approval of the credit expansion from China Trust Commercial Bank.
2023 Sixth	2023.11.3	1. Report on the progress of investment in establishing Huizhou Juba Precision Mold Co., Ltd. 2. Report on the progress of greenhouse gas inventory. 3. Approval of the credit extension from Far East International Commercial Bank. 4. Approval of the financial statements for the third quarter of 2023. 5. Approval to review the intercompany financial transactions among various enterprises within the group in the third quarter.
2023 Seventh	2023.12.29	1. Governance report case. 2. Fundraising progress report case. 3. Report on progress of greenhouse gas inventory case. 4. Approval of credit extension from Far East International Commercial Bank case. 5. Approval to revise the "Standard Operating Procedures for Handling Director Requests" case. 6. Approval of the 2024 audit plan case. 7. Approval of the 2024 operating plan case. 8. Approval to revise the "Organizational Regulations of the Compensation Committee" case. 9. Approval of the 2024 director's business travel expenses case. 10. Approval of partial director and managerial 2024 salary compensation case. 11. Approval of issuing new shares to employees through cash increase in 2023 case. 12. Approval of issuing new shares to managerial staff through cash increase in 2023 case. 13. Approval of appointment and assessment of the independent and qualified auditing accountant case.
2024 First	2024.3.8	1. Report on the purchase of insurance by directors and executives case. 2. Report on the performance evaluation results of the 2023 Board of Directors. 3. Fundraising progress report case. 4. Report on the adjustment of the conversion price of the 2023 convertible bonds and the adjustment of the subscription price of the employee stock warrants issued in 2018 and 2022 year. 5. Report on the progress of greenhouse gas inventory case. 6. Report on the progress of investment in establishing Huizhou Jubao Precision Mold Co., Ltd. 7. Report on corporate governance case. 8. Approval of the base date for the conversion issuance of new shares through the conversion of employee stock warrants. 9. Approval of the distribution of employee compensation and director compensation for the 2023 year. 10. Approval of the amount of employee compensation for managerial staff for the 2023 year. 11. Approval of the preparation of individual financial statements and consolidated financial statements for the 2023 year. 12. Approval of the annual report, individual, and consolidated financial statements for the 2023 year. 13. Approval of the "Assessment of Internal Control System Effectiveness" and "Internal Control System Statement" for the 2023 year. 14. Approval of profit distribution for the 2023 year. 15. Approval of distribution of capital reserves in cash case. 16. Approval of the date and location of the 2024 Annual Shareholders' Meeting.



Session of Board of Directors	Date	Important Resolutions
		17. Approval of credit extension from China Trust Commercial Bank. 18. Approval of investment plans in the Philippines. 19. Approval of reviewing the situation of inter-company financial assistance in the fourth quarter of various enterprises within the group. 20. Approval of changing the financial reporting auditor for the company starting from the first quarter of the 2024 year.
2024 Second	2024.5.10	1. Report on the progress of purchasing real estate and raising funds. 2. Report on the progress of greenhouse gas inventory. 3. Approval of the base date for the conversion issuance of new shares through the conversion of employee stock warrants. 4. Approval of the first quarter consolidated financial statements for the 2024 year. 5. Approval of credit extension from Taiwan Bank. 6. Approval of credit extension from E. Sun Bank. 7. Approval of reviewing the situation of inter-company financial assistance in the first quarter of various enterprises within the group. 8. Through the subsidiary of the company, Tianjin G-Shank Precision Machinery Co., Ltd, the outstanding accounts receivable from Beijing Guoneng Electric Technology Co., Ltd. and Henan Guoneng Battery Co., Ltd. have been transferred to collection accounts.

- (12) Main content of different opinion with records or statement in writing from the directors towards the adoption of important resolutions, in the most current fiscal year up to the date of publication of the annual report: None.
- (13) Summary of resignations by company chairman, president, chief accountant, Chief Financial Officer, internal audit officer, corporate governance supervisor, and R&D supervisor in the most current fiscal year up to the date of publication of the annual report: None.

May 10, 2024

Position	Name	Date Of Appointment	Date Of Resignation	Reason For Resignation Or Termination
R&D Manager	Hsieh, Ching-Fang	November 1, 2010	May 7, 2024	Retirement

## 5. Information on Certified Public Accountant Fees:

### (1) Information on Certified Public Accountant Fees

Unit Amount: NT\$ thousands

Name of CPA Firm	Name of CPA	CPA Audit Period	Audit Fees	Non-Audit Fees (note)	Total	Remarks
Diwan & Company	Tseng, Chiung Hui Li, Pin-Chueh	2023.1.1 ~ 2023.12.31	1,925	75	2,000	

Note: Non-audit fees include: business registration fee of NTD 25 thousand, review fee for direct deduction of business tax of NTD 20 thousand, and a review fee of NTD 30 thousand for investment when funds are repatriated from overseas.

- (2) The audit fees paid to CPA firm and for the year of replacement is reduced compared with the audit fee from previous year: None.
- (3) Audit fees reduced by 10% or more, compared with previous year: none.

6. Information on Replacement of Certified Public Accountants:

In compliance with the quality control policy of Diwan & Company, the lead accountants are required to rotate periodically. Starting from the first quarter of 2024, the financial reports will be signed by the new lead accountant, Accountant Lu, Jui-Wen, in addition to Accountant Li, Pin-chueh, replacing the previous lead accountant, Accountant Tseng, Chiung-Hui and Accountant Li, Pin-chueh.

7. The chairman, president, managerial officer responsible for finance or accounting services of the Company having worked at the CPA firm or affiliated enterprise:

None.

8. Any transfer of equity interests and/or pledge of or change in equity interests by a director, managerial officer, or shareholder with a stake of more than 10 percent during the most current fiscal year up to the date of publication of the annual report:

(1) Change in Equity Among Directors, Managerial Officers, and Major Shareholders:

Title	Name	2023		2024, as of April 16	
		Shares held increase (decrease)	Pledged shares increase (decrease)	Shares held increase (decrease)	Pledged shares increase (decrease)
Chairman	Lin, Yu-Huang	0	0	0	0
Director	Lin, Hsien-Kuo	0	0	0	0
Director	Tseng, Chia-Jung	0	0	0	0
Director and General Manager	Lin, Yin-Shuo	(1,600,000)	0	10,000	0
Director and Deputy General Manager (Note)	Lin, Ying-Chih	0	0	60,000	0
Independent Director	Ma, Shu-Chin	0	0	0	0
Independent Director	Liao, Ya-Ling	(16,000)	0	(39,510)	0
Independent Director	Chen, Hung-Yi	0	0	0	0
Independent Director (Note)	Liu, Ssu-Min	0	0	0	0
Deputy General Manager	Lin, Yong-Bao	(150,000)	0	40,000	0

Title	Name	2023		2024, as of April 16	
		Shares held increase (decrease)	Pledged shares increase (decrease)	Shares held increase (decrease)	Pledged shares increase (decrease)
Production Division II Factory Chief	Cheng, Rui-Dian	0	0	(172)	0
Manager	Liao, Wen-Ying	0	0	26,273	0
Assistant Manager	Liau, Yu-Fen	0	0	14,781	0

Note: Directors Lin, Ying-Chih and independent director Liu, Ssu-Min assumed office on June 9, 2023.

- (2) Information on stakeholder as related party to equity transfer: None.
- (3) Information of stakeholder as related party to pledged equity: None.

9. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

Relationship between Top Ten Shareholders

Name	Shares held personally		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Title or name and Relationship of top ten Shareholders who are related parties, spouses, or relatives within the second degree of kinship		Remarks
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Name	Relation	
Ji Hong Investment Co., Ltd.	16,089,465	7.79%	0	0.00%	0	0%	None	None	
Ji Hong Investment Co., Ltd. Representative: Lin, Ying-Tzu	1,006,825	0.49%	0	0.00%	0	0%	Lin, Yu-Huang	Parent-child	
							Zhan, Mei-Zhu	Parent-child	
							Lin, Ying-Shuo	Sibling	
							Lin, Ying-Chih	Sibling	
Chen Lin Investment Ltd.	9,436,790	4.57%	0	0.00%	0	0%	None	None	
Chen Lin Investment Ltd. Representative: Lin, Ying-Shuo	1,913,643	0.93%	410,037	0.20%	1,792,603	0.87%	Lin, Yu-Huang	Parent-child	
							Zhan, Mei-Zhu	Parent-child	
							Lin, Ying-Chih	Sibling	
							Lin, Ying-Tzu	Sibling	
Lin, Yu-Huang	8,612,089	4.17%	5,687,897	2.75%	0	0%	Zhan, Mei-Zhu	Spousal	
							Lin, Ying-Shuo	Parent-child	
							Lin, Ying-Chih	Parent-child	
							Lin, Ying-Tzu	Parent-child	
Hong Yue Investment Co., Ltd.	7,351,650	3.56%	0	0.00%	0	0%	None	None	
Hong Yue Investment Co., Ltd. Representative: Lin, Ying-Chih	3,528,439	1.71%	1,160,533	0.56%	0	0%	Lin, Yu-Huang	Parent-child	
							Zhan, Mei-Zhu	Parent-child	
							Lin, Ying-Shuo	Sibling	
							Lin, Ying-Tzu	Sibling	
Zhan, Mei-Zhu	5,687,897	2.75%	8,612,089	4.17%	0	0%	Lin, Yu-Huang	Spousal	
							Lin, Ying-Shuo	Parent-child	
							Lin, Ying-Chih	Parent-child	
							Lin, Ying-Tzu	Parent-child	
Chen Guang Investment Co., Ltd.	4,417,498	2.14%	0	0.00%	0	0%	None	None	
Chen Guang Investment Co., Ltd. Representative: Ying-Chih Lin	3,528,439	1.71%	1,160,533	0.56%	0	0%	Lin, Yu-Huang	Parent-child	
							Zhan, Mei-Zhu	Parent-child	
							Lin, Ying-Shuo	Sibling	
							Lin, Ying-Tzu	Sibling	
Hsu, Hsiu-Mei	4,395,287	2.13%	387,000	0.19%	0	0%	None	None	
Wei Fong Investment Co., Ltd.	4,100,000	1.98%	0	0.00%	0	0%	None	None	
Wei Fong Investment Co., Ltd. Representative: Lin, Zi-Wen	0	0.00%	0	0.00%	0	0%	Lin, Hsien-Kuo	Parent-child	
Lin, Hsien-Kuo	3,793,106	1.84%	53,607	0.03%	0	0%	Lin, Zi-Wen	Parent-child	
Lin, Yin-Chih	3,528,439	1.71%	1,160,533	0.56%	0	0%	Lin, Yu-Huang	Parent-child	
							Zhan, Mei-Zhu	Parent-child	
							Lin, Ying-Shuo	Sibling	
							Ying-Tsz Lin	Sibling	

10. Shareholding of the same reinvestment business through the Company, Company Directors, managerial officers, and the directly or indirectly business controlled by the Company, with the consolidated calculation of comprehensive shareholding ratio:

April 16, 2024; Unit: Share; %

Reinvestment Business	G-SHANK Investment		Business investment directly or indirectly controlled by director and managerial officers		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
G-Shank Enterprise (M) Sdn. Bhd. (Note 1.)	6,924,750	92.33%	75,000	1.00%	6,999,750	93.33%
G-Shank, Inc.	1,000	100.00%	-	-	1,000	100.00%
Shanghai G-Shank Precision Machinery Co., Ltd. (Note 1.)	-	85.00%	-	15.00%	-	100.00%
Great Shank Co., Ltd. (Note 1.)	7,968,750	85.00%	-	-	7,968,750	85.00%
Chin De Investment Co., Ltd. (Note 1.)	5,000,000	100.00%	-	-	5,000,000	100.00%
Grand Star Enterprises L.L.C. (Note 1.)	-	100.00%	-	-	-	100.00%
Sunflex Tech Co., Ltd. (Note 1.)	9,940,956	14.42%	10,525	0.02%	9,951,481	14.43%
G-Shank Japan Co., Ltd (Note 1.)	1,060	58.89%	360	20.00%	1,420	78.89%
G-Shank Precision Machinery (Suzhou) Co., Ltd (Note 1.)	-	5.86%	-	94.14%	-	100.00%
Reel Mask Industry Co., Ltd. (Note 2.)	3,392,713	9.98%	-	-	3,392,713	9.98%

Note 1: The long-term equity investment of the Company using equity method.

Note 2: The company's accounts is at Financial assets at fair value through profit or loss – noncurrent.

## IV. Capital Raising Activities

### 1. Capital and Shares:

#### (1) Source of capital stock

##### (A) Capital formation

May 10, 2024 Unit: NT\$/share

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1973.11	10	600,000	6,000,000	150,000	1,500,000	Establishment	None	None
1975.01	10	600,000	6,000,000	355,000	3,550,000	Capital increase out of earnings: 2,050,000	None	None
1977.06	10	600,000	6,000,000	450,000	4,500,000	Capital increase out of earnings: 950,000	None	None
1979.07	10	600,000	6,000,000	600,000	6,000,000	Capital increase in cash: 1,500,000	None	None
1986.06	10	1,000,000	10,000,000	1,000,000	10,000,000	Capital increase in cash: 4,000,000	None	None
1987.11	10	2,000,000	20,000,000	2,000,000	20,000,000	Capital increase in cash: 10,000,000	None	None
1989.06	10	5,000,000	50,000,000	5,000,000	50,000,000	Capital increase in cash: 30,000,000	None	None
1992.05	10	6,500,000	65,000,000	6,500,000	65,000,000	Capital increase in cash: 15,000,000	None	None
1994.08	10	17,000,000	170,000,000	17,000,000	170,000,000	Capital increase in cash: 92,000,000 Capital increase out of earnings: 13,000,000	None	None
1995.06	10	19,900,000	199,000,000	19,900,000	199,000,000	Capital increase out of earnings: 29,000,000	None	None
1996.08	10	25,000,000	250,000,000	25,000,000	250,000,000	Capital increase in cash: 22,145,000 Capital increase out of earnings: 28,855,000	None	85.6.19(85) TAIFEX Securities Ref. No. 38719
1997.06	10	56,000,000	560,000,000	32,750,000	327,500,000	Capital increase out of earnings: 67,500,000 Capital increase out of capital reserve: 10,000,000	None	86.6.2(86) TAIFEX Securities Ref. No. 44046
1998.06	10	56,000,000	560,000,000	49,550,000	495,500,000	Capital increase out of earnings: 68,000,000 Capital increase in cash: 100,000,000	None	87.5.25(87) TAIFEX Securities Ref. No. 43765

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
1999.06	10	100,000,000	1,000,000,000	62,350,000	623,500,000	Capital increase out of earnings: 78,450,000 Capital increase out of capital reserve: 49,550,000	None	88.6.2(88) TAIFEX Securities Ref. No. 51525
2000.06	10	140,000,000	1,400,000,000	82,300,000	823,000,000	Capital increase out of earnings: 199,500,000	None	89.5.12(89) TAIFEX Securities Ref. No. 41691
2001.06	10	210,000,000	2,100,000,000	109,000,000	1,090,000,000	Capital increase out of earnings: 267,000,000	None	90.5.4(90) TAIFEX Securities Ref. No. 123128
2001.07	10	210,000,000	2,100,000,000	114,000,000	1,140,000,000	Capital increase in cash: 50,000,000	None	90.4.19(90) TAIFEX Securities Ref. No. 117998
2002.07	10	210,000,000	2,100,000,000	133,100,000	1,331,000,000	Capital increase out of earnings: 134,000,000 Capital increase out of capital reserve: 57,000,000	None	TAIFEX Securities Ref. No. 0910136403
2003.06	10	210,000,000	2,100,000,000	140,975,000	1,409,750,000	Capital increase out of earnings: 78,750,000	None	TAIFEX Securities Ref. No. 0920127377
2004.07	10	210,000,000	2,100,000,000	149,423,750	1,494,237,500	Capital increase out of earnings: 84,487,500	None	TWSE Securities Trading Ref. No. 0930129549
2005.07	10	240,000,000	2,400,000,000	161,863,413	1,618,634,130	Capital increase out of earnings: 124,396,630	None	FSC Securities and Futures Bureau Ref. No. 0940127305
2006.07	10	240,000,000	2,400,000,000	181,029,754	1,810,297,540	Capital increase out of earnings: 191,663,410	None	FSC Securities and Futures Bureau Ref. No. 0950128412
2007.07	10	240,000,000	2,400,000,000	206,053,325	2,060,533,250	Capital increase out of earnings: 250,235,710	None	FSC Securities and Futures Bureau Ref. No. 0960033674
2008.01	10	240,000,000	2,400,000,000	207,962,325	2,079,623,250	Conversion of stock warrants into shares: 19,090,000	None	(91) TSCC (1)-No. 109832, TAIFEX Ref. No. 09700024721

Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2008.07	10	300,000,000	3,000,000,000	236,217,804	2,362,178,040	Capital increase out of earnings: 282,554,790	None	FSC Securities and Futures Bureau Ref. No. 0970036343
2009.07	10	300,000,000	3,000,000,000	243,304,339	2,433,043,390	Capital increase out of earnings: 70,865,350	None	FSC Securities and Futures Bureau Ref. No. No. 0980032992
2009.10	10	300,000,000	3,000,000,000	244,304,339	2,443,043,390	Conversion of stock warrants into shares: 10,000,000	None	(91) TSCC (1)-No. 109832, TAIFEX Ref. No. 09800271381.
2014.7	10	300,000,000	3,000,000,000	180,052,298	1,800,522,980	Capital reduction: 642,520,410	None	FSC Securities and Futures Bureau Ref. No. No. 1030026111
2016.1	10	300,000,000	3,000,000,000	182,236,298	1,822,362,980	Conversion of stock warrants into shares: 21,840,000	None	FSC Securities and Futures Bureau Ref. No. 1010025192 Tai-Zheng-Shang-Yi-Zi No. 1050001873
2016.12	10	300,000,000	3,000,000,000	182,376,298	1,823,762,980	Conversion of stock warrants into shares: 1,400,000	None	FSC Securities and Futures Bureau Ref. No. 1010025192
2018.4	10	300,000,000	3,000,000,000	184,968,298	1,849,682,980	Conversion of stock warrants into shares: 25,920,000	None	FSC Securities and Futures Bureau Ref. No. 1010025192
2021.11	10	350,000,000	3,500,000,000	187,832,298	1,878,322,980	Conversion of stock warrants into shares: 28,640,000	None	FSC Securities and Futures Bureau Ref. No. 1030053808 & 1070330196
2022.05	10	350,000,000	3,500,000,000	189,768,298	1,897,682,980	Conversion of stock warrants into shares: 19,360,000	None	FSC Securities and Futures Bureau Ref. No. 1030053808 & 1070330196
2022.09	10	350,000,000	3,500,000,000	189,784,298	1,897,842,980	Conversion of stock warrants into shares: 160,000	None	FSC Securities and Futures Bureau Ref. No.1030053808



Year/Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others
2023.03	10	350,000,000	3,500,000,000	190,654,298	1,906,542,980	Conversion of stock warrants into shares: 870,000	None	FSC Securities and Futures Bureau Ref. No. 1030053808
2023.12	10	350,000,000	3,500,000,000	190,844,298	1,908,442,980	Conversion of stock warrants into shares: 1,900,000	None	FSC Securities and Futures Bureau Ref. No.1070330196
2024.02	10	350,000,000	3,500,000,000	205,844,298	2,058,442,980	Cash capital increase: NTD150,000,000	None	FSC Securities and Futures Bureau Ref. No. 1120365102.
2024.03	10	350,000,000	3,500,000,000	206,620,298	2,066,202,980	Conversion of stock warrants into shares:7,760,000 (Note 1)	None	FSC Securities and Futures Bureau Ref. No 1070330196

Note 1: As of May of 2024, the change registration with the Ministry of Economic Affairs has not been completed yet.

## (B) Type of shares

April 16, 2024 Unit: Share

Type of Share	Authorized Capital			Remark
	Outstanding Shares (TWSE Listed)	Unissued Shares	Total	
Ordinary share	206,620,298	143,379,702	350,000,000	Including warrants (20 million shares) reserved for issuance

(C) Shelf registration: Not applicable.

## (2) Shareholder structure

April 16, 2024

Shareholder Structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individuals	Foreign Institutions and Natural Persons	Total
Quantity						
Number of people	1	3	194	21,986	90	22,274
Number of shares held	51	153,724	52,026,203	142,956,298	11,484,022	206,620,298
Shareholding ratio	0.00%	0.07%	25.18%	69.19%	5.56%	100.00%

## (3) Diffusion of ownership

Face value: NT\$10/share April 16, 2024

Diffusion of Ownership	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 ~ 999	7,025	1,281,264	0.62%
1,000 ~ 5,000	11,880	22,603,228	10.94%
5,001 ~ 10,000	1,563	11,483,322	5.56%
10,001 ~ 15,000	624	7,647,670	3.70%
15,001 ~ 20,000	292	5,155,640	2.50%
20,001 ~ 30,000	273	6,741,841	3.26%
30,001 ~ 40,000	138	4,821,787	2.33%
40,001 ~ 50,000	95	4,285,561	2.07%
50,001 ~ 100,000	185	12,969,838	6.28%
100,001 ~ 200,000	111	15,344,691	7.43%
200,001 ~ 400,000	39	10,841,836	5.25%
400,001 ~ 600,000	16	7,544,523	3.65%
600,001 ~ 800,000	7	4,880,899	2.36%
800,001 ~ 1,000,000	3	2,811,069	1.36%
1,000,001 or more	23	88,207,129	42.69%
Total	22,274	206,620,298	100.00%

Note: No preferred shares were issued.

## (4) List of major shareholders

April 16, 2024

Major Shareholder	Share	Number of Shares Held	Shareholding Ratio
Ji Hong Investment Co., Ltd.		16,089,465	7.79%
Chen Lin Investment Ltd.		9,436,790	4.57%
Lin, Yu-Huang		8,612,089	4.17%
Hong Yue Investment Co., Ltd.		7,351,650	3.56%
Chan, Mei-Chu		5,687,897	2.75%
Chen Guang Investment Co., Ltd.		4,417,498	2.14%
Hsu, Hsiu-Mei		4,395,287	2.13%
Wei Feng Investment Co., Ltd.		4,100,000	1.98%
Lin, Shean-Kuo		3,793,106	1.84%
Lin, Ying-Chih		3,528,439	1.71%

## (5) Share prices for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share

Unit: NT\$; share

Item		Year	2022	2023	As of March 31, 2024
Share price	Highest	Before retrospective adjustment	77.40	77.80	85.00
		After retrospective adjustment	77.40	77.80	-
	Lowest	Before retrospective adjustment	38.90	44.20	68.30
		After retrospective adjustment	38.90	44.20	-
	Average	Before retrospective adjustment	51.06	52.89	77.30
		After retrospective adjustment	51.06	52.89	-
Net worth per share	Before distribution (Note 2)		30.53	31.80	36.38
	After distribution (Note 2)		28.23	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		189,369,885	190,661,586	196,559,551
	Earnings per share	Before retrospective adjustment	4.58	3.54	1.14
		After retrospective adjustment	4.58	-	-
Dividends per share	Cash dividends	Before retrospective adjustment	2.30	(Note 1)	-
		After retrospective adjustment	2.30	-	-
	Stock dividends	From retained earnings	-	-	-
		From capital reserve	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment	Price/earnings ratio (Note 3)		11.15	14.94	-
	Price/dividend ratio (Note 4)		22.20	(Note 1)	-
	Cash dividend yield (Note 5)		4.50%	(Note 1)	-

Note 1: To be resolved.

Note 2: Calculated based on the number of issued and outstanding shares.

Note 3: Price/earnings ratio = Average closing price per share / Earnings per share for the year.

Note 4: Price/dividend ratio = Average closing price per share / Cash dividends per share for the year.

Note 5: Cash dividend yield = Cash dividends per share / Average closing price per share for the year.

(6) Dividend policy and its implementation

(A) Dividend policy under the Articles of Incorporation

According to the Company's Articles of Incorporation, if the Company has earnings in a year, after paying income tax according to law and making up for the losses of previous years, it shall set aside 10% of earnings as legal reserve; the Company shall also side aside or reverse a certain amount of special reserve according to the competent authority's requirements and then add the undistributed earnings of previous years to the balance. Based on the remaining earnings except for the reserved amount, the Board of Directors shall submit the propose for earnings distribution to the shareholders' meeting for a resolution.

Dividend policy: The Company's is currently in the growth phase. In the future, the Company will distribute earnings based on its business expansion and in accordance with the Articles of Incorporation. However, dividends distributed in stock shall not exceed 50% of total dividends distributed for a year, and the rest shall be distributed in the form of cash.

(B) Implementation

The distribution of earnings proposed in the 2024 general meeting of shareholders is as follows:

Unit: NT\$

Item	Amount
Undistributed earnings, beginning of year	\$1,838,158,343
Plus: Net income in 2023	675,040,170
Less: Actuarial loss of defined benefit plan in 2023	(596,108)
Less: Share of other comprehensive income of associates accounted for using equity method - undistributed earnings adjusted for items not reclassified to profit or loss	(37,445)
Less: Legal reserve	(67,440,662)
Distributable earnings	<u>2,445,124,298</u>
Less: Shareholder dividends – cash (NT\$1.5/share)	<u>(308,766,447)</u>
Undistributed earnings, end of year	<u>\$ 2,136,357,851</u>

(7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the shareholders' meeting: Not applicable.

(8) Compensation of employees, directors, and supervisors

(A) The percentages or ranges with respect to an employee, director, and supervisor compensation, as set forth in the Articles of Incorporation

According to the Articles of Incorporation, the Company shall set aside 1% to 10% and no more than 3% of pre-tax net income for the year before deducting employee and director compensation as employee compensation and director remuneration respectively. However, the Company shall reserve the amount to make up for accumulated losses, if any.

Employee compensation referred to in the preceding paragraph shall be distributed in the form of shares or in cash. Employees entitled to receive shares or cash may include

employees of the Company's subsidiaries who meet certain specific requirements set by the Board of Directors. Director compensation may only be distributed in cash.

The provision in the preceding paragraph shall be implemented by a resolution of the Board of Directors and reported to the shareholders' meeting.

If the Company has earnings in a year, after paying income tax according to law and making up for the losses of previous years, it shall set aside 10% of earnings as legal reserve; the Company shall also side aside or reverse a certain amount of special reserve according to the competent authority's requirements and then add the undistributed earnings of previous years to the balance. Based on the remaining earnings except for the reserved amount, the Board of Directors shall submit the propose for earnings distribution to the shareholders' meeting for a resolution.

- (B) The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

- (a) The basis for estimating the amount of employee and director compensation

The Remuneration Committee shall report the basis for estimating the amount of employee compensation to the Board of Directors for approval and then set aside 2.08% of pre-tax net income before deducting employee and director compensation. Except for some directors, directors receive no compensation currently, and no director compensation is set aside.

- (b) The basis for calculating the number of shares to be distributed as employee compensation: None.
- (c) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: None.

- (C) Any approval by the Board of Directors of distribution of compensation

- (a) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors

Unit: NT\$ thousands

Compensation Distributed	Amount Resolution by the Board of Directors to Be Distributed (A)	Estimated Amount of Compensation (B)	Difference (A-B)	Cause of Difference and Treatment
Employee compensation	23,000	23,000	0	There is no difference in the estimated provisions in the 2023 financial statements.
Director compensation	0	0	0	

- (b) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements or individual financial statements for the current period and total employee compensation: Not applicable.

- (D) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year

- (a) The actual distribution of employee compensation for 2022 totaled NT\$23,000 thousand in cash and NT\$0 in the form of stocks, and directors and supervisors were paid NT\$0.
  - (b) The amounts of employee compensation and director compensation for 2022 distributed by the Company were the same as the estimated amounts in 2022.
- (9) Repurchase of Company's Own Shares: None.

## 2. Issuance of Corporate Bonds:

- (1) Details of the domestic unsecured convertible corporate bonds issued by the Company and not yet redeemed are as follows:

Type of Corporate Bonds	Domestic Unsecured Convertible Corporate Bonds, second issuance
Issue (execution) date	January 26, 2024
Face value	NT\$100,000
Issue and trading venue	Taipei Exchange, TPEX
Issue price	Issued at 113.8% of the face value
Total amount	Total amount issued: NT\$1 billion
Interest rate	0%
Maturity	3-year term, maturity date: January 26, 2027
Guarantor	Not applicable
Trustee	Lead underwriting: Bank Sinopac Company Limited
Underwriter	CTBC Securities Co. Ltd.
Signing lawyer	Handsome Attomeys-at-Law, Attorney Chiu, Ya-Wen
Signing accountant	Diwan & Company, Accountant Tseng, Chiung-Hui
Repayment method	Except for bondholders who apply to convert to the Company's common stock, or for the Company to redeem or repurchase and cancel the bonds by the securities broker's business premises, the Company shall redeem the convertible bonds in cash within ten business days from the day after the maturity date of the convertible bonds according to the face value of the bonds.
Outstanding principal	NT\$1 billion in total
Redemption or prepayment Terms of redemption and early payment	Please refer to Article 17 of our company's second unsecured convertible bond issuance and conversion method in domestic market.
Restrictive clauses	None
Name of credit rating agency, rating date, corporate bond rating results	Not applicable

Type of Corporate Bonds		Domestic Unsecured Convertible Corporate Bonds, second issuance
Other rights attached	As of the date of the annual report printing, the amount converted (exchanged or subscribed) into common stock, ADRs, or other securities	NT\$0
	Procedures for issuance and conversion (exchange or subscription)	Please refer to the prospectus for issuance and conversion methods.
Procedures for issuance and conversion, exchange or subscription, issuance conditions affecting potential dilution of equity and impact on existing shareholder rights.		According to the assessment data submitted by the Company to the competent authority, if all of the domestic unsecured convertible bonds issued this time are converted, the dilution ratio of the share capital is approximately 7.26%, and there is no significant dilution affecting shareholders' equity.
Name of the trustee for custody of the exchange subject		Not applicable.

(2) Convertible Bonds Data Conversion

Units: Shares; NT\$ thousands

Type of Corporate Bonds		Domestic Unsecured Convertible Corporate Bonds, second issuance
Year		Up to May 10, 2024 for the fiscal year.
Conversion of Convertible Bonds Market Price	Highest	131.50
	Lowest	113.10
	Average	119.36
Conversion Price		71.30
Issuance Date and Conversion Price at the Time of Issuance		Issuance Date: January 26, 2024 Conversion Price at Time of Issuance: 72.2
Method of Fulfilling Conversion Obligations		Issuance of New Shares

(3) Convertible Bonds Data: None.

(4) Summary of Declared Corporate Bond Issuance: None.

(5) Attached Warrants Corporate Bond Data: None.

3. Issuance of Preferred Shares:

None.

4. Issuance of Global Depository Receipts:

None.

## 5. Issuance of Employee Stock Warrants:

- (1) Unexpired employee stock warrants issued by the Company in existence as of the date of publication of the annual report and their effect on shareholders' equity

May 10, 2024

Type of Employee Stock Warrant	2018 Employee Stock Warrant		2022 Employee Stock Warrant		
	1 <sup>st</sup> Issuance	2 <sup>nd</sup> Issuance	1 <sup>st</sup> Issuance	2 <sup>nd</sup> Issuance	3 <sup>rd</sup> Issuance
Effective date/ Number of units	2018.8.22 / 500,000 units		2022.6.21 / 300,000 units		
Date of issuance	2018.9.12	2019.8.12	2022.8.5	2022.11.4	unissued
Number of units (10 shares/unit)	290,000 units	210,000 units	100,000 units	100,000 units	100,000 units
The ratio of shares allowed for subscription to the total shares issued	1.57%	1.14%	0.53%	0.53%	unissued
Exercise period	7 years	7 years	7 years	7 years	unissued
Way of performance	Issuance of new shares by the Company.				
Vesting period and ratio (%)	40% of the shares exercisable after two years, 60% of the shares exercisable after three years 80% of the shares exercisable after four years, 100% of the shares exercisable after five years				
Number of shares exercised	1,439,000	423,000	0	0	0
Amount of shares exercised	28,963,500	8,562,000	0	0	0
Number of shares not exercised	129,300 units (Note 1) (1,293,000 shares)	157,400 units (Note 2) (1,574,000 shares)	93,000 units (Note 3) (930,000 shares)	100,000 units (1,000,000 shares)	100,000 units (1,000,000 shares)
Subscription price/share for unexercised subscribers	NT\$19.10	NT\$19.20	NT\$48.40	NT\$42.40	NT\$48.00
Ratio of outstanding subscriptions to the total shares issued (%)	0.63%	0.76%	0.45%	0.48%	0.48%
Effect on shareholders' equity	The main purpose of the issuance of employee stock warrants is to increase employees' willingness to serve the Company for a long period of time and strengthen cohesion among employees, so as to maximize the interests of the Company and its shareholders. It is beneficial to shareholders' equity.				

Note 1: 16,800 units (168,000 shares) became void as employees left office.,

Note 2: 10,300 units (103,000 shares) became void as employees left office.

Note 3: 7,000 units (70,000 shares) became void as employees left office.



- (2) Privately placed employee stock warrants as of the date of publication of the annual report: None.
- (3) The names of c-suite executives holding employee stock warrants and top ten employees holding employee stock warrants authorizing the purchase of the most shares, as well as the cumulative number of such warrants exercised by said executives and employees as of the date of publication of the annual report

	Title	Name	Number of Shares Acquired	Ratio of Shares Acquired to Total Shares Issued	Exercised				Unexercised			
					Number of Shares Subscribed	Subscription Price	Amount of Shares Subscribed	Ratio of Shares Subscribed to Total Shares Issued	Number of Shares Subscribed	Subscription Price	Amount of Shares Subscribed	Ratio of Shares Subscribed to Total Shares Issued
C-suite executives	General Manager	Lin, Yin-Shuo	720,000	0.35%	307,000	19.1~21.2	6,239,600	0.15%	413,000	19.1	7,888,300	0.20%
	Deputy General Manager	Lin, Yong-Bao										
	Deputy General Manager	Lin, Ying-Chih										
	Chief of Production Division II	Cheng, Rui-Dian										
	Manager	Liao, Wen-Ying										
	Assistant Manager	Liao, Yu-Fen										
Employees	Note 1		3,413,000	1.66%	1,366,000	19.1-21.3	27,309,800	0.66%	2,047,000	19.1~48.4	61,541,800	1.00%

Note 1: Engineering Consultant Lin Minglu, Technical Consultant Lu Ruiling, Manager Xie Qingfang, Deputy Director Liao Dezhi, Ju Bao Ju Xiang Deputy General Manager Peng Junkai, Tianjin Ju Xiang Deputy General Manager Peng Junhao, Manager Guo Zhongyi, Manager Chen Xinyu, Manager Wang Zhiqian, Senior Officer Zhuang Yifen, Deputy Manager Wan Zhixiong, Manager Xie Ruifeng, Manager Tu Mengwen, Deputy Manager Jiang Xiaoyan, Suzhou Ju Xiang Deputy General Manager Lin Yongwang, Section Chief Ceng Zhenghao, Deputy Manager Zhuang Zhongxin, Manager Chen Youcheng, Manager Lin Mingzhe, Deputy Manager Huang Jie, Deputy Director Shi Jiachang, Section Chief Lu Tingchuan, Deputy Section Chief Wu Cunfang, Manager Liu Xinyi, Deputy Manager Jiang Lihuang, Section Chief Wu Zhenyuan, Section Chief Huang Yonghong, Section Chief Zhong Xintong, Section Chief Yi Shangyu, Section Chief Lu Tingguan, Deputy Section Chief Xu Jiantao, Team Leader Lin Jianming, Officer Deng Yunqian, Senior Engineer Zhang Yongxuan, Deputy Section Chief Xu Chengjia, Engineer Chen Kaihan, Engineer Zeng Zhaoyu, Team Leader Liu Youti, Deputy Manager Zhuang Xiaohua, Manager Lin Ziwen, Deputy Manager Huang Fuliang, Deputy Manager Zhang Zilan, Team Leader Wu Yifan, Section Chief Yin Yamei, Deputy Manager Gu Zhiyu, Section Chief Wang Xinjuan, Section Chief Qu Yahui, Section Chief Zhang Chunping.

6. Issuance of New Restricted Employee Shares:

None.

7. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies:

None.

8. Implementation of Capital Allocation Plans

(1) Project Details:

(A) Total amount of funds required for this project: NT\$2,007,967,000.

(B) Sources of funds for this project:

(a) Issuance of new shares through cash capital increase: 15,000,000 shares of new shares will be issued through cash capital increase, with a par value of NT\$10 per share. The issuance will be at a premium without physical issuance, with an issuance price of NT\$58 per share, raising a total of NT\$870,000,000.

(b) Second unsecured domestic convertible corporate bonds issuance: 10,000 bonds will be issued, with a face value of NT\$100,000 per bond. The total face value of the issuance is NT\$1,000,000,000, with a issuance period of 3 years and a coupon rate of 0%. The bonds will be issued at 113.8% of face value, raising a total of NT\$1,137,967,000 in actual funds.

(C) Project Items and Planned Funds Utilization Schedule

Project Items:	Projected Completion Dates:	Total Funding Needed	Proposed Funding Utilization Schedule				
			2023	2024			
			4Q	1Q	2Q	3Q	4Q
Acquisition of factory building	First quarter of 2024	1,550,000	310,000 (Note)	1,240,000	—	—	—
Purchase of machinery, equipment, and plant facilities	Fourth quarter of 2024	457,967	—	—	15,000	283,595	159,372
Total		2,007,967	310,000	1,240,000	15,000	283,595	159,372

Note: The funds required for the fourth quarter of the fiscal year 2023 are provided by short-term borrowing from CTBC Bank Co., Ltd. by our company, which will be repaid promptly upon completion of fundraising.

(D) Proposed location for new machine equipment installation:

No. 281 and No. 283, Section 2, Zhong'ai Road, Luning Village, Guanyin District, Taoyuan City.

(E) Estimated potential increase in revenue:

Our company mainly engages in the development and production of molds for computer/information/consumer electronics components. In recent years, influenced by the COVID-19 pandemic, the surge in home economy has driven the growth in demand for consumer electronic products in the 3C sector. In addition, our company has successfully expanded into the automotive/industrial equipment/medical fields with stamped electronic components. With increasing customer demands, our current factory space is insufficient. To expand production capacity and enhance efficiency, we plan to purchase domestic factories, stamping equipment, plating lines, and automotive automation production lines. Trial production and mass production are expected to commence in mid-2024. The estimated additional operating income, gross profit, and operating profit for the years 2024 to 2028 and beyond are as follows:

Unit: NT\$ thousands

Fiscal year	Revenue	Gross Profit	Operating Profit
2024	228,705	52,702	45,447
2025	325,444	79,914	71,055
2026	390,682	97,851	88,746
2027	432,860	111,498	102,139
2028 and subsequent years	470,408	121,282	111,662

(2) Implementation:

Unit: NT\$ thousands

Project Plan	Progress of implementation as of March 31, 2024.			Reasons for being ahead or behind schedule and improvements:
Purchase of factory building	Payment amount	Scheduled	1,550,000	The soil testing for the purchased factory building has not been completed, resulting in the final payment for the acquisition of the property not being made.
		Actual	310,000	
	Progress status (%)	Scheduled	100	
		Actual	20.00%	
Purchase of machinery and equipment, and plant facilities	Payment amount	Scheduled	457,967	
		Actual	126	
	Progress status (%)	Scheduled	100	
		Actual	0.03%	
Total	Payment amount	Scheduled	2,007,967	
		Actual	310,126	
	Progress status (%)	Scheduled	100	
		Actual	15.44%	

## V. Overview of Operations

### 1. Description of Business

#### (1) Scope of business

##### (A) Major lines of business

- (a) Manufacturing and trading of molds and stampings.
- (b) Manufacturing and trading of jigs and automated machines.
- (c) Assembly and processing of electrical components and finished products.
- (d) Assembly and processing of mechanical components and finished products.
- (e) Import/export trade and agency of domestic and foreign manufacturers.
- (f) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### (B) Weight of major lines of business

Product	Annual Revenue in 2023 (NT\$1,000)	Weight (%)
Parts	5,372,505	93.49%
Mods	205,190	3.57%
Toolings	63,727	1.11%
Products	104,896	1.83%
Total	5,746,318	100.00%

##### (C) Current products (services)

Product	Purpose or Function	Final Products
Parts	a. 3C (computers/communications/home appliances) components, metal stamping & plastic injection connectors, main parts, shrapnel, and iron shell terminals.	Notebook/desktop computers, smartphones, cameras, printers, TVs, stereos, wireless routers, 5G servers, electric razors, and electronic cigarettes.
	b. Automotive cooler substrates, RF connector contacts, lamp components, motor housings, and battery stamping/injection parts.	Gearbox coolers, GPS/audio systems, small car motors, battery connectors, generator voltage regulators, and LED headlight cooling fins.
	c. Industrial machinery silverpoint stamping riveting, high and low voltage circuit breakers, and switch contacts.	Relays, switch assembly, uninterruptible power system batteries, fuseless switches, and smart water heaters.
	d. Medical electronic connector shrapnels/metal potting parts.	Electrosurgical units and blood sugar machines.
Molds	Molds for parts.	Same as above.
Jigs	Manual assembly lines or special machining parts.	Same as above "purpose or function" system components.
Products	Other components, accessories, and	-

Product	Purpose or Function	Final Products
	raw materials purchased and resold.	

- (D) New products (services) planned for development
  - (a) The mold for the USB connector extraction outer casing.
  - (b) The mold for the mini-board-to-board extraction iron shell.
  - (c) The development of molds for MINIFAKRA connectors.
  - (d) The development of a single project mold for large server battery casings.
  - (e) The development of molds for very small POGOPIN spring needles for semiconductors.

(2) Overview of the industry

(A) Current status and development of the industry

The mold industry plays an important role in the development of Taiwan's industry. Although it is not a high-tech industry, the higher the industrialization level, the more obvious the demand for stable mass production of molds. Therefore, the mold industry is also known as the mother of the machinery industry. In recent years, many industries in Taiwan have faced strong competition from mainland China and Southeast Asian countries. The advantages of developing countries, such as labor resources and many other costs, often put domestic manufacturers under great operational pressure. Especially in the mold industry, there are many investments in Japan, South Korea, and Taiwan in the two regions mentioned above, which indirectly promote or cultivate local basic or high-level technical talents. Local governments also list the mold industry as a key support project (tax reduction and exemption, low-interest loans, equipment purchase, and technology purchase) to actively cultivate domestic enterprises. This not only enhances their domestic industrial technology level but also throws out a low-price competition strategy to the global market, especially in mainland China. Some companies can even export their whole factories globally, which has a huge impact on Taiwan's mold industry.

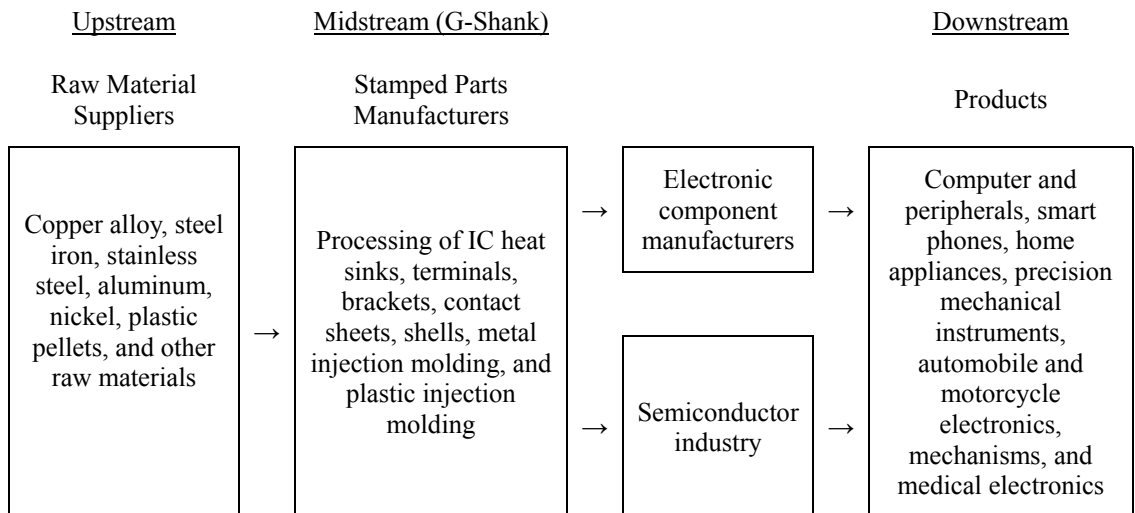
On the contrary, although Japan is the leader in mold technology, leading more than 20 years in overall precision/quality, it still cannot resist the pressure of reality price. In the market competition, it is obvious that they are trying to cut prices and vie for orders. Coupled with the exchange rate fluctuations between the Japanese yen and Taiwan dollar, it is another heavy blow to Taiwan's mold industry.

Fortunately, our company laid out our strategy twenty years ago to cope with this irreversible environment by deploying the manufacturing sites according to local conditions tailored to customers, thus achieving the greatest efficiency in all 15 global production bases. This has practically contributed a lot to the group's revenue. In addition, the Taiwan headquarters continues to innovate and introduce new processes, vertically integrating upstream and downstream processes in addition to traditional mold stamping, such as electroplating, plastic injection, metal casting, laser welding, and automatic assembly. Staying ahead of the industry is leading, and the annual increasing performance of the group confirms this.

(B) Links between the upstream, midstream, and downstream segments of the industry supply chain

Raw material suppliers are the upstream supply chain of stamping or injection molds while the downstream segment covers almost all lines of business. The Company's main products include stamping/injection parts of 3C products/precision machinery/automobiles and motorcycles/medical electronics or devices. The following

are the links between the upstream, midstream, and downstream segments of the industry supply chain:



(C) Development trends for the Company’s products

The global trends in 3C (computers/communications/home appliances) digitization, widespread 5G network, manufacturing automation, and mass production of electric vehicles, which were the previous goals for all industries, are now in progress today. As the electronic information engineering industry prospers, its market size is also expanding; however, required components entail higher precision, smaller sizes, more functions, and cheaper prices. It is important not to stick to one single technology. To meet these changes, companies must adapt themselves so that they can survive in the market.

In addition to the precise and fast punching machines, the development and design of molds affect the accuracy, yield, and production capacity of stampings. The Company meets the above requirements and also combines injection, riveting and other processes. We integrate processes comprehensively and introduce fully automatic production equipment to provide better services in a more efficient way.

(D) Competition

In terms of capital (NT\$2,066,203 thousand), the Company is currently one of the largest progressive die manufacturers in Taiwan. Due to a large number of manufacturers, there is an array of stampings. Therefore, the approximate market share is unavailable as the competitiveness of each manufacturer depends on its equipment and ability to develop molds. In addition, products and business activities vary from manufacturer to manufacturer. Based on such characteristics of the industry, there is no clear competition.

The Company has four major advantages to tackle the grim environment:

- (a) Headquartered in Taiwan, the Company eyes Mainland China based on customer needs. In addition to nine production centers in Mainland China, we have set up plants in Thailand, Malaysia, Indonesia, and Mexico to build a comprehensive supply chain.
- (b) The Company has been actively developing European, American and Japanese customers. With technologies matching or even surpassing Japanese counterparts’, the headquarters has attracted the world’s top ten connector companies such as TYCO, HRS, YAMAICHI, JAE, SMK, HOSIDEN, and DDK. These companies

are currently our key accounts. Accounting for about 30%~40% of export sales, the mold industry has smoothed away deindustrialization and vicious competition.

- (c) Different from other companies that focus on one single technology such as shearing, bending, drawing, cold forging, injection, terminal, and metal molding and mold only one or two types of products, the Company strives to develop various technologies and can tool products with any molds.
- (d) The Company uses mold making technology for electronic components and other different fields, including, industrial machinery, automobiles and motorcycles, and healthcare, building an integrated process to meet every need in the market.

At present, other listed companies in the industry are Kenly Precision Industrial Co., Ltd. (5383), Mustang Industrial Corp. (5460), Cx Technology Corporation (2415), Chialin Precision Industrial Co., Ltd. (3310), I-Chiun Precision Industry Co., Ltd. (2486), Jentech Precision Industry Co., Ltd. (3653), Lemtech Holdings Co., Ltd. (4912) and Chia Chang Co. Ltd. (4942). The Company has advanced machinery and equipment such as optical grinding machines, wire cutting machines, and discharging pore equipment, as well as a capacity for designing and developing molds. Over the past 40 years, we have been famous for the development of nearly 20,000 molds. Currently, there are many domestic stamping manufacturers of electronics and computer sheet metal parts, but most of them are small in scale. As a result, the Company is a leading player in the industry in terms of scale, machinery and equipment, R&D, and product precision and complexity.

(3) Overview of technologies and research and development work

- (A) Listing of research and development expenditures during the most recent fiscal year or in 2024 up to the date of publication of the annual report

Unit: NT\$1,000

Item	Year	2023	1Q, 2024
R&D expenses		171,853	40,574
Net sales revenue		5,746,318	1,404,490
R&D expenses as a percentage of net sales revenue (%)		2.99%	2.89%

- (B) Technologies or products successfully developed during the most recent fiscal year

Year	R&D Results	
2022	Number of new molds: 760	
	Successfully developed	Translation: Accessories for Electric Vehicle Charging Stations.
		Successful Development of Tri-Injection Mold Technology.
		Aluminum material stamping and forging forming technology.
		Dual silver nail rivet connection inside the mold.
		Successful development of large area thin material with a thickness of 0.07.
		Development of assembly components for Japanese medical monitor back panels.
Stretched shell for automotive use.		

Year	R&D Results	
		Automotive radar accessories.
		Automotive battery accessories
		Research and development of high-precision molding technology for crimped terminals on cylindrical tube clamps for automotive batteries.
		Research and development of high-precision molding technology for crimped terminals on cylindrical tube clamps for automotive batteries.
		Research and development of high-precision molding technology for crimped terminals on cylindrical tube clamps for automotive batteries.
		Medical device skin anchor.
		MICRO BTB Connector Terminal.
		Extraction outer cover for automotive sensing millimeter-wave radar.
		Disposable surgical electrocautery knife for medical use.
		Module for automotive oil-electric hybrid wiring harness.
		2023
Large-scale stamping parts 300T continuous mold		
Disposable medical device extraction and transfer mold		
Dust-free production for wearable device acoustic mechanisms		
Low track satellite needle connector		
Electroplating line for gold plating and spray coating fixtures		
Electric vehicle charger		
Aluminum material with thickness of 3.0mm including height of 7.2mm convex platform		
0.127mm thick disk-shaped product forming section, one-step forming		
Automatic assembly line for radiator fins riveting		
Fish-eye terminal for vehicle use		
High-precision riveting and forming product development for multi-section circular tube		
Automobile door lock contact terminal		

(4) Long- and short-term business development plans

(A) Short-term business development plans

- (a) Strengthening marketing and developing renowned customers at home and abroad  
Following the Japanese market, we are developing European and American customers. We expect that the scale of European and American markets will be multiple of the Japanese market, laying a stable foundation for global expansion.
- (b) Introducing automated production and machine vision inspection to meet customer needs for quality and quantity



In addition to combining CAD/CAM with CNC automation, the Company plans to introduce machine vision inspections and packaging automation to production lines. Customers place much emphasis on quality and quantity. By satisfying their needs, we can ensure the receipt of orders, yielding twice the result with half the effort.

(c) Offering one-stop shopping in line with the market trend

According to our business strategy, we are integrating precision molds, surface treatment, and punching into the standard process, which covers almost all components of end products. We expect to bring revolutionary changes to customers' purchasing strategies.

(d) Introducing the ERP system and global logistics management mechanisms

By introducing the ERP system to business operations, the Company aims to integrate business strategies, business models, financial information, and human resources management and generate real-time management reports to improve the efficiency and effect of business management.

(e) Implementing the standardized management system

Currently, we have 15 production centers around the world. We will center our business strategies on group operations, and our project team will build a standardized system for each production center in stages:

Stage 1: Basic management has been implemented at each production center.

Stage 2: Management systems such as operation system planning, procurement, business market, talent development, and competency inventory will be established one after another.

Stage 3: The headquarters introduced Toyota Production System (TPS) in 2017, which has greatly improved production efficiency, quality assurance, and cost reduction. TPS will be introduced to other operations across the globe to save costs and maximize profits.

(B) Long-term business development plans

(a) The Company aims to partner with international companies through group-to-group collaboration, accelerate international division of labor, and build global and regional production and marketing networks, becoming an internationally renowned metal parts manufacturer.

(b) Talent development

The Company plans to promote industry-academia collaboration, where students are able to learn precision molding skills early from hands-on practice, to indirectly cultivate talent required for future development.

(c) Developing new products and business opportunities through industrial or technological cooperation

In addition to modifying existing production technologies and developing new products in cooperation with the research institutes of government agencies or customers, the Company plans to actively work with the R&D departments of customers on the design and production of next-generation products, hoping to seize new business opportunities with the best process possible.

## 2. Market Analysis and the Production and Marketing Situation

### (1) Market analysis

#### (A) Geographic areas where the main products (services) are provided (supplied)

To follow the market dynamics closely and provide after-sales service, the Company sells products directly to customers without authorizing agents. The Company's products are mainly electronic components and molds (both accounting for about 97% of the net sales in 2023), which are indispensable parts for electronics. Therefore, our customers include manufacturers of desktop and notebook computers, home appliances, and other information electronics.

To diversify operational risks, we have been developing automotive components and industrial machinery, accounting for 22% and 30% of the overall sales in 2023, respectively. The results of risk diversification have started to roll in.

#### Sales of Main Products in the Past Two Years by Geographic Area

Unit: NT\$1,000; %

Geographic Area	2023		2022	
	Amount	%	Amount	%
Taiwan	1,338,264	23.29	1,621,437	23.91
United States and Canada	377,447	6.57	322,785	4.76
Asia (outside Taiwan)	3,776,604	65.72	4,539,480	66.94
Others	254,003	4.42	297,328	4.39
Total	5,746,318	100.00	6,781,030	100.00

#### (B) Market share

The Company specializes in precision metal stamping. Molds have a wide range of applications, including automobile and motorcycle parts, bicycle parts, motor parts, home appliances, communication parts, computer parts, and daily hardware. At present, our main competitors are Hon Hai Precision Industry Co., Ltd., Cheng Uei Precision Industry Co., Ltd., I-Chiun Precision Industry Co., Ltd., Kenly Precision Industrial Co., Ltd., etc. Stamped products vary from manufacturer to manufacturer, and information on these products is hardly available. Also, the Company produces various types of parts, whose market share lacks accurate data. Therefore, it is impossible to estimate the Company's market share.

#### (C) Demand and supply conditions for the market in the future and the market's growth potential

The Company mainly engages in the manufacture, processing, and trading of metal stamped parts, which are the basic components of electronics. Since the unit price of metal parts is mostly low, mass production is required to achieve economies of scale. Stamping is a key method for mass production. By using the punching and bending processes alone or in combination, we make metal billets such as copper and iron into all types of products, including mobile phone SIM cards and memory cards and USB metal housing, contact shrapnel, terminals and other metal sheets. One-way electronic components use a variety of metal stamped parts, and there are many kinds of metal sheets in an electronic product. Due to economic growth, electrification and automation have become a constant trend. The conductive function of metal sheets plays a key role in the overall electronics industry.

Electronic components are widely used in information, communication, consumer electronics and other electronics. As end-user needs recover slowly, it will drive demand for electronic components and metal parts.

In response to the current trend towards the development of electric vehicles, major automobile manufacturers are investing significantly in research and development. Automotive electronics will emerge as the most important industry in the future, with its economic scale undoubtedly keeping pace with digital electronics'. Molding will naturally become an irreplaceable key process, and its prospects are brightening.

(D) Competitive niche

(a) Cross-domain process integration

Only by molds can electronics bring mass production into full play. The combination of molds includes metal and plastic. Taking advantage of metal precision molds for 40 years or more, the Company has introduced plastic injection across fields and upgraded the technology to metal-plastic composite molding (insert molding). We also apply laser processing to shell welding in various fields such as 3C, automobile, healthcare, and industrial equipment, creating a niche in the whole process.

(b) Well-established training system

In the technology industry, training is a top priority. Equivalent to a formal department, our training center not only provides complete training for new recruits, including corporate culture, technology, and work attitude, but implements periodic refresher training on work attitude and technology for in-service personnel, hoping to pass on the Company's traditions and technologies effectively.

(c) Integrated production and automation

The Company has introduced CAD and CAM for many years to improve mold design and machining efficiency; in addition, our precision progressive molds feature excellent quality, fast speed, and large quantity.

(d) International production and marketing network

The Company has operations in Malaysia, Indonesia, Thailand, Mexico, Japan, and Mainland China (including Shanghai, Qingdao, Suzhou, Dongguan, Xiamen, Tianjin and Wuhan), forming an international production and marketing network. With operations in various geographic areas, we can supply customers nearby and maintain closer relationships with our customers. Therefore, our profits are less affected by the economic downturn of a single area.

(E) Positive and negative factors for future development and the Company's response to such factors

(a) Positive factors

i. Marketing

- (i) Active development of European and American markets following the Japanese market.
- (ii) A stable customer base that has been established for over forty years.
- (iii) Production centers around the world that supply customers nearby.
- (iv) Various industrial applications ranging over 3C, automobile, healthcare, and industrial equipment, achieving risk diversification regardless of a single industry boom and off-peak seasons.

ii. Market

- (i) Years of industry-leading experience in mold design and development.

- (ii) A professional foundry for mold design and metal parts stamping, specializing in precision progressive die and, after developing plastic injection and laser machining, becoming a professional precision mold supplier in various fields.
- (iii) Long-term customer relationships and trust, along with a constant increase in new customers.
- (iv) Various applications in mass production and stable demand in the market.
- iii. Production
  - (i) An array of equipment required for production in all fields.
  - (ii) Sufficient supply of main raw materials, including copper, iron, stainless steel, and plastic which are bulk and generally circulated in the market.
  - (iii) Quality assurance, design, and production certified by ISO 9001, ISO14001, IATF 16949 and verified by ISO14064-1.
- (b) Negative factors and the Company's response to such factors
  - i. Continuous technology breakthrough is required in response to the rapid replacement of electronics and a short product life cycle.  
Countermeasure: Maintain long-term customer relationships and know customer needs well, develop new products and discuss future developments with customers, and then prepare for mold opening and production.
  - ii. Some raw materials rely on imports, making it hard to control compared with domestic procurement.
  - iii. Countermeasure: Recommend customers domestically produced raw materials based on costs and quality.
  - iv. Raw material prices continue to rise.
  - v. Countermeasure: Conduct collective bargaining for a large quantity of materials, lower prices through pre-orders, and collect information on sources of materials through suppliers and agents.
  - vi. Labor costs are rising year by year, increasing operating costs.
  - vii. Countermeasure: Improve productivity through management by objective (MBO) and key performance indicators (KPI).
  - viii. There is a need for manpower due to the rapid growth of business and global expansions.
  - ix. Countermeasure: Strengthen on-the-job training and attract new recruits in various fields.

(2) Usage and manufacturing processes for main products

(A) Usage for main products

Main products		Usage
Parts	Precision terminal	I/O connector terminals for mobile phones, connecting various signals inside the phone. Connectors for automotive electronics, connecting the smart systems inside the vehicle.
	Enclosure	Enclosures for various memory card connectors, protecting internal components.

Main products	Usage
	Industrial machinery relays, fuseless switches, uninterruptible power supply systems, and more.
Backlight board	Panels for various smart phones, in-car screens, industrial machinery screens, etc.
Mechanical part	Components used in projectors, digital cameras, smart phones, and other internal mechanisms.
Heat sink plate	Copper heat sink boards for cooling LED headlights in cars.
Insert Molding	Core components for memory cards, waterproof USB transmission connectors, automotive motor and brake systems, non-invasive components for medical use.
Molds	Precision components for computer, consumer electronics, communication electronics, automotive electronics, and medical electronics, including stamping & insert molding molds.
Tooling	Components for production equipment.

(B) Manufacturing processes for main products

(a) Parts:

Material → Stamping → Machining → Packaging → Warehousing

Stamped Parts → Plastic → Insert Molding → Packaging → Warehousing

(b) Molds:

Order → Design → Drafting → Manufacturing → Sample Delivery → Customer Acceptance

(C) Jigs: Parts processed according to the customers' drawings.

(3) Supply situation for major raw materials

The main raw materials required for our company's production, including copper, iron, and stainless steel, are all bulk commodities that are relatively easy to obtain. With the cooperation of various metal material suppliers, the quality, quantity, price, and delivery time can be maintained at a certain level. We have never encountered a situation where the supply of materials was insufficient, leading to production interruption.

- (4) A list of any suppliers and clients accounting for ten percent or more of the total procurement (sales) amount in either of the most recent two fiscal years, the amounts bought from (sold to) each, and the percentage of total procurement (sales) accounted for by each

(A) Suppliers accounting for more than 10% of the total procurement amount

Major Suppliers in the Past Two Years

Unit: NT\$ thousand

No.	2022				2023				As of March 31, 2024			
	Item	Amount	Percentage of Net Purchase (%)	Relationship with Issuer	Item	Amount	Percentage of Net Purchase (%)	Relationship with Issuer	Item	Amount	Percentage of Net Purchase (%)	Relationship with Issuer
1	Others	2,533,769	100.00	-	Others	1,905,524	100.00	-	Others	525,323	100.00	-
2	Net purchase	2,533,769	100.00	-	Net purchase	1,905,524	100.00	-	Net purchase	525,323	100.00	-

Note: In 2021, 2022, and as of the first quarter of 2023, no supplier accounted for more than 10% of the consolidated net purchases.

(B) Customers accounting for more than 10% of the total sales amount

Major Customers in the Past Two Years

Unit: NT\$ thousand

No.	2022				2023				As of March 31, 2024			
	Item	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Item	Amount	Percentage of Net Sales (%)	Relationship with Issuer	Item	Amount	Percentage of Net Sales (%)	Relationship with Issuer
1	Company A	899,215	13.26	None	Company A	866,499	15.08	None	Company A	215,851	15.37	None
2	Others	5,881,815	86.74	-	Others	4,879,819	84.92	-	Others	1,188,639	84.63	-
3	Net sales	6,781,030	100.00	-	Net sales	5,746,318	100.00	-	Net sales	1,404,490	100.00	-

(5) Production volume for the most recent two fiscal years

Production Volume in the Past Two Years

Unit: Thousand units/NT\$ thousands

Year	2022			2023		
Production Volume	Capacity	Volume	Value	Capacity	Volume	Value
Main Products						
Parts	11,739,729	8,479,967	5,278,145	10,985,053	7,094,720	4,630,890
Molds	889	660	289,965	1,772	553	224,563
Jigs	1,756,316	1,616,969	97,818	1,651,585	1,496,221	77,210
Total			5,665,928			4,932,663

(6) Volume of units sold for the most recent two fiscal years

Volume of Units Sold in the Past Two Years

Unit: Thousand units/NT\$ thousands

Year	2022				2023			
Volume of Units Sold	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
Main Products	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Parts	2,327,506	1,484,231	7,450,221	4,847,045	1,815,492	1,223,838	4,800,654	4,148,667
Molds	63	33,629	588	219,118	62	29,552	513	175,638
Jigs	10,821	50,331	1,598,782	31,758	21,468	38,333	1,471,359	25,394
Products	6,064	53,246	726,563	61,672	4,060	46,541	176,386	58,355
Total		1,621,437		5,159,593		1,338,264		4,408,054

Note: The amount of foreign sales in the table is net sales.

3. The Number of Employees Employed for the Most Recent Two Fiscal Years, and during the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels (including the Percentage of Employees at Each Level)

Information on Employees in the Past Two Years and as of the Date of Publication of the Annual Report

Year		2022	2023	As of March 31, 2024
Number of employees	Direct	1,492	1,506	1,508
	Indirect	1,055	984	992
	Total	2,547	2,490	2,500
Average age		37	39	39
Average seniority		8.6	8.9	8.9
Education	PhD	-	-	-
	Master	1%	2%	2%
	Bachelor	34%	36%	36%
	Senior high	51%	41%	41%
	Under senior high	14%	21%	21%

4. Disbursements for Environmental Protection

- (1) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), an estimate of possible expenses that could be incurred currently and in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
- (2) In 2023, the Company spent about NT\$3,406 thousand on environmental protection; the Company also planned green procurement as part of its commitment to the world's environmental protection. The Company's green procurement in 2023 totaled NT\$3,870 thousand. Furthermore, we have implemented a plan to reduce waste production by promoting the use of recycled packaging materials and pallets within the factory. The results have been highly effective in reducing waste output.
- (3) The Company has installed rooftop solar panels at Xinwu Plant in Taiwan and the plant in Malaysia at a total amount of NT\$19,068 thousand.

5. Labor Relations

- (1) Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests



(A) Employee benefit plans

- (a) The Company established the Employee Welfare Committee (EWC) on July 29, 1986, which was approved by the competent authority under Letter (75) Fu-She-Zi No. 097577 (Fu-She-Lao-Zi No. 1421).
- (b) Employee benefits are implemented and supervised by employees and the EWC. The EWC holds meetings on a regular basis to promote labor-management relations and improve the business operations of the Company.
- (c) All employees participate in labor insurance, health insurance, and new labor pension systems and enjoy various benefits in accordance with relevant laws and regulations.
- (d) Other benefits
  - i. Birthday gifts and Chinese New Year gifts.
  - ii. Marriage, funeral, and childbirth subsidies and emergency relief funds.
  - iii. Leisure activities, group activities, and club activities (including Yoga Club, Jogging Club, Golf Club, Basketball Club, Badminton Club, and Bowling Club).
  - iv. Large-scale events such as annual employee travel and departmental gatherings.
  - v. Reading room.
  - vi. Dormitory for foreign employees.
  - vii. Lunch meal allowances.
  - viii. Scholarships for employees and their children.
  - ix. Establish a fitness center to provide high-quality facilities for employees to exercise, enhance their energy and immunity.

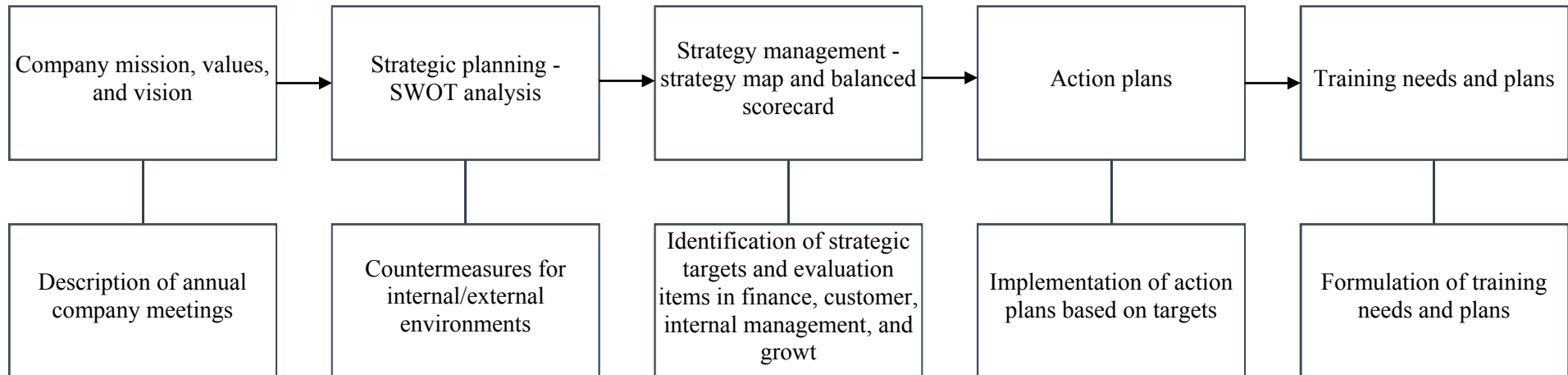
(B) Continuing education and training

The Company has formulated training principles and policies as the guidelines for providing various training programs, allowing employees to recognize the relevance and importance of the training they receive and thus achieve the goals of training and work.

- (a) Training policy and goal
  - i. Striving to become the world's leading manufacturer of precision metal components, we maintain the interests of the Company, employees, and society as a whole. To play a critical role in science, civilization and society, we train each employee to be kind, honest, brave, and responsible at work and in life. We believe that only when every employee has these characteristics can we achieve corporate sustainability.
  - ii. The Company treats every employee as an important asset. As talents are the cornerstone of sustainable development, the Company promises that all employees can receive professional and planned training to improve their expertise and management skills required to perform their duties. By tying employee development plans to business growth, we also strive to unleash the potential of employees and improve production efficiency.

(b) Development of training programs

To achieve corporate sustainability, the Company adopts a top-down training model. Based on this model, training resources are provided for employees in line with the Company's business strategies, allowing training results to be directly reflected in the employees' performances. While employees have better quality, the Company becomes more competitive.



(c) Training systems

To facilitate the implementation of human resources strategies, we have a training system divided into four major categories: orientation, level-based management skills, specialties, and on-job training. We identify the manpower gap based on employees' functions and provide training accordingly.

Level	Off-job Training								On-job Training	
	Inside Organization					Outside Organization				
	Orientation	Core Functions	Management Skills			Specialties	Continuing Education			
Directorial	Newcomers	Kind-hearted Honest Brave Responsible	GPS	counseling Required management skills	Entry-level management	Professional skills R&D and design Quality testing Business administration Occupational safety and health Information technology	General external training	On-the-job training	Apprenticeship	Job rotation
Managerial										
Section chief										
Entry-level						Orientation General education				

(d) Training status:

Training Status in 2023(Taiwan)

Item \ Training Type	Internal Training	External Training
Number of trainees	899	60
Training hours	177 hr	287 hr
Training expenses	NT\$192 thousand	NT\$131 thousand

The Company treats every employee as an important asset. As talents are the cornerstone of sustainable development, the Company established the training center in 2004. The training center is responsible for training new recruits and incumbents to design, produce, and assemble molds through professional lecturers and supervisors. Currently, electronic training materials are available on G-Shank e-Academy. The training center also conducts training and assessment for new recruits and employees with insufficient competence. Our training system has been standardized. In addition, in 2023, we were awarded the Silver Medal by the Taoyuan, Hsinchu and Miaoli Division of Labor Development Bureau's TTQS Education and Training Evaluation for our efforts in promoting employee training and development.

We have participated in the Dual Training Flagship Program for consecutive years and won the outstanding company in the Dual Training Flagship Program from the Taoyuan-Hsinchu-Miaoli Regional Branch of Workforce Development Agency.

To strengthen the training results and employees' competencies, the Company adopted the apprenticeship system from Germany in 2015.

(C) Retirement systems and the status of implementation

- (a) To take care of employees' retirement, promote labor relations, and improve employees' productivity, the Company sets aside retirement reserve according to a certain percentage of the total salary in accordance with the Labor Standards Act and the annual actuarial report. The Labor Pension Act, which came into force on July 1, 2005, adopts a defined contribution system. After the implementation of the Labor Pension Act, employees may choose to apply the Labor Standards Act or the Labor Pension Act and retain their seniority before the application of the Labor Pension Act. For employees who are subject to the Labor Pension Act, the Company should contribute 6% or more of an employee's monthly salary to his/her pension account.
- (b) The employee retirement regulations are in accordance with the provisions of Article 56 of the Labor Standards Act. We have the Supervisory Committee of Labor Retirement Reserve in place, which has been approved under the Letter (77) Fu-She-Lao-Zi No. 39625.

(D) Status of labor-management agreements and measures for preserving employees' rights and interests

- (a) To facilitate labor relations, promote labor-management cooperation, and improve employees' productivity and interests, the Company has formulated the "Regulations Governing the Implementation of Labor-management Meetings" and the "Regulations Governing the Election of Labor-management Meeting

Representatives” in accordance with Article 83 of the Labor Standards Act and holds labor-management meetings on a regular basis.

- (b) The Company always sticks to independent management and involves all employees in the management of business operations. Department heads and subordinates communicate effectively through regular business meetings and training to maintain employees’ rights and interests. Therefore, we have a harmonious labor-management relationship. The protective measures for the employees' rights and interests are as follows:

i. Workplace and employee safety

As a corporate citizen, the Company attaches great importance to corporate social responsibility. In addition to ISO-14001 certification, we have an environmental policy in place to protect natural resources, reduce pollution, and abide by environmental laws and regulations. We also place much emphasis on employees’ safety in the work environment. The Occupational Safety and Health Committee will meet every quarter to review occupational safety and health within the plant. We also set and implement annual targets and management approaches for workplace and employee safety. The following is a summary of management approaches:

No.	Goal/Target	Measure	Instructions	Results
1	Wear earplugs at the stamping site to protect hearing	Conduct daily inspections from time to time through the Occupational Safety and Health Committee	A small number of employees do not wear earplugs as required, which can easily lead to hearing damage in the long run.	Punchers have made wearing earplugs a habit.
2	Install punch safety curtain	Install safety curtains for punches without soundproof boxes	Flying parts in the process of punching can easily be potential hazards.	A total of 86 safety curtains have been installed on punches without soundproof boxes.
3	Implement the management of electronic procedures	Introduce digital ISO procedures to reduce paper wastage	Printed ISO procedures waste paper and slow down sign-off.	Electronic sign-off for software purchases is faster and can save paper and toner waste.
4	Save packaging materials	Recycle and reuse packaging trays	Unrecycled packaging trays can easily lead to waste and environmental pollution.	Recycling trays can save costs and protect natural resources.
5	Replace traditional lamps with T5 or LED lamps	Replaced traditional lamps with T5 or LED lamps in 2000	Traditional lamps consume more power and are replaced with T5 or LED lamps.	T5 or LED lamps are installed to reduce electricity consumption and CO2 emissions.
6	Replace air compressors with variable frequency air compressors	Replace screw air compressors with variable frequency air compressors	Screw air compressors are less efficient and waste more electricity.	Reduced electricity consumption can cut down on CO2 emissions.

No.	Goal/Target	Measure	Instructions	Results
7	Computerize the employee attendance system	Design a computerized employee attendance system with a user-friendly touch interface to reduce paper usage	The original attendance system adopts paperwork, which wastes paper and is not timely.	Paper consumption of the attendance system is reduced with improved timeliness.
8	Computerize the documentation system	Replace hardcopy sign-off with computerized sign-off	Before computerization, hardcopy sign-off is implemented, making it easy to lose and difficult to track the status of approval.	Paper consumption of the documentation system is reduced with improved sign-off efficiency.
9	Introduce the smart factory monitoring system	Install the air-conditioning and air compressor monitoring system to save electricity bills	It is impossible to monitor the usage of air conditioners and air compressors.	The use of air conditioners and air compressors is monitored to avoid waste and save electricity bills.
10	Install energy-saving heat pump systems	Install heat pumps to reduce electricity consumption	Power consumption is too large to be effectively controlled.	Energy and costs are saved.
11	Reduce waste	Implement waste source management and classify waste into five categories	Garbage classification is not implemented.	15% of garbage is reduced.
12	Reuse wood pallets	Set up a pallet recycling area to reuse wooden pallets	Wooden pallets are recycled by paid companies.	More than 50% of wooden pallets are recycled.
13	Apply green power generation	Install rooftop solar panels	The use of traditional electrical energy is more prone to environmental impact.	The installed capacity of 197.65KW can generate about 209,114 kWh of green electricity per year.
14	Avoid foot injuries due to falling workpieces	Provide safety shoes	Failure to provide safety shoes creates industrial safety hazards.	Safety shoes are provided to avoid industrial safety incidents.

ii. Environmental and occupational safety and health campaigns

(i) Restriction of hazardous substances (ROHS)

Coming into effect on July 1, 2006, the RoHS Directive stipulates that products sold to the European Union should not contain six hazardous substances, namely lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers. While purchasing several XRF machines for self-inspection, the Company also asks suppliers to submit inspection reports issued by impartial institutions to meet ROHS requirements with a sound inspection system.

(ii) Prevention of occupational accidents

The Occupational Safety and Health Committee meets every three months. In addition to conducting occupational safety training for new recruits in accordance with regulations, the Company requires that all employees should receive at least two hours of occupational disaster

prevention training every year to increase their awareness of occupational disasters and prevent occupational disasters.

(iii) Free annual health examinations

We treat every employee as an important asset. Every year, the Company engages qualified medical institutions to provide free health examinations for employees. For those working under occupational noise and dust, the Company also examines them to understand their health conditions, based on which employee health management is classified.

(iv) Water quality inspections

Water quality inspections are conducted quarterly by external qualified inspection companies to ensure the safety of drinking water for employees.

(v) Club activities

In the year 2021, the company constructed an indoor sports stadium for employees, and set up a gym in 2022 to provide employees with good exercise facilities. In order to maintain the physical and mental health of employees, the company encourages employees to establish club activities. In addition to the existing clubs, new clubs such as "Yoga Club," "Running Club," "Golf Club," "Basketball Club," "Badminton Club," and "Bowling Club" have also been established.

(vi) Automatic inspections

When working in different environments, processes, business activities, and operations, employees may get injured due to unsafe operations, equipment, or management. For this reason, the Company has formulated the automatic inspection regulations, including automatic checklists for dangerous machinery or equipment such as lathes, punching machines, and milling machines.

(vii) On-site work environment monitoring

The Company engages qualified environmental monitoring institutions every year to conduct environmental monitoring on noise, dust, and local exhausts. We have passed environmental monitoring every year to ensure workplace safety.

(viii) Surrounding monitoring

The Company engages qualified environmental monitoring institutions every year to conduct environmental monitoring of noise and effluents. We have passed environmental monitoring every year to maintain good relationships with the neighborhood.

- (2) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), an estimate of possible expenses that could be incurred currently and in the future, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

Adopting people-centric management, the Company's management seeks to prosper with labor. Labor relations have been harmonious. Since 1973, there has been no significant loss caused by labor disputes. Also, the Company has sound management and employee

benefits. We can reasonably estimate that the possibility of losses due to labor disputes is extremely low.

## 6. Cyber Security Management

### (1) Cyber security risk management framework

Information Security Organization: Information Security Auditors, Information Security Managers, Information Security Personnel.

Our company's audit team regularly conducts audits of information security operations. Any issues found during the audit require improvement and will be tracked until the corrective actions are completed.

Dedicated allocation of manpower and resources:

- (A) Security Manager: Responsible for the early warning, monitoring and handling of cybersecurity incidents and ensuring the overall security of the organization.
- (B) One cybersecurity personnel responsible for planning and executing various cybersecurity operations.
- (C) The personnel responsible for managing, maintaining, designing and operating important information and communication systems in the company should be appropriately divided and delegated authority and responsibilities.
- (D) The Chief Information Security Officer of this company shall be responsible for supervising the information security operations of their subordinates, preventing illegal and inappropriate behavior.
- (E) The configuration of professional human resources will be periodically reviewed and continuously improved.

### (2) Cyber security policies

Cyber security policies:

- (A) To respond to changing internal and external cybersecurity threats and the risk of operational disruptions to crucial information and communication systems, the effectiveness of cybersecurity management will be periodically reviewed and improved.
- (B) Establish protection measures to safeguard the confidentiality and integrity of sensitive information and communication systems, to prevent unauthorized access and tampering.
- (C) Establish robustness of core information and communication systems, develop business continuity plans to ensure continuous operations of company's core businesses.
- (D) Regularly conduct cybersecurity education and training to address evolving cyber threats. Through training courses, internal meetings, email announcements, and other means, promote awareness of cybersecurity to employees using information systems at the company.

Cybersecurity objective:

- (A) The cybersecurity objective is to be aware of cybersecurity incidents, report them within the designated timeframe, and respond and recover promptly.
- (B) Regularly adjust the content of information security maintenance to timely adapt to changes in laws and technologies, in order to mitigate the risk of unauthorized access, use, control, disclosure, destruction, alteration, or other types of infringement towards information or communication systems and ensure their confidentiality, integrity, and availability.



- (C) Personnel's awareness of information security protection is continuously improved, and information security managers and personnel regularly receive professional training on information security.

The approval process for information security policy and objectives includes regularly reviewing the information security policy objectives, signing off by the Information Security Manager to submit to the General Manager for approval, and reporting on the operation of information security to the board of directors by management as necessary.

The promotion of information security policies and objectives involves periodically disseminating information through training sessions, internal meetings, email notifications, and other means to all personnel within the organization.

- (3) Concrete management programs, and investments in resources for cyber security management  
Core information and communication system:

- (A) Computer authorization management: personnel accounts, authority management, system operation.

- (a) Mechanisms for personnel account authorization and permission management, including review and approval processes.
- (b) Personnel account privileges periodic inventory.
- (c) Periodic update mechanism for personnel computer login passwords during inventory.

- (B) Access Control: Measures for the security of personnel access to internal and external systems and data transmission channels.

- (a) (Internal/external) access control.
- (b) USB access control.
- (c) Confidential Data Management.
- (d) Tracking of Operational Behavior Trails Record.

- (B) External Threats: Potential weaknesses in internal systems, antivirus and anti-hacking measures, and endpoint security protection.

- (a) Host computer vulnerability detection and update measures.
- (b) Anti-virus, anti-hacking, spam and malware detection.
- (c) Endpoint Security Management System.
- (d) Management system for controlling and reviewing external email communication permissions of personnel.
- (e) Management system for controlling and reviewing personnel's internet access permissions.

- (C) Continuation of business operations: System continuity of operation and measures for handling service disruptions.

- (a) System/network status monitoring and notification mechanism.
- (b) Contingency measures for service interruption.
- (c) Backup data and system redundancy mechanism.
- (d) Periodic disaster recovery drills.

- (4) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken : There is no such situation.

## 7. Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year: None.

Contract Nature	Parties	Contract Start-End Date	Main Content	Limiting Clauses
Real Estate Purchase Contract	Flex Tek Co., Ltd.	2023.10~2024.10	Purchase real estate (including fixtures and equipment)	None

## VI. Overview of Financial Status

### 1. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years, as well as the Names of Certified Public Accountants and Their Opinions

(1) Condensed balance sheets and statements of comprehensive income - IFRS

(A) Consolidated balance sheets - IFRS

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Current assets		\$5,963,660	\$6,483,434	\$7,271,174	\$7,644,060	\$7,475,293	9,669,426
Property, plant and equipment		1,229,491	1,213,352	1,238,776	1,253,826	1,239,275	1,226,921
Intangible assets		3,971	3,373	1,575	1,037	661	1,848
Other assets		586,959	578,162	661,060	770,390	1,106,218	1,169,478
Total assets		7,784,081	8,278,321	9,172,585	9,669,313	9,821,447	12,067,673
Current liabilities	Before distribution	1,890,054	2,178,838	2,588,297	2,436,624	2,297,258	2,055,109
	After distribution	2,130,513	2,400,800	2,982,744	2,875,129	(Note 2)	(Note 2)
Non-current liabilities		680,287	771,426	765,110	746,945	772,679	1,773,971
Total liabilities	Before distribution	2,570,341	2,950,264	3,353,407	3,183,569	3,069,937	3,829,080
	After distribution	2,810,800	3,172,226	3,747,854	3,622,074	(Note 2)	(Note 2)
Equity attributable to owners of parent company		4,634,551	4,715,973	5,217,739	5,820,795	6,067,905	7,517,858
Share capital		1,849,683	1,849,683	1,878,323	1,897,843	1,906,543	2,058,443
Advance share capital		-	-	-	8,700-	1,900	7,760
Capital reserve		421,121	432,784	452,744	472,021	489,905	1,436,001
Retained earnings	Before distribution	2,569,207	2,612,991	3,049,229	3,543,113	3,779,015	4,002,403
	After distribution	2,328,748	2,391,029	2,654,782	3,104,608	(Note 2)	(Note 2)
Other equity		(205,460)	(179,485)	(162,557)	(100,882)	(109,458)	13,251
Non-controlling interests		579,189	612,084	601,439	664,949	683,605	720,735
Total equity	Before distribution	5,213,740	5,328,057	5,819,178	6,485,744	6,751,510	8,238,593
	After distribution	4,973,281	5,106,095	5,424,731	6,047,239	(Note 2)	(Note 2)

Note 1: Financial data from 2018 to 2023 have been audited by the CPAs. Financial data for the first quarter of 2023 have been reviewed by the CPAs.

Note 2: The distribution of earnings for 2023 is yet to be resolved.

## (B) Consolidated statements of comprehensive income - IFRS

Unit: NT\$1,000

Item \ Year	Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2024 (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	\$4,994,778	\$4,779,614	\$6,420,460	\$6,781,030	\$5,746,318	1,404,490
Gross profit	1,311,821	1,345,178	1,895,778	1,959,468	1,664,443	422,656
Operating income	443,542	537,268	1,003,011	1,040,259	757,965	172,210
Non-operating income and expenses	102,994	(3,954)	35,673	274,482	295,627	183,226
Net income before tax	546,536	533,314	1,038,684	1,314,741	1,053,592	355,436
Net income for continuing operations	380,009	356,967	752,865	983,915	761,997	250,575
Loss from discontinuing operations	-	-	-	-	-	-
Net profit (loss)	380,009	356,967	752,865	983,915	761,997	250,575
Other comprehensive income (after tax)	(41,332)	25,164	13,998	93,778	(20,991)	133,598
Total comprehensive income	338,677	382,131	766,863	1,077,693	741,006	384,173
Net income attributable to owners of the parent	331,508	287,441	648,364	867,603	675,040	223,388
Net income attributable to non-controlling interests	48,501	69,526	104,501	116,312	86,957	27,187
Total comprehensive income attributable to owners of the parent	303,524	310,743	675,128	950,006	665,831	346,097
Total comprehensive income attributable to non-controlling interests	35,153	71,388	91,735	127,687	75,175	38,076
Earnings per share (Note 2)	1.79	1.55	3.49	4.58	3.54	1.14

Note 1: Financial data from 2018 to 2023 have been audited by the CPAs. Financial data for the first quarter of 2024 have been reviewed by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

## (C) Parent company only balance sheets - IFRS

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		\$2,104,566	2,199,976	2,934,812	2,957,336	2,613,031	Not applicable
Property, plant and equipment		368,579	389,221	441,544	484,726	477,830	
Intangible assets		3,814	3,366	1,450	956	492	
Other assets		4,113,828	4,367,870	4,446,534	4,777,093	5,349,772	
Total assets		6,590,787	6,960,433	7,824,340	8,220,111	8,441,125	
Current liabilities	Before distribution	1,353,274	1,558,035	1,900,024	1,706,008	1,665,610	
	After distribution	1,593,733	1,779,997	2,294,471	2,144,513	(Note 2)	
Non-current liabilities		602,962	686,425	706,577	693,308	707,610	
Total liabilities	Before distribution	1,956,236	2,244,460	2,606,601	2,399,316	2,373,220	
	After distribution	2,196,695	2,466,422	3,001,048	2,837,821	(Note 2)	
Equity attributable to owners of parent company		4,634,551	4,715,973	5,217,739	5,820,795	6,067,905	
Share capital		1,849,683	1,849,683	1,878,323	1,897,843	1,906,543	
Advance share capital		-	-	-	8,700	1,900	
Capital reserve		421,121	432,784	452,744	472,021	489,905	
Retained earnings	Before distribution	2,569,207	2,612,991	3,049,229	3,543,113	3,779,015	
	After distribution	2,328,748	2,391,029	2,654,782	3,104,608	(Note 2)	
Other equity		(205,460)	(179,485)	(162,557)	(100,882)	(109,458)	
Total equity	Before distribution	4,634,551	4,715,973	5,217,739	5,820,795	6,067,905	
	After distribution	4,394,092	4,494,011	4,823,292	5,382,290	(Note 2)	

Note 1: Financial data from 2018 to 2023 have been audited by the CPAs.

Note 2: The distribution of earnings for 2023 is yet to be resolved.

## (D) Parent company only statements of comprehensive income - IFRS

Unit: NT\$1,000

Item	Year	Financial Data for the Most Recent Five Years (Note 1)					Financial Data as of March 31, 2024
		2019	2020	2021	2022	2023	
Operating revenue		\$1,321,667	\$1,270,409	\$1,976,474	\$2,395,398	\$1,942,821	Not applicable
Gross profit		198,040	139,992	400,649	557,815	358,979	
Operating income		(100,970)	(157,977)	101,139	247,714	45,404	
Non-operating income and expenses		507,106	513,948	700,450	834,534	810,877	
Net income before tax		406,136	355,971	801,589	1,082,248	856,281	
Loss from discontinuing operations		331,508	287,441	648,364	867,603	675,040	
Net profit (loss)		331,508	287,441	648,364	867,603	675,040	
Other comprehensive income (after tax)		(27,984)	23,302	26,764	82,403	(9,209)	
Total comprehensive income		303,524	310,743	675,128	950,006	665,831	
Net income attributable to owners of the parent		331,508	287,441	648,364	867,603	675,040	
Total comprehensive income attributable to owners of the parent		303,524	310,743	675,128	950,006	665,831	
Earnings per share (Note 2)		1.79	1.55	3.49	4.58	3.54	

Note 1: Financial data from 2018 to 2023 have been audited by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

## (2) Names of certified public accountants and their opinions

Year	Accounting Firm	CPA	Opinion
2019	Diwan & Company	Tseng, Chiung-Hui and Tseng, Arnico	Unqualified opinion with an other matters paragraph
2020	Diwan & Company	Tseng, Chiung-Hui and Tseng, Arnico	Unqualified opinion with an other matters paragraph
2021	Diwan & Company	Tseng, Chiung-Hui and Tseng, Arnico	Unqualified opinion with an other matters paragraph
2022	Diwan & Company	Tseng, Chiung-Hui and Li, Pin-chueh	Unqualified opinion with an other matters paragraph
2023	Diwan & Company	Tseng, Chiung-Hui and Li, Pin-chueh	Unqualified opinion with an other matters paragraph

## 2. Financial Analyses for the Past Five Fiscal Years

### (1) Consolidated financial analysis - IFRS

Item (Note 3)		Year (Note 1)	Financial Analysis for the Most Recent Five Years					Financial Analysis as of March 31, 2024
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt-to-assets ratio	33.02	35.64	36.56	32.92	31.26	31.73	
	Long-term funds as a percentage of property, plant and equipment	479.39	502.70	531.52	576.85	607.14	816.07	
Solvency (%)	Current ratio	315.53	297.56	280.93	313.72	325.40	470.51	
	Quick ratio	274.58	261.66	237.43	270.51	289.52	427.97	
	Interest coverage ratio	47.21	38.42	71.74	76.92	50.58	42.62	
Operating ability	Receivables turnover ratio (times)	3.87	3.95	4.63	4.28	3.83	4.13	
	Average days of receipt	94	92	78	85.28	95.3	88.37	
	Inventory turnover ratio (times)	4.58	4.60	4.92	4.56	4.48	4.81	
	Payables turnover ratio (times)	9.30	9.19	9.65	8.68	8.22	8.99	
	Days sales outstanding	80	79	74	80.04	81.47	75.88	
	Property, plant and equipment turnover ratio (times)	3.93	3.91	5.24	5.44	4.61	4.56	
	Total asset turnover ratio (times)	0.66	0.60	0.74	0.72	0.59	0.51	
Profitability	Return on assets (%)	5.09	4.56	8.75	10.58	7.98	2.34	
	Return on equity (%)	8.27	7.64	15.16	17.83	12.82	3.69	
	Ratio of net profit before tax to paid-in capital (%)	29.55	28.83	55.30	68.96	55.21	17.20	
	Net profit margin (%)	7.61	7.47	11.73	14.51	13.26	17.84	
	Earnings per share (NT\$) (Note 2)	1.79	1.55	3.49	4.58	3.54	1.14	
Cash flows	Cash flow ratio (%)	35.86	4.39	21.35	60.66	27.61	0.68	
	Cash flow adequacy ratio (%)	103.36	85.63	72.26	109.34	102.77	92.37	
	Cash reinvestment ratio (%)	5.03	(2.00)	2.52	10.47	1.38	0.11	
Leverage	Operating leverage	1.46	1.36	1.19	1.20	1.25	1.27	
	Financial leverage	1.03	1.03	1.01	1.02	1.03	1.05	

Changes in financial ratios over the past two fiscal years (2023 and 2022):

- The decrease in interest coverage ratio, return on assets, return on equity, and decrease in earnings per share compared to the previous year are mainly due to a decrease in net profit after tax.
- The decrease in cash flow ratio and cash reinvestment ratio compared to the previous year is primarily due to a decrease in net cash flow from operating activities compared to the previous year.

Note 1: Financial data from 2019 to 2023 have been audited by the CPAs. Financial data for the first quarter of 2024 have been reviewed by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.

(2) Parent company only financial analysis - IFRS

Item (Note 3)		Year (Note 1)	Financial Analysis for the Most Recent Five Years					Financial Analysis as of March 31, 2024
		2019	2020	2021	2022	2023		
Financial structure (%)	Debt-to-assets ratio	29.68	32.25	33.31	29.19	28.11	Not applicable	
	Long-term funds as a percentage of property, plant and equipment	1,257.41	1,222.82	1,198.99	1,343.87	1,417.98		
Solvency (%)	Current ratio	155.52	141.20	154.46	173.35	156.88		
	Quick ratio	143	130.07	140.33	157.79	145.06		
	Interest coverage ratio	56.9	37.24	77.23	78.83	47.78		
Operating ability	Receivables turnover ratio (times)	5.12	5.08	4.82	4.20	3.86		
	Average days of receipt	71	71	75	86	94		
	Inventory turnover ratio (times)	7.02	6.71	7.30	7.05	7.06		
	Payables turnover ratio (times)	10.64	11.33	10.27	8.55	8.51		
	Days sales outstanding	52	54	50	51	51		
	Property, plant and equipment turnover ratio (times)	3.52	3.35	4.76	5.17	4.04		
	Total asset turnover ratio (times)	0.21	0.19	0.27	0.30	0.23		
Profitability	Return on assets (%)	5.27	4.36	8.88	10.95	8.28		
	Return on equity (%)	7.21	6.15	13.05	15.72	11.36		
	Ratio of net profit before tax to paid-in capital (%)	21.96	19.24	42.68	56.76	44.87		
	Net profit margin (%)	25.08	22.63	32.80	36.22	34.75		
	Earnings per share (NT\$) (Note 2)	1.79	1.55	3.49	4.58	3.54		
Cash flows	Cash flow ratio (%)	(6.42)	(35.88)	0.01	32.18	(13.93)		
	Cash flow adequacy ratio (%)	(21.50)	(53.94)	(48.11)	(9.69)	(14.10)		
	Cash reinvestment ratio (%)	(5.67)	(13.35)	(3.39)	2.15	(8.92)		
Leverage	Operating leverage	0.49	0.64	1.52	1.28	2.54		
	Financial leverage	0.93	0.94	1.12	1.06	1.68		
<p>Changes in financial ratios over the past two fiscal years (2023 and 2022):</p> <ol style="list-style-type: none"> <li>The decrease in interest coverage ratio, return on assets, return on equity, and earnings per share compared to the previous year are mainly due to a decrease in net profit after tax.</li> <li>The decrease in fixed asset turnover ratio and total asset turnover ratio compared to the previous year is primarily due to a decrease in operating revenue.</li> <li>The ratio of pre-tax income to paid-in capital decreased compared to the previous year, primarily due to a decrease in pre-tax profit.</li> <li>The cash flow ratio and cash reinvestment ratio decreased compared to the previous year, primarily due to a decrease in net cash flow from operating activities compared to the previous year.</li> <li>Operating leverage and financial leverage increased compared to the previous year, mainly due to a decrease in operating profit compared to the previous year.</li> </ol>								

Note 1: Financial data from 2019 to 2023 have been audited by the CPAs.

Note 2: Calculated based on the weighted average number of outstanding shares.



Note 3: The calculation formulas for financial analysis are as follow:

- (A) Financial structure
  - (a) Debt-to-assets ratio = Total liabilities / Total assets.
  - (b) Long-term funds as a percentage of property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
- (B) Solvency
  - (a) Current ratio = Current assets / Current liabilities.
  - (b) Quick ratio = (Current assets – Inventories – Prepaid expenses) / Current liabilities.
  - (c) Interest coverage ratio = Net income before income tax and interest expense / Interest expense.
- (C) Operating ability
  - (a) Receivables (including accounts receivable and notes receivable arising from operations) turnover ratio = Net sales / Average receivables balance for each period (including accounts receivable and notes receivable arising from operations).
  - (b) Average days of receipt = 365 / Receivables turnover ratio.
  - (c) Inventory turnover ratio = Cost of goods sold / Average inventories.
  - (d) Payables (including accounts payable and notes payable arising from operations) turnover ratio = Cost of goods sold / Average payables balance for each period (including accounts payable and notes payable arising from operations).
  - (e) Days sales outstanding = 365 / Inventory turnover ratio.
  - (f) Property, plant and equipment turnover ratio = Net sales / Average net property, plant and equipment.
  - (g) Total asset turnover ratio = Net sales / Average total assets.
- (D) Profitability
  - (a) Return on assets = (Net income + Interest expense x (1 – Tax rate)) / Average total assets.
  - (b) Return on equity = Net income / Average total equity.
  - (c) Net profit margin = Net income / Net sales.
  - (d) Earnings per share = (Income attributable to owners of the parent – Special dividends) / Weighted average number of outstanding shares. (Note 4)
- (E) Cash flows
  - (a) Cash flow ratio = Net cash flows from operating activities / Current liabilities.
  - (b) Net cash flow adequacy ratio = Net cash flows from operating activities / (Capital expenditures + Incremental inventories + Cash dividends) over the most recent five years.
  - (c) Cash reinvestment ratio = (Net cash flows from operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital).
- (F) Leverage
  - (a) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
  - (b) Financial leverage = Operating income / (Operating income – Interest expense).

### 3. Audit Committee's Report for the Most Recent Year's Financial Statements

#### **G-SHANK ENTERPRISE CO., LTD.**

##### **Audit Committee's Report**

Among the Company's business reports, financial statements (including consolidated financial statements), and earnings distribution proposal for 2023 prepared and submitted by the Board of Directors, the financial statements (including consolidated financial statements) have been audited by CPAs Tseng, Chiung-Hui and Li, Pin-chueh from Diwan & Company, with an auditor's report issued. The Audit Committee has reviewed the above-mentioned financial statements, business reports, and earnings distribution proposal and found no discrepancy. The Audit Committee's Report is hereby prepared in accordance with the Securities and Exchange Act and the Company Act for your approval.

To

The 2024 general meeting of shareholders of G-SHANK ENTERPRISE CO., LTD.

Convener of Audit Committee

March 10, 2024

4. Financial Statements for the Most Recent Fiscal Year: Refer to Attachment I
5. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs: Refer to Attachment II.
6. Effect of Financial Difficulties the Company or Its Affiliates Have Experienced in the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report on the Company's Financial Situation: None.

## VII. Review and Analysis of Financial Position and Financial Performance and Listing of Risks

### 1. Financial Position

Unit: NT\$1,000

Item	Fical year	2023 Amount	2022 Amount	Difference	
				Amount	%
Current assets		\$7,475,293	\$7,644,060	\$(168,767)	-2.21%
Investments accounted for using equity method		168,248	161,170	7,078	4.39%
Property, plant and equipment		1,239,275	1,253,826	(14,551)	-1.16%
Intangible assets		661	1,037	(\$376)	-36.26%
Other assets		937,970	609,220	328,720	53.96%
Total assets		9,821,447	9,669,313	152,134	1.57%
Current liabilities		2,297,258	2,436,624	(139,366)	-5.72%
Non-current liabilities		772,679	746,945	25,734	3.45%
Total liabilities		3,069,937	3,183,569	(113,632)	-3.57%
Share capital		1,908,443	1,906,543	1,900	0.10%
Capital reserve		489,905	472,021	17,884	3.79%
Retained earnings		3,779,015	3,543,113	235,902	6.66%
Exchange differences on translating foreign operations		(409,638)	(338,584)	(71,054)	20.99%
Unrealized gains/losses on financial assets at fair value through other comprehensive income		300,180	237,702	62,478	26.28%
Non-controlling interests		683,605	664,949	18,656	2.81%
Total shareholders' equity		6,751,510	6,485,744	265,766	4.10%
<p>The main reason for and effect of a change that reaches 20% or exceeds NT\$10 million:</p> <p>(1) Increase in other assets: The main reason for this increase is the payment of a 20% deposit of \$310,000 for the acquisition of real estate, buildings, and equipment.</p> <p>(2) Exchange differences on translating foreign operations: Mainly due to exchange differences on translating financial statements of foreign operations.</p> <p>(3) Unrealized Gains/Losses on Financial Assets at Fair Value through Other Comprehensive Income: Refers to the revaluation adjustment of equity instrument investments designated as fair value through other comprehensive income.</p>					

## 2. Financial Performance

Unit: NT\$1,000

Item	Fiscal year	2023 Amount	2022 Amount	Change Amount	Change Percentage (%)
Operating revenue		\$5,746,318	\$6,781,030	\$(1,034,712)	-15.26%
Operating costs		4,081,875	4,821,562	(739,687)	-15.34%
Gross profit		1,664,443	1,959,468	(295,025)	-15.06%
Operating expenses		906,861	919,787	(12,926)	-1.41%
Other gains and losses		383	383	-	-%
Operating income (loss)		757,965	1,040,064	(282,099)	-27.12%
Non-operating income and expenses		295,627	274,677	20,950	7.63%
Income before tax		1,053,592	1,314,741	(261,149)	-19.86%
Income tax expense		291,595	330,826	(39,231)	-11.86%
Net income		761,997	983,915	(221,918)	-22.55%
Other comprehensive income (after tax)		(20,991)	93,778	(114,769)	-122.38%
Total comprehensive income		741,006	1,077,693	(336,687)	-31.24%
Net income attributable to owners of the parent		675,040	867,603	(192,563)	-22.19%
Net income attributable to non-controlling interests		86,957	116,312	(29,355)	-25.24%
Total comprehensive income attributable to owners of the parent		665,831	950,006	(284,175)	-29.91%
Total comprehensive income attributable to non-controlling interests		75,175	127,687	(52,512)	-41.13%

1. The main reason for and effect of a change that reaches 20% or exceeds NT\$10 million:
  - (1) Decrease in operating income and net profit for the period:  
Mainly due to a decrease in operating revenue.
  - (2) Decrease in other comprehensive income (after tax):  
Mainly due to the impact of translation differences in the financial statements of foreign operations (caused by an appreciation of the TWD).
  - (3) Decrease in comprehensive income for the period, comprehensive income attributable to the parent company and non-controlling interests:  
Mainly due to a decrease in operating revenue in the current year, a smaller exchange gain from weakening of the TWD against USD compared to the same period last year, and a decrease in exchange differences affecting the financial statements of foreign operating entities (due to depreciation of TWD).
2. Forecasting sales volume and the basis, the effect upon the Company's financial operations, and measures to be taken in response:  
The Company is not required to provide a sales volume forecast for 2024.

### 3. Cash Flows

#### (1) Cash flow changes during the most recent fiscal year

Item \ Year	2023	2022	Change (%)
Cash flow ratio (%)	27.61	60.66	-54.50%
Cash flow adequacy ratio (%)	102.77	109.34	-6.01%
Cash reinvestment ratio (%)	1.38	10.47	-86.80%
Analysis of change percentage:			
1. Decreases in cash flow ratio and cash reinvestment ratio: Mainly due to the decrease in operating profit to cash inflow for this year.			
2. Allowable decrease in Cash flow: Mainly due to the decrease in net cash flow from operating activities as a result of reduced revenue and profit.			
3. Decrease in cash reinvestment: Mainly due to the decrease in net cash flow from operating activities.			

#### (2) Corrective measures to be taken in response to illiquidity and liquidity analysis for the coming year

Unit: NT\$1,000

Cash Balance, Beginning of Year (1)	Estimated Cash Flows from Operating Activities in the Year (2)	Estimated Cash Flow Used in the Year (3)	Estimated Remaining (Insufficient) Cash (1) + (2) - (3)	Corrective Measures for Illiquidity	
				Investing Plans	Financing Plans
\$3,707,859	\$2,774,671	\$2,694,607	\$3,787,923	-	-
1. Analysis of cash flow changes					
(1) Operating activities: Net cash flows generated from operating activities as a result of stable profits.					
(2) Investing activities: Net cash flows used in investing activities as a result of the construction of plants and the purchase of equipment.					
(3) Financing activities: Net cash flows used in financing activities as a result of the distribution of cash dividends. In summary, the Company expects to have a cash balance of NT\$3,787,923 thousand.					
2. Corrective measures to be taken in response to illiquidity and liquidity analysis: Not applicable.					

4. Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

(1) Utilization of major capital expenditures and sources of funds

Unit: NT\$1,000

Project	Actual or Expected Source of Funds	Actual or Expected Date of Completion	Total Funds Required	Actual or Expected Utilization of Funds		
				2023	2024	2025~2028
Purchase of equipment	Private capital	2023-2028	\$449,215	\$54,384	\$232,045	\$162,786
Land & Construction of plants	Private capital	2023-2028	\$2,019,281	71,329	1,782,783	165,169

(2) Expected benefits

From 2024 to 2028, revenue generated from the construction of plants and the purchase of equipment is estimated to be NT\$2,121,689 thousand.

5. Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year

Reinvestment	Carrying amount (Thousand)	Policy	Main Reasons for the Profits/Losses Generated	Improvement Plan	Investment Plan for the Coming Year
SUNFLEX TECH CO., LTD.	\$168,248	Boost business performance and minimize operational risks to maximize shareholder equity and maintain robust business operations	Net income in 2023 was NT\$68,875, attributable to improved production efficiency and effective cost control.	None	None

6. Analyze and Assessment of Risks during the Most Recent Fiscal year and in the Current Year Up to the Date of Publication of the Annual Report

- (1) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

(A) Interest rate:

Unit: NT\$1,000

Item	2022	2023	As of March 31, 2024
Financial income (expenses)	\$89,448	\$145,438	50,824
Operating revenue	6,781,030	5,746,318	1,404,490
Financial income (expenses) as a percentage of operating revenue	1.32%	2.53%	3.62%

The Company's interest rate risk arose from its liabilities and financial investments, which were mainly affected by interest rate fluctuations in Taiwan and Mainland China. Changes in interest rates would affect interest income generated from cash and cash equivalents and financial asset investments and interest expenses generated from liabilities. The Company's financial income (expenses) accounted for 1.32%, 2.53%, and 3.62% of operating revenue in 2022, 2023, and the first quarter of 2024 respectively, which had little impact on profit or loss.

(B) Exchange rate:

Unit: NT\$1,000

Item	2022	2023	As of March 31, 2024
Exchange gains (losses)	\$141,073	\$44,253	\$32,161
Operating revenue	6,781,030	5,746,318	1,404,490
Exchange gains (losses) as a percentage of operating revenue	2.08%	0.77%	2.29%

The Company assessed and analyzed the overall exchange rate risk. When the recognized assets and liabilities and future business dealings were exposed to significant exchange rate risks, the Company would manage such risks using foreign exchange and forward foreign exchange contracts within the scope permitted by policies; in addition, the Company's investments in foreign operations were strategic, so no hedging was carried out.

The Company's operations are located in Taiwan, Mainland China, and other foreign countries such as Malaysia, Mexico, Thailand, and Indonesia, with each region respectively accounting for 33%, 53%, and 14% of the Company's revenue. Business dealings in Mainland China and other foreign countries were mainly conducted in RMB and US dollars. Foreign sales accounted for about 35% of total sales in Taiwan, and quotations were mostly denominated in US dollars. Raw materials used in production were mostly denominated in RMB and US dollars. Accordingly, fluctuations in the exchange rates of RMB and US dollars had a greater impact on the Company's revenue and profits.

The following are specific measures taken by the Company for exchange rate fluctuations:



- (a) Decide to settle foreign currency inward remittances or deposit them in foreign currency accounts, depending on the demand for funds and exchange rates, and settle foreign currency deposits whenever appropriate to mitigate the impact of exchange rate changes.
  - (b) Engage in derivatives trading for hedging purposes to avoid the risk of exchange rate fluctuations.
  - (c) Offset the purchase and sale of the same currency naturally for hedging purposes.
  - (d) Agree with suppliers to pay in foreign currencies for hedging purposes.
  - (e) Collect all kinds of information affecting exchange rate changes, follow the foreign currency trend for foreign currency positions, and discuss the future foreign currency trend with heads of correspondent banks to keep track of the exchange rate fluctuations in a timely manner.
- (C) Inflation: The global economy was significantly affected by sudden changes in the expectations for inflation and deflation. Both high inflation and deflation would have an adverse impact on the economy as they reduced market efficiency and interfered with investment decisions. To reduce operating costs in an effective way, the Company continued to cut down on costs, pay close attention to the supply and demand of raw materials and price changes, and adjust selling prices and inventories appropriately. The Company also maintained good relationships with suppliers and customers to reduce the impact of inflation and deflation on its profit or loss.
- (2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future
- (A) The Company did not engage in high-risk investments, highly leveraged investments, and endorsements/guarantees in the most recent year.
  - (B) The Company loaned to other parties in accordance with the "Procedures for Lending Funds to Others."
  - (C) Accounts receivable arising from sales of goods denominated in foreign currencies and accounts payable arising from purchases of goods were subject to exchange rate risk. In view of this, the Company planned to timely avoid and regularly assess the risk of exchange rate fluctuations through derivatives trading such as forward exchange contracts.  
Some of the Company's time deposits and bond investments without active market were financial assets bearing fixed interest rates, so interest rate fluctuations would change their fair values; however, the Company was not exposed to material risk in fair value arising from changes in market interest rates.
- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work
- (A) Research and development work to be carried out in the future  
By 2025, the Company aims to have consumer electronics, automotives, and industrial equipment (medical devices) respectively accounting for one-third of its total sales. The molding industry is constantly evolving with the development of science and technology. Only by diversifying market risks can the Company improve continuously and achieve sustainable development.

The following are future R&D projects in the next 1 to 2 years:

(a) Large Stamped Parts

At present, large stamped parts are mostly produced by single-engineering die and manual feeding, which has high personnel costs and is less efficient. The Company's specialized progressive die works with a single-engineering die and a robotic arm for automatic feeding to maximize the economic benefits of a progressive die and the function of large punching parts based on customer needs.

(b) Insert Molding Multi-Cavity Mold Development

A machine model with 48 cavities per mold cycle has been developed for the process of injecting plastic onto metal terminals, achieving a precision of 0.001mm with a servo feed mechanism and a servo robotic arm. The current production line features full automation and is supported by Moldex3D mold flow software for quality optimization and production efficiency enhancement.

(c) Introduction of AOI Equipment for Mold Peripheral and TPS Management

The molding machine development includes installation of "incoming material AOI inspection," "in-mold monitoring," and "finished product CCD inspection." By implementing AOI in three stages (pre-, mid-, post-production), the production line can achieve the core of "no acceptance of defects, no production of defects, no shipment of defects" at a fully automated and human-machine separation level.

(d) Implementation of TPS Lean Management and IOT Internet of Things Monitoring

Through the equipment's "information capture mechanism," real-time monitoring and analysis are conducted during the production process. Combined with TPS management principles, the ability to track abnormalities in real-time is greatly enhanced, allowing for rapid visualization of "normal" and "abnormal" situations, aligning closer to the goal of "zero defects" management.

(e) The company is actively developing car cameras with the main focus on improving product resolution, reliability, and modular design to capture opportunities in the automotive parts and OEM markets. In recent years, besides developing a range of visible light cameras, the company has also begun research and development on sensing cameras and niche image module development.

(f) Electrosurgical electrode "tube" holders for medical surgery & transmission connector terminals

The Company's existing customer, Company N, is committed to the production of medical devices, especially electrosurgical electrode, which accounts for about 25% of the global market share. Company N has also been developing different kinds of medical products such as smoke exhaust pipes for electrosurgical electrode and minimally invasive surgery instruments. The Company is currently working with customers in the healthcare industry to develop various products such as blood glucose monitors, blood pressure machines, and endoscope lenses, becoming their No. 1 key component supplier.

(B) Further expenditures expected for research and development work

Research and development expenses in 2024 are expected increase by 0.7% from 2023, accounting for 0.02% of the Company's consolidated revenue.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

At the Company, day-to-day business activities were conducted in accordance with domestic and foreign laws and regulations. The Company paid close attention to domestic and foreign policies and amendments and collected relevant information for the management's decision-making. Business strategies were also adjusted in a timely manner based on experts' opinions. As of today, the Company's financial operations were not affected by important policies adopted and changes in the legal environment at home and abroad.

- (5) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response

The Company paid close attention to the technological development of the electronics industry, implemented the cyber security management policy, and regularly conducted cyber security inspections in response to market trends. In the most recent year and up to the date of publication of the annual report, the Company's financial operations were not significantly affected by major technological changes and cyber security incidents.

- (6) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response

In 2023 and up to the date of publication of the annual report, there was no crisis arising from the change in the Company's corporate image.

- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

In 2023 and up to the date of publication of the annual report, the Company did not engage in any merger and acquisitions.

- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

In order to facilitate the medium to long-term business development, the company plans to construct new factory buildings in Taiwan and Shanghai, mainly to address operational expansion needs and provide sufficient space to meet customer demands. The company has already signed a real estate purchase contract for the new factory in Taiwan and intends to issue the second unsecured convertible corporate bond domestically for 1 billion NTD and raise 150 million NTD through cash injection, which will help reduce the company's financial risks, increase internal funding, strengthen competitiveness in the industry, and mitigate operational risks. The expected benefits are as follows:

Unit: NT\$ thousands

Year	Revenue	Gross Profit	operating profit
2024	228,705	52,702	45,447
2025	325,444	79,914	71,055
2026	390,682	97,851	88,746
2027	432,860	111,498	102,139
2028 and beyond	470,408	121,282	111,662

- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

The sources of purchases and sales involved different industrial characteristics and stages of operations. By analyzing the sources of purchases and sales, development goals, and industry trends, the Company continued diversifying the sources of purchases and sales to maintain balanced and robust operating results.

- (10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a ten percent stake in the Company

has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In the most recent year and up to the date of publication of the annual report, the Company did not have directors, supervisors, or shareholders holding greater than a ten percent stake in the Company who transferred or otherwise changed hands.

- (11) Effect upon and risk to the Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

In the most recent year and up to the date of publication of the annual report, the Company's operations were not affected by any change in governance personnel or top management. Also, the Company had a sound internal control system and regulations in place, which could minimize the impact and risk on the operations of any change in governance personnel or top management.

- (12) Litigious and non-litigious matters (list major litigious, non-litigious or administrative disputes that: (1) involve the Company and/or any director, any supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than ten percent, and/or any company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report): None.

- (13) Other important risks, and mitigation measures being or to be taken: None.

## 7 Other Important Matters

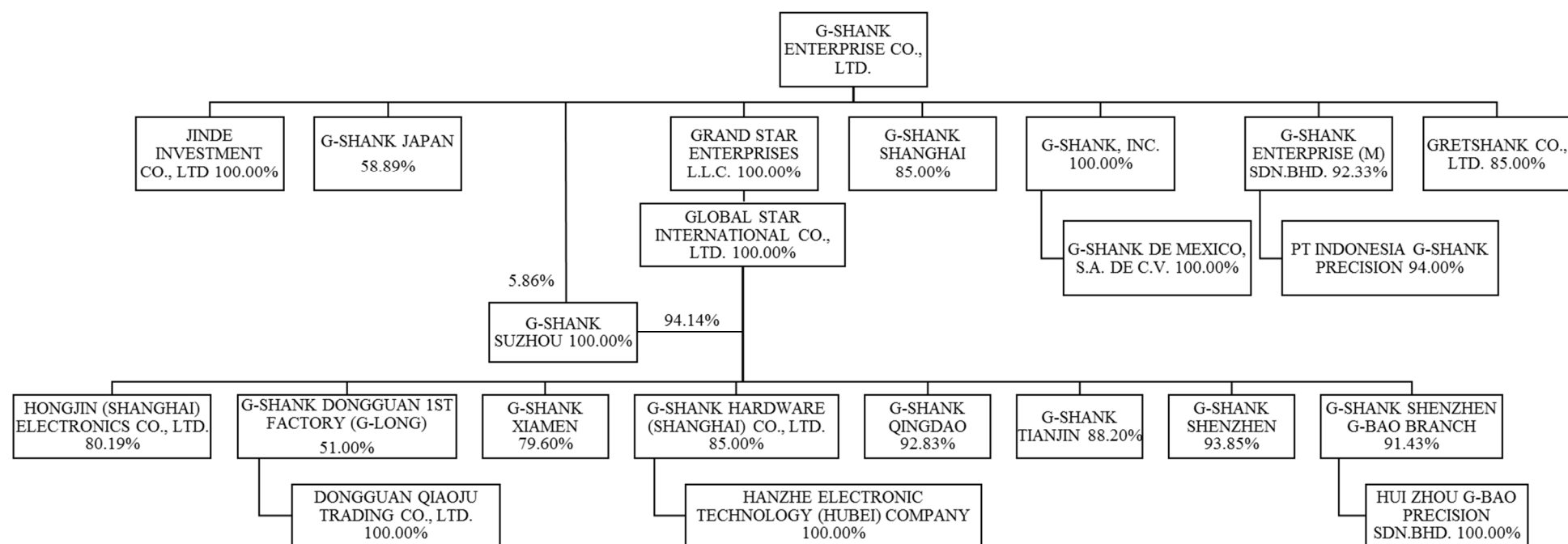
None.

## VIII. Special Items to Be Included

### 1. Information on Affiliates: Consolidated Business Report, Consolidated Financial Statements, and Affiliation Report for the Most Recent Fiscal Year

#### (1) Consolidated business report of affiliates

##### (A) Organizational chart of affiliates (as of December 31, 2023)



- (B) The name, incorporation date, address, paid-in capital, and main business items of each affiliate

Affiliate Profile  
December 31, 2023

Unit: NT\$ thousands

Affiliate	Incorporation Date	Address	Paid-in Capital	Main Business or Production Items
G-Shank Enterprise (M) Sdn.Bhd.	1989.6.13	Note 1	50,250 (MYR7,500 thousand)	Stamped parts and dies and fixtures
G-Shank, Inc.	1994.11.21	Note 2	30,710 (US\$1,000 thousand)	Stamped parts and dies and fixtures
G-Shank Shanghai Precision Machinery Co., Ltd.	1995.12.22	Note 3	307,100 (US\$10,000 thousand)	Progressive dies and hardware
Great-Shank Co., Ltd.	1998.6.16	Note 4	84,281 (THB93,750 thousand)	Progressive dies and hardware
Chin De Investment Co., Ltd	1999.3.22	Note 5	NT\$50,000	General investment
G-Shank De Mexico, S.A.De C.V.	1994.11.21	Note 6	279 (US\$9,092)	Stamped parts and dies and fixtures
Grand Star Enterprises L.L.C	2000.7.20	Note 7	547,447 (US\$17,826 thousand)	General investment
Global Star International Co.,Ltd.	2000.8.7	Note 8	590,185 (US\$19,218thousand)	General investment
Hong Jin (Shanghai) Electronics Co., Ltd.	2001.5.17	Note 9	48,829 (US\$1,590 thousand)	Progressive dies and hardware
G-Long Precision Machinery (Dong Guan) Co., Ltd.	2001.7.17	Note 10	92,130 (US\$3,000 thousand)	Progressive dies and hardware
Xiamen G-Shank Precision Machinery Co., Ltd.	2001.8.28	Note 11	76,775 (US\$2,500 thousand)	Progressive dies and hardware
G-Shank Precision Machinery (Suzhou) Co., Ltd.	2001.8.14	Note 12	42,994 (US\$1,400 thousand)	Planers, milling or molding machines, and progressive dies and hardware
Qingdao G-Shank Precision Sdn.Bhd.	2001.11.19	Note 13	122,840 (US\$4,000 thousand)	Progressive dies and hardware

Affiliate	Incorporation Date	Address	Paid-in Capital	Main Business or Production Items
Pt Indonesia G-Shank Precision	2002.3.19	Note 14	40,132 (IDR19,966 million)	Stamped parts and dies and fixtures
Tianjin G-Shank Precision Machinery Co., Ltd.	2004.1.19	Note 15	76,775 (US\$2,500 thousand)	Progressive dies and hardware
Shanghai G-Shank Precision Hardware Co., Ltd	2005.12.15	Note 16	9,213 (US\$300 thousand)	Progressive dies and hardware
Shenzhen G-Shank Precision Sdn.Bhd.	2006.8.31	Note 17	79,846 (US\$2,600 thousand)	Progressive dies and hardware
G-Shank Shenzhen G-Bao Branch	2007.11.19	Note 18	96,737 (US\$3,150 thousand)	Progressive dies and hardware
G-Shank Japan	2010.12.1	Note 19	19,566 (JPY90,000 thousand)	International trade
Hubei Hanstar Electronics Technology Co., Ltd.	2012.7.27	Note 20	82,251 (RMB19,000 thousand)	Progressive dies and hardware and electroplating
Dongguan Qiaojia Trading Co., Ltd.	2012.11.5	Note 21	11,802 (HK\$3,000 thousand)	Plastic hardware wholesale and import/export
Hui Zhou G-Bao Precision Sdn.Bhd.	2021.3.24	Note 22	238,095 (RMB55,000 thousand)	Precision progressive die and hardware products

Paid-in capital was converted at the exchange rates on December 31, 2023, including MYR1:NT\$6.7, US\$1:NT\$30.71, RMB1:NT\$4.329, THB1:NT\$0.899, IDR1:NT\$0.0020, JPY1:NT\$0.2174, and HK\$1:NT\$3.934.

- Note 1 : Plot 94, Bayan Lepas Industrial Estate 11900 Bayan Lepas, Penang, Malaysia.
- Note 2 : 1034 Old Port Isabel Rd., Suite 2 Brownsville, TX 78521, U.S.A.
- Note 3 : No. 19, Minyi Road, Xinqiao Town, Songjiang County, Shanghai City, China.
- Note 4 : 116. Moo 1 Hitech Industrial Estate, T.Banlane , A.Bang Pa-In , Ayutthaya Thailand 13160.
- Note 5 : 20F-2, No. 83, Section 1, Zhongxiao East Road, Zhongzheng District, Taipei City, Taiwan.
- Note 6 : NO.15, Gral, Pedro Hinojosa, cd industrial H.Matamoros, Tamps, Mexico.
- Note 7 : 201 Rogers Office Building Edwin Wallace Rey Drive George Hill Anguilla.
- Note 8 : Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman, KY1-9006 Cayman Islands.
- Note 9 : No. 19, Minyi Road, Xinqiao Town, Songjiang County, Shanghai City, China.
- Note 10 : Shanglang Industrial Zone, Shabian Village, Chang'an Town, Dongguan City, Guangdong Province, China.
- Note 11 : No. 109, Xiaguang Road, Haicang Xinyang Industrial Zone, Xiamen, Fujian Province, China.
- Note 12 : No. 688, Sanxing Road, Wujiang Economic Development Zone, Jiangsu Province, China.
- Note 13 : No. 108, Yanyang Road, Chengzhong Industrial Park, Chengyang District, Qingdao City, Shandong Province, China.

- Note 14 : Jl. Industri Kawasan JABABEKA Tahap II Block RR 5C-5D Cikarang-Bekasi 17530 Indonesia.
- Note 15 : No. 21, Sixth Avenue, Tianjin Economic-Technological Development Area, China.
- Note 16 : No. 19, Minyi Road, Xinqiao Town, Songjiang County, Shanghai City, China.
- Note 17 : No. 50, Shiweipinggang Industrial Zone, Jiangshi Community, Gongming Street, Baoan District, Shenzhen City, China.
- Note 18 : No. 50, Shiweipinggang Industrial Zone, Jiangshi Community, Gongming Street, Baoan District, Shenzhen City, China.
- Note 19 : 8F, Nishi-Shinbashi Excel Annex Building, 1-Chome-17-14, Shimbashi, Minato City, Tokyo, Japan.
- Note 20 : No. 7, Zhangtei Road, Zengcheng Economic & Technological Development District, Ezhou City, Hubei Province, China.
- Note 21 : No. 55, Shanglang Road, Shabian Village, Chang'an Town, Dongguan City, China.
- Note 22 : Zhengxing Avenue, Fengshan Village, Yuanzhou Town, Boluo County, Huizhou City, Guangdong Province.

(C) For companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act, the following particulars shall be disclosed: None.

(D) The industries covered by the business operated by the affiliates overall and connections existing among the businesses operated by individual affiliates

(a) The industries covered by the business operated by the affiliates overall Refer to “B. The name, incorporation date, address, paid-in capital, and main business items of each affiliate” above.

(b) Connections existing among the businesses operated by individual affiliates

Regarding the business dealings between G-Shank Enterprise Co., Ltd. and G-Shank Enterprise (M) Sdn. Bhd., G-Shank, Inc., Shanghai G-Shank Precision Machinery Co., Ltd., Great Shank Co., Ltd., Hong Jing (Shanghai) Electronics Co., Ltd., G-Long Precision Machinery (Dong Guan) Co., Ltd., Xiamen G-Shank Precision Machinery Co., Ltd., G-Shank Precision Machinery (Suzhou) Co., Ltd., Qingdao G-Shank Precision Sdn. Bhd., Pt Indonesia G-Shank Precision, Tianjin G-Shank Precision Machinery Co., Ltd, G-Shank Hardware (Shanghai) Co., Ltd., G-Shank Shenzhen, G-Shank Shenzhen G-Bao Branch, Hanzhe Electronic Technology (Hubei) Company, And G-Shank Japan, G-Shank Enterprise Co., Ltd. purchased some raw materials from affiliates and designed molds for them and charged fees for technology and management services; there were no significant transactions between affiliates. Chin De Investment Co., LTD., Grand Star Enterprises L.L.C., Global Star International Co.,Ltd., And Dongguan Qiaoju Trading Co., Ltd mainly engaged in short-term investment in TWSE/TPEX listed companies, general investment, and international trading. Apart from such short-term and long-term investment, G-Shank Enterprise Co., Ltd. did not attend to significant transactions with these affiliates.



(E) The names of the directors, supervisors, and president of each affiliate and the details of their shareholding or capital contribution in such affiliate

Information on Directors, Supervisors, and Presidents of Affiliates

May 10, 2024

Unit: Share; %

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Shareholding or Capital Contribution (%)
G-Shank Enterprise (M) Sdn.Bhd.	Chairman	Lin, Yu-Huang	75,000 shares	1.00%
	Managing Director & President	Hsu, Shih-Mu	50,250 shares	0.67%
	Director	Lin, Ying-Shuo (G-Shank Enterprise Co., Ltd. Representative)	6,924,750 shares	92.33%
	Director	Lu, Ting-Piao	450,000 shares	6.00%
G-Shank, Inc.	Chairman	Lin, Ying-Shou (G-Shank Enterprise Co., Ltd. Representative)	1,000 shares	100.00%
	Vice Chairman & President	Ching-Hung Lin (G-Shank Enterprise Co., Ltd. Representative)		
	Supervisor	Lin, Shean-Kuo (G-Shank Enterprise Co., Ltd. Representative)		
Shanghai G-Shank Precision Machinery Co., Ltd.	Chairman	Lin, Yu-Huang	US\$592,150	5.92%
	Director & President	Tseng, Chai-Jung	US\$907,850	9.08%
	Director	Lin, Ying-Shou (G-Shank Enterprise Co., Ltd. Representative)	US\$8,500,000	85.00%
Great-Shank Co., Ltd.	Chairman	Lin, Yu-Huang (G-Shank Enterprise Co., Ltd. Representative)	7,968,750 shares	85.00%
	Director & President	Chiu, Hao-Fan (G-Shank Enterprise Co., Ltd. Representative)		

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Shareholding or Capital Contribution (%)
Chin De Investment Co., LTD.	Chairman	Lin, Yu-Huang (G-Shank Enterprise Co., Ltd. Representative)	5,000,000 shares	100.00%
	Director	Chan, Mei-Chu (G-Shank Enterprise Co., Ltd. Representative)		
	Director	Lin, Ying-Chih (G-Shank Enterprise Co., Ltd. Representative)		
	Supervisor	Lin, Ying-Shou (G-Shank Enterprise Co., Ltd. Representative)		
G-Shank De Mexico,S.A.De C.V.	Chairman & President	Lin, Ching-Hung (G-Shank, Inc. Representative)	US\$9,091	100.00%
Grand Star Enterprises L.L.C.	Chairman	Lin, Yu-Huang (G-Shank Enterprise Co., Ltd. Representative)	US\$17,826,335.77	100.00%
Global Star International Co., Ltd.	Chairman	Lin, Yu-Huang (Grand Star Enterprises L.L.C. Representative)	US\$19,218,011.29	100.00%
Hong Jing (Shanghai) Electronics Co., Ltd.	Chairman	Lin, Ying-Shou (Global Star International Co., Ltd. Representative)	US\$1,275,000	80.19%
	President	Tseng, Chai-Jung	US\$136,178	8.56%
	Supervisor	Tseng, Zheng-Hao	—	—
G-Long Precision Machinery (Dong Guan) Co., Ltd.	Chairman	Lin, Shean-Kuo (Global Star International Co., Ltd. Representative)	US\$1,530,000	51.00%
	Director	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)		
	Director	Tseng, Chai-Jung (Global Star International Co., Ltd. Representative)		
	President	Tseng, Kuo-Shang	—	—
	Director	Theng, Bao-Hsiang	—	—
	Director	Huang, A-Yen (Kuai Lung Precision Industry Co., Ltd. Representative)	US\$1,470,000	49.00%

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Shareholding or Capital Contribution (%)
Xiamen G-Shank Precision Machinery Co., Ltd.	Chairman	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)	US\$1,990,000	79.60%
	Director	Lin, Shean-Kuo (Global Star International Co., Ltd. Representative)		
	Director	Lin, Ying-Shou (Global Star International Co., Ltd. Representative)		
	Director	Chung, Yuan-Chi	—	—
	Director & President	Wang, Chen-Yu	US\$30,000	1.20%
G-Shank Precision Machinery (Suzhou) Co., Ltd.	Chairman	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)	US\$1,671,825.38	100.00%
	Director	Lin, Ying-Shou (Global Star International Co., Ltd. Representative)		
	Director & President	Tseng, Chai-Jung (Global Star International Co., Ltd. Representative)		
	Supervisor	Chan, Mei-Yu	—	—
Qingdao G-Shank Precision Sdn.Bhd.	Chairman	Lin, Ying-Shou (Global Star International Co., Ltd. Representative)	US\$3,342,000	92.83%
	Director	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)		
	Director & President	Tseng, Chia-Jung (Global Star International Co., Ltd. Representative)		
	Supervisor	Lin, Ying-Chih	—	—
Pt Indonesia G-Shank Precision	Chairman	Lu, Chao-Ran (G-Shank Enterprise (M) Sdn.Bhd. Representative)	18,800 shares	94.00%
	Director & President	Lu, Ting-Chiang	800 shares	4.00%

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Shareholding or Capital Contribution (%)
Tianjin G-Shank Precision Machinery Co., Ltd	Chairman	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)	US\$2,205,000	88.2%
	Director	Lin, Shean-Kuo (Global Star International Co., Ltd. Representative)		
	Director & President	Tseng, Chai-Jung (Global Star International Co., Ltd. Representative)		
Shanghai G-Shank Precision Hardware Co., Ltd	Chairman	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)	US\$255,000	85%
	Director & President	Tseng, Chai-Jung (Global Star International Co., Ltd. Representative)		
	Director	Lin, Ying-Chih (Global Star International Co., Ltd. Representative)		
Shenzhen G-Shank Precision Sdn.Bhd.	Chairman	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)	US\$2,440,000	93.85%
	Director	Lin, Ying-Chih (Global Star International Co., Ltd. Representative)		
	Director & President	Tseng, Chai-Jung (Global Star International Co., Ltd. Representative)		
Shenzhen G-Bao Precision Sdn.Bhd.	Chairman	Lin, Yu-Huang (Global Star International Co., Ltd. Representative)	US\$2,880,000	91.43%
	Director	Lin, Ying-Shou (Global Star International Co., Ltd. Representative)		
	Director & President	Tseng, Chai-Jung (Global Star International Co., Ltd. Representative)		
	Supervisor	Lin, Shean-Kuo	—	—

Affiliate	Title	Name or Representative	Shareholding or Capital Contribution	
			Number of Shares Held/Amount of Contributions	Shareholding or Capital Contribution (%)
G-Shank Japan Co., Ltd.	Chairman	Shunji Oda (G-Shank Enterprise Co., Ltd. Representative)	1,060 shares	58.89%
	Director	Lin, Yu-Huang (G-Shank Enterprise Co., Ltd. Representative)		
	Director	Tseng, Chai-Jung	180 shares	10%
	Director	Lin, Ying-Shou	180 shares	10%
Hubei Hanstar Electronics Technology Co., Ltd.	Chairman	Lin, Yu-Huang (G-Shank Hardware (Shanghai) Co., Ltd. Representative)	RMB19,000,000 (Note)	100%
	President	Tseng, Chai-Jung		
	Supervisor	Lin, Ying-Chih	—	—
Dongguan Qiaojia Trading Co., Ltd.	Managing Director & President	Tseng, Kuo-Shang (G-Shank Dongguan 1st Factory (G-Long) Representative)	HK\$3,000,000	100%
	Supervisor	Kuo, Fu-Ming (G-Shank Dongguan 1st Factory (G-Long) Representative)		
Hui Zhou G-Bao Precision Sdn.Bhd.	Chairman & President	Peng, Chun-Kai (G-Shank Shenzhen G-Bao Branch Representative)	RMB55,000,000	100%
	Supervisor	Chang, Chien-Hsin (G-Shank Shenzhen G-Bao Branch Representative)		

Note: HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. originally had a registered capital of RMB 30,000,000. In May of 2023, the company reduced its capital and refunded RMB 11,000,000 to shareholders. After the reduction, the actual paid-up capital changed to RMB 19,000,000.

(F) The overview of the operations of affiliates (clearly describing the financial condition and operational results of each affiliate)

Overview of the Operations of Affiliates

December 31, 2023

Affiliate	Capital		Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	Earnings per Share (NT\$)
		(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	
G-Shank Enterprise (M) Sdn.Bhd. (Note 1)	TWD	50,250	480,518	36,659	443,859	262,353	53,322	80,359	
	MYR	7,500	71,719	5,472	66,247	38,429	7,810	11,771	15.69
Pt Indonesia G-Shank Precision (Note 5)	TWD	40,132	250,963	17,070	233,866	187,824	44,890	37,862	
	IDR	19,966,000	124,843,829	8,492,354	116,351,475	91,706,497	21,917,706	18,486,440	9.26
G-Shank, Inc. (Note 2)	TWD	30,710	378,460	3,064	375,396	234,826	16,001	24,108	
	US\$	1,000	12,324	100	12,224	7,546	514	775	7.75
Shanghai G-Shank Precision Machinery Co., Ltd. (Note 3)	TWD	307,100 (US\$10,000)	2,576,954	326,378	2,250,576	1,670,911	335,628	364,333	
	RMB		595,277	75,393	519,884	381,226	76,575	83,124	
Great Shank Co., Ltd. (Note 4)	TWD	84,281	170,190	14,685	155,505	102,247	22,940	19,881	
	THB	93,750	189,310	16,335	172,975	114,115	25,603	22,189	2.37
Chin De Investment Co., LTD.	TWD	50,000	54,336	66	54,270	2,033	1,947	1,558	0.31
Grand Star Enterprisesl L.L.C. (Note 2)	TWD	547,447 (US\$17,826)	1,615,978	0	1,615,978	115,900	115,862	115,865	1.95
Global Star International Co.,Ltd. (Note 2)	TWD	590,185 (US\$19,218)	1,603,243	0	1,603,243	115,449	115,281	115,281	1.76
Hong Jing (Shanghai) Electronics Co., Ltd. (Note 3)	TWD	48,829 (US\$1,590)	98,687	15,484	83,203	89,970	13,316	11,984	
	RMB		22,797	3,577	19,220	20,527	3,038	2,734	

Affiliate	Capital		Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	Earnings per Share (NT\$)
	(NT\$ thousands)		(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	
G-Long Precision Machinery (Dong Guan) Co., Ltd. (Note 3)	TWD	92,130	313,369	73,856	239,513	172,131	19,748	16,698	
	RMB	(US\$3,000)	72,388	17,061	53,327	39,272	4,506	3,810	
Xiamen G-Shank Precision Machinery Co., Ltd. (Note 3)	TWD	76,775	126,724	19,650	107,074	93,769	(1,712)	(1,242)	
	RMB	(US\$2,500)	29,273	4,539	24,734	21,394	(391)	(283)	
G-Shank Precision Machinery (Suzhou) Co., Ltd. (Note 3)	TWD	42,994	325,990	38,841	287,149	329,714	39,423	46,622	
	RMB	(US\$1,400)	75,304	8,972	66,332	75,226	8,995	10,637	
Qingdao G-Shank Precision Sdn.Bhd. (Note 3)	TWD	122,840	268,978	27,065	241,913	136,480	(3,688)	(1,410)	
	RMB	(US\$4,000)	62,134	6,252	55,882	31,138	(841)	(322)	
Shanghai G-Shank Precision Hardware Co., Ltd. (Note 3)	TWD	9,213	176,976	69,070	107,906	127,313	29,620	20,725	
	RMB	(US\$300)	40,881	15,955	24,926	29,047	6,758	4,729	
Tianjin G-Shank Precision Machinery Co., Ltd (Note 3)	TWD	76,775	284,583	41,624	242,959	251,715	33,779	37,660	
	RMB	(US\$2,500)	65,739	9,615	56,124	57,430	7,707	8,592	
Shenzhen G-Shank Precision Sdn.Bhd (Note 3)	TWD	79,846	108,898	5,234	103,664	41,916	(22,709)	(24,911)	
	RMB	(US\$2,600)	25,156	1,209	23,947	9,563	(5,181)	(5,683)	
Shenzhen G-Bao Precision Sdn.Bhd. (Note 3)	TWD	96,737	521,814	53,653	468,161	216,680	24,965	30,836	
	RMB	(US\$3,150)	120,539	12,394	108,145	49,436	5,696	7,035	
G-Shank Japan Co., Ltd. (Note 6)	TWD	19,566	33,288	8,363	24,925	47,987	8,433	4,924	
	JPY	90,000	153,118	38,468	114,650	217,331	38,193	22,302	
Hubei Hanstar Electronics Technology Co., Ltd. (Note 3)	TWD	82,251	88,965	3,104	85,861	45,654	(2,544)	(1,606)	
	RMB	19,000	20,551	717	19,834	10,416	(581)	(366)	

Affiliate	Capital		Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	Earnings per Share (NT\$)
	(NT\$ thousands)		(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	(NT\$ thousands)	
Dongguan Qiaaju Trading Co., Ltd (Note 3)	TWD	11,802	40,629	3,971	36,658	39,871	2,745	2,473	
	RMB	(HK\$3,000)	9,385	917	8,468	9,097	626	564	
Hui Zhou G-Bao Precision Sdn.Bhd. (Note 3)	TWD	238,095	287,620	46,043	241,577	0	(35)	2,142	
	RMB	55,000	66,440	10,636	55,804	0	(8)	489	

In the above table, earnings per share (NT\$) were based on the number of outstanding shares issued at the end of the period and expressed at a face value of NT\$10 per share (G-SHANK JAPAN's face value per share was calculated at JPY50,000).

Note 1: MYR to TWD exchange rate was 6.7:1 for balance sheet accounts and 6.827:1 for income statement accounts.

Note 2: USD to TWD exchange rate was 30.71:1 for balance sheet accounts and 31.12:1 for income statement accounts.

G-Shank De Mexico, S.A. De C.V. is a subsidiary held by G-Shank, Inc. of the United States with a 100% equity investment.

The total assets and revenue of G-Shank, Inc. already include those of G-Shank De Mexico, S.A. De C.V.

Note 3: RMB to TWD exchange rate was 4.329:1 for balance sheet accounts and 4.383:1 for income statement accounts.

HKD to TWD exchange rate was 3.934:1 for balance sheet accounts.

Note 4: THB to TWD exchange rate was 0.899:1 for balance sheet accounts and 0.896:1 for income statement accounts.

Note 5: IDR to TWD exchange rate was 0.0020:1 for balance sheet accounts and 0.0020:1 for income statement accounts.

Note 6: JPY to TWD exchange rate was 0.2174:1 for balance sheet accounts and 0.2208:1 for income statement accounts.



(2) Consolidated financial statements of affiliates

Companies that should be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as companies that should be included in the consolidated financial statements of the Company and its subsidiaries under IFRS 10 Consolidated Financial Statements endorsed and published by the Financial Supervisory Commission; in addition, information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforementioned consolidated financial statements of the Company and its subsidiaries. Therefore, the Company did not prepare the consolidated financial statements of affiliates separately.

(3) Affiliation report: Not applicable.

2. Private Placement of Securities during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report private placement of securities

None.

3. Holding or Disposal of Shares in the Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report

None.

4. Other Matters that Require Additional Description

None.

**IX. Any of the Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities during the Most Recent Fiscal Year or during the Current Fiscal Year Up to the Date of Publication of the Annual Report**

None.

# Attachment I

**G-SHANK ENTERPRISE CO., LTD.  
AND SUBSIDIARIES  
Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

*Notice to Readers*

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

## **REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of G-Shank Enterprise Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, G-Shank Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

G-SHANK ENTERPRISE CO., LTD.

By

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Yuhuang Lin

Chairman

March 8, 2024

# INDEPENDENT AUDITOR'S REPORT

To: G-SHANK ENTERPRISE CO., LTD.

## **Opinion**

We have audited the accompanying consolidated balance sheets of G-SHANK ENTERPRISE CO., LTD. (hereinafter referred to as "G-SHANK GROUP") and its subsidiaries as of December 31, 2023, and 2022, and the related consolidated statements of comprehensive income, retained earnings, and cash flows for the years then ended.

In our opinion, based on our audit and the audit reports of other independent auditors (please refer to the relevant paragraphs for details), the consolidated financial statements referred to above present fairly, in all material respects, the financial position of G-SHANK GROUP as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Financial Reporting Standards (IFRSs) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRSs), Interpretation (IFRIC) and Interpretative Announcement (SIC).

## **Basis for opinion**

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

## **Key audit matters**

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

## 1. Income recognition

Please refer to Note 4(17) to the consolidated financial statements for the accounting policy on income recognition. Also, please refer to Note 6(24) for the operating income in detail.

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

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

## 2. Inventory evaluation

Please refer to Note 4(11) of the consolidated financial statements for the accounting policy of inventory evaluation. please refer to Note 5(2)(D). of the consolidated financial statements for the major sources of uncertainty of significant estimates and assumptions. Please refer to Note 6(5). of the consolidated financial statements for inventory details.

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

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

## **Other matters**

Regarding the subsidiaries included in the consolidated financial report of G-SHANK GROUP and the relevant information of the subsidiaries disclosed in Note 13 of the consolidated financial report, the financial statements as of December 31, 2023, and 2022 of G-SHANK, INC. are prepared in conformity with the generally accepted principles of the USA, the financial statements as of December 31, 2023, and 2022 of GREAT-SHANK CO., LTD. are prepared in conformity with the generally accepted principles of Thailand, and the financial statements as of December 31, 2023, and 2022 of G-SHANK ENTERPRISE (M) SDN. BHD. are prepared in conformity with the generally accepted principles of Malaysia, which were audited by other certified public accountants instead of the independent auditor. The financial statements of G-SHANK, INC., GREAT-SHANK CO., LTD., and G-SHANK ENTERPRISE (M) SDN. BHD. are translated in conformity with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and International Financial Reporting Standards (IFRS) that was recognized by the Financial Supervisory Commission, International Accounting Standards, Interpretations, and Notices (IFRS), Interpretation (IFRIC) and Interpretative Announcement (SIC). The independent auditor has completed all necessary auditing procedures. Therefore, the opinions of the independent auditor on the unadjusted amounts in the aforementioned financial statements of the subsidiaries are based on the audit reports of other certified public accountants and the results of additional audit procedures performed by them in compliance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms” and generally auditing principles of the ROC. The total assets of the aforementioned subsidiaries were NT\$1,056,787 thousand and NT\$1,077,162 thousand on December 31, 2023, and 2022, accounting for 10.76% and 11.14% of the total consolidated assets, respectively. The net operating income from January 1 to December 31, 2023, and 2022 were NT\$787,250 thousand and NT\$794,679 thousand, accounting for 13.70% and 11.72% of the consolidated net operating income, respectively.

Please refer to the independent auditor’s report issued with additional sections added by the independent auditor for the 2023 and 2022 parent alone financial reports prepared by G-SHANK GROUP.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Chiung-hui Tseng  
Diwan & Company

Pin-chueh Li

March 8, 2024

Notice to Readers

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

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



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

## CONSOLIDATED BALANCE SHEET

(December 31, 2023 &amp; 2022 have been audited)

(In Thousands of New Taiwan Dollars)

ASSETS		Notes	December 31, 2023		December 31, 2022	
Code	Accounts		Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 & 6.(1)	\$ 3,707,859	38	\$ 4,006,405	41
1110	Financial assets at fair value through profit or loss - current	4 & 6.(2)	1,446,978	15	866,063	9
1150	Notes receivable, net	4,5,6.(3) & 6.(4)	41,327	-	42,518	-
1170	Accounts receivable, net	4,5 & 6.(4)	1,336,211	14	1,584,250	16
1180	Accounts receivable- related parties	4,5 & 7	3	-	15	-
1200	Other receivables	4,5 & 6.(4)	59,001	1	50,086	1
1220	Current tax assets	4 & 6.(29)	7,176	-	-	-
130x	Inventory	4,5 & 6.(5)	798,495	8	1,022,566	11
1470	Prepayments and Other current assets		48,080	-	40,416	-
1476	Other financial assets-current	4,6.(6) & 8	30,163	-	31,741	1
	Total current assets		<u>7,475,293</u>	<u>76</u>	<u>7,644,060</u>	<u>79</u>
15xx	Noncurrent Asset					
1517	Financial assets at fair value through other comprehensive income noncurrent	4,5,6.(7) & 6.(22)	320,903	3	262,023	3
1550	Investments accounted for using equity method	4 & 6.(8)	168,248	2	161,170	2
1600	Property, Plant and Equipment	4,5,6.(9) & 9	1,239,275	13	1,253,826	13
1755	Right-of-use asset	4,6.(10) & 6.(14)	257,954	3	255,416	3
1780	Intangible assets	4 & 6.(11)	661	-	1,037	-
1840	Deferred tax assets	4 & 6.(29)	15,205	-	29,112	-
1915	Prepayments for business facilities	4	328,695	3	46,394	-
1920	Refundable deposits		3,787	-	4,553	-
1990	Other noncurrent assets, others	8	11,426	-	11,722	-
	Total noncurrent Asset		<u>2,346,154</u>	<u>24</u>	<u>2,025,253</u>	<u>21</u>
1xxx	Total Assets		<u>\$ 9,821,447</u>	<u>100</u>	<u>\$ 9,669,313</u>	<u>100</u>

(CONTINUING)

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

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

## CONSOLIDATED BALANCE SHEET

(December 31, 2023 &amp; 2022 have been audited)

(In Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
Code	Accounts		Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	4,6.(12) & 6.(31)	\$ 1,210,000	12	\$ 1,070,000	11
2130	Contract liabilities - current	4 & 6.(24)	19,431	-	39,036	-
2170	Accounts payable	4	435,314	4	545,261	6
2180	Accounts payable-related parties	4 & 7	1,277	-	11,289	-
2200	Other payables	4,6.(9),6.(15) & 6.(25)	488,841	5	544,084	6
2220	Other payables-related parties	4 & 7	2,574	-	5,155	-
2230	Current tax liabilities	4 & 6.(29)	60,532	1	97,513	1
2280	Lease liabilities-current	4,6.(14) & 6.(31)	58,922	1	58,142	1
2322	Current portion of long-term loans payable	4,6.(13) & 6.(31)	-	-	38,735	-
2300	Other current liabilities		20,367	-	27,409	-
	Total current liabilities		2,297,258	23	2,436,624	25
25xx	Non-current liabilities					
2540	Long-term loans	4,6.(13) & 6.(31)	-	-	40,297	1
2570	Deferred tax liabilities	4 & 6.(29)	674,593	7	616,485	6
2580	Lease liabilities - noncurrent	4,6.(14) & 6.(31)	57,461	1	53,530	1
2640	Net defined benefit liabilities- noncurrent	4,5 & 6.(15)	29,956	-	31,929	-
2645	Guarantee deposits		10,669	-	4,704	-
	Total non-current liabilities		772,679	8	746,945	8
2xxx	Total liabilities		3,069,937	31	3,183,569	33
31xx	Equity attributable to owners of parent					
3100	Share capital	4,6.(16),6.(24) & 11				
3110	Ordinary shares		1,906,543	19	1,897,843	20
3140	Advance Receipts for Capital Stock		1,900	-	8,700	-
3200	Capital surplus	4,6.(17),6.(20),6.(23) & 11	489,905	5	472,021	5
3300	Retained earnings					
3310	Legal reserve	6.(18) & 6.(20)	981,760	10	892,927	9
3320	Special reserve	6.(19)	284,690	3	284,690	3
3350	Unappropriated earnings	4,6.(20) & 11	2,512,565	26	2,365,496	24
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements	4, 6.(21), 6.(22) & 6.(28)	(409,638)	(4)	(338,584)	(3)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	4, 6.(7), 6.(8), 6.(21) & 6.(28)	300,180	3	237,702	2
	Total equity attributable to owners of parent		6,067,905	62	5,820,795	60
36xx	Non-controlling interests	4 & 6.(22)	683,605	7	664,949	7
3xxx	Total Equity		6,751,510	69	6,485,744	67
	Total liabilities and equity		\$ 9,821,447	100	\$ 9,669,313	100

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Sales revenue	4,6.(24) & 7	\$ 5,746,318	100	\$ 6,781,030	100
5000	Operating costs	4,6.(5),6.(15),6.(25) & 7	(4,081,875)	(71)	(4,821,562)	(71)
5900	Gross profit from operations		1,664,443	29	1,959,468	29
6000	Operating expense	4,6.(14),6.(15) & 6.(25)				
6100	Selling and marketing expenses		(255,336)	(5)	(270,700)	(4)
6200	General and administrative expenses		(482,032)	(8)	(457,437)	(7)
6300	Research and development expenses		(171,853)	(3)	(194,023)	(3)
6450	Loss (reversal) of expected credit loss	4,5 & 6.(4)	2,360	-	2,373	-
	Total operating expense		(906,861)	(16)	(919,787)	(14)
6500	Net other income (expenses)	4,6.(9),6.(25) & 6.(26)	383	-	383	-
6900	Net operating income		757,965	13	1,040,064	15
7000	Non-operating income and expenses					
7100	Interest income	6.(27)	166,687	3	106,766	1
7010	Other income	6.(7) & 6.(27)	41,095	-	53,172	1
7020	Other gains and losses	6.(2),6.(9) & 6.(27)	54,854	1	(20,249)	-
7050	Finance costs	4,6.(14) & 6.(27)	(21,249)	-	(17,318)	-
7060	Share of the profit (loss) of associates	4,6.(8) & 6.(27)	9,987	-	11,233	-
7630	Foreign exchange gains (loss)	4 & 6.(27)	44,253	1	141,073	2
	Total non-operating income and expenses		295,627	5	274,677	4
7900	Profit (loss) from continuing operations before tax		1,053,592	18	1,314,741	19
7950	Income Tax Expense	4 & 6.(29)	(291,595)	(5)	(330,826)	(4)
8200	Profit (loss) for the period		761,997	13	983,915	15
8300	Other comprehensive income	4,6.(7),6.(8),6.(15),6.(21) & 6.(28)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss :					
8311	Remeasurements of the defined benefit plan		(596)	-	20,496	-
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		58,880	1	(37,315)	(1)
8320	Share of the other comprehensive (loss) income of associates		3,561	-	(4,046)	-
8349	Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
	Other comprehensive income (loss) that will not be reclassified to profit or loss		61,845	1	(20,865)	(1)
8360	Items that may be reclassified subsequently to profit or loss :					
8361	Exchange differences on translating foreign operations		(82,836)	(1)	114,643	2
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		(82,836)	(1)	114,643	2
	Total other comprehensive income (loss) for the period		(20,991)	-	93,778	1
8500	Total comprehensive income for the period		\$ 741,006	13	\$ 1,077,693	16
8600	Net profit (loss) attributable to :					
8610	Owners of the Corporation		\$ 675,040	12	\$ 867,603	13
8620	Non-controlling interests		86,957	1	116,312	2
	Net income		\$ 761,997	13	\$ 983,915	15
8700	Total comprehensive income attributable to :					
8710	Owners of the Corporation		\$ 665,831	12	\$ 950,006	14
8720	Non-controlling interests		75,175	1	127,687	2
	Total comprehensive income		\$ 741,006	13	\$ 1,077,693	16
	Earnings per share (dollar)	4 & 6.(30)				
9750	Basic		\$ 3.54		\$ 4.58	
9850	Diluted		\$ 3.49		\$ 4.49	

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

G-SHANK ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

Accounts	Equity Attributable to Owners of the Corporation								Total	Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings			Other Equity				
	Ordinary Shares	Advance Receipts for Capital Stock	Advance Receipts for Capital Stock	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 1,878,323	\$ -	\$ 452,744	\$ 827,106	\$ 284,690	\$ 1,937,433	\$ (441,852)	\$ 279,295	\$ 5,217,739	\$ 601,439	\$ 5,819,178
Appropriation of 2021 earnings (Note 6.(20))											
Legal reserve	-	-	-	65,821	-	(65,821)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(394,447)	-	-	(394,447)	-	(394,447)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	15	-	-	-	-	-	15	-	15
Received donation from shareholders	-	-	27	-	-	-	-	-	27	-	27
Net profit for 2022	-	-	-	-	-	867,603	-	-	867,603	116,312	983,915
Other comprehensive income for 2022	-	-	-	-	-	20,728	103,268	(41,593)	82,403	11,375	93,778
Total comprehensive income for 2022	-	-	-	-	-	888,331	103,268	(41,593)	950,006	127,687	1,077,693
Share-based payment expenses	19,520	8,700	19,235	-	-	-	-	-	47,455	-	47,455
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(64,177)	(64,177)
BALANCE AT DECEMBER 31, 2022	\$ 1,897,843	\$ 8,700	\$ 472,021	\$ 892,927	\$ 284,690	\$ 2,365,496	\$ (338,584)	\$ 237,702	\$ 5,820,795	\$ 664,949	\$ 6,485,744
Appropriation of 2022 earnings (Note 6.(20))											
Legal reserve	-	-	-	88,833	-	(88,833)	-	-	-	-	-
Cash dividends to ordinary shareholders	-	-	-	-	-	(438,505)	-	-	(438,505)	-	(438,505)
Share of the other comprehensive income of associates disposal equity instruments designated as at fair value through other comprehensive income	-	-	296	-	-	-	-	-	296	-	296
Received donation from shareholders	-	-	55	-	-	-	-	-	55	-	55
Net profit for 2023	-	-	-	-	-	675,040	-	-	675,040	86,957	761,997
Other comprehensive income for 2023	-	-	-	-	-	(633)	(71,054)	62,478	(9,209)	(11,782)	(20,991)
Total comprehensive income for 2023	-	-	-	-	-	674,407	(71,054)	62,478	665,831	75,175	741,006
Share-based payment transaction	8,700	(6,800)	17,533	-	-	-	-	-	19,433	-	19,433
Cash dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(56,519)	(56,519)
BALANCE AT DECEMBER 31, 2023	\$ 1,906,543	\$ 1,900	\$ 489,905	\$ 981,760	\$ 284,690	\$ 2,512,565	\$ (409,638)	\$ 300,180	\$ 6,067,905	\$ 683,605	\$ 6,751,510

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

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

(In Thousands of New Taiwan Dollars)

Description	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	\$ 1,053,592	\$ 1,314,741
Adjustments for		
The profit or loss items which did not affect cash flows:		
Depreciation	177,932	178,256
Amortization	15,352	27,341
Expected credit (gains) loss	(2,360)	(2,373)
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	(63,064)	18,383
Interest expenses	21,249	17,318
Interest income	(166,687)	(106,766)
Dividends income	(9,500)	(13,571)
Share-based payment expenses	15,766	5,595
Share of profit of associates ventures accounted for using the equity method	(9,987)	(11,233)
Loss on disposal of property, plant and equipment	8,115	1,824
Unrealized foreign exchange gains	(23,533)	(10,306)
Other item	(1,585)	-
Changes in operating assets and liabilities :		
Financial assets at fair value through profit or loss	(517,225)	261,804
Notes receivables	1,191	13,330
Accounts receivable	243,753	(102,216)
Accounts receivable-related parties	12	97
Other receivables	4,769	(11,024)
Inventories	219,521	64,625
Prepayments and Other current assets	(7,664)	12,278
Current contract	(19,605)	24,288
Accounts payable	(109,747)	(3,688)
Accounts payable-related parties	(10,012)	7,376
Other payables	(51,607)	(6,258)
Other payables-related parties	(2,581)	1,548
Other current liabilities	(7,042)	(16,667)
Net defined benefit liabilities	(2,569)	(9,589)
Cash generated from operating activities:	756,484	1,655,113
Interest received	152,986	99,646
Dividends received	9,500	13,571
Interest paid	(20,934)	(17,041)
Income tax paid	(263,737)	(273,264)
Net cash flows from operating activities	<u>634,299</u>	<u>1,478,025</u>

(Continuing)

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

(In Thousands of New Taiwan Dollars)

Description	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from investments accounted for using equity method	\$ 6,766	\$ 3,782
Acquisition of property, plant and equipment	(129,552)	(155,561)
Proceeds from disposal of property, plant and equipment	4,107	1,986
Decrease in refundable deposits	766	304
Acquisition of intangible assets	(456)	(600)
Acquisition of right-of-use assets	(2,539)	-
Decrease in other current financial assets	1,697	13,862
Increase in other noncurrent assets	(14,394)	(19,945)
Increase in prepayments for business facilities	(322,466)	(29,023)
Net cash (used in) provided by investing activities	<u>(456,071)</u>	<u>(185,195)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in Short-term loans	140,000	(190,000)
Issuance of Long-term loans	-	2,708
Repayment of long-term loans	(79,032)	-
Decrease in guarantee deposits received	7,550	-
Cash payment for the principal portion of the lease liabilities	(15,345)	(19,088)
Payment of cash dividends	(438,505)	(394,447)
Employee exercise of stock warrant	3,667	41,860
Cash dividends paid by subsidiaries to non-controlling interests	(56,519)	(64,177)
Other financing activities	55	27
Net cash used in financing activities	<u>(438,129)</u>	<u>(623,117)</u>
Effect of changes in exchange rate on cash and cash equivalents	<u>(38,645)</u>	<u>104,439</u>
Net (decrease) increase in cash and cash equivalents	(298,546)	774,152
Cash and cash equivalents at the beginning of the period	4,006,405	3,232,253
Cash and cash equivalents at the end of the period	<u>\$ 3,707,859</u>	<u>\$ 4,006,405</u>

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

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

**1. COMPANY HISTORY**

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

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

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

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

**2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE**

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

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

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

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

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

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

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



(Continuing)

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

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

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

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

**4. SUMMARY OF MAJOR ACCOUNTING POLICIES**

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

(1) Financial report preparation and measurement basis(A) Statement of Compliance

This consolidated financial report is prepared in accordance with the Financial Reporting Standards for Issuers of Securities (hereinafter referred to as the "Reporting Standards") and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Announcements (hereinafter referred to as the "IFRSs") approved and published by the Financial Supervisory Commission.

(Continuing)

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

(B) Measurement basis

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

(C) Functional and reporting currency

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

(2) The preparation scope of consolidated financial report

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

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

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

(Continuing)

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

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

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)	
				December 31, 2023	December 31, 2022
The company	CHIN DE INVESTMENT CO., LTD.	Taiwan	General investment	100.00	100.00
The company	GRAND STAR ENTERPRISES L.L.C.	Anguilla	General investment	100.00	100.00
The company	G-SHANK, INC.	USA	Sales of stamping parts molds, and fixtures, and holding company	100.00	100.00
The company	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	China Shanghai (Note)	Precision progressive die and hardware products	85.00	85.00
The company	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	China Suzhou (Note)	Planer, milling machine or die machine, precision progressives die, and hardware products	5.86	5.86
The company	G-SHANK ENTERPRISE (M) SDN. BHD.	Malaysia	Stamping parts molds and tools	92.33	92.33
The company	G-SHANK JAPAN CO., LTD.	Japan Tokyo	International trade	58.89	58.89
The company	GREAT-SHANK CO., LTD.	Thailand	Precision progressive die and hardware products	85.00	85.00
GRAND STAR ENTERPRISES L.L.C. (Note 4)	GLOBAL STAR INTERNATIONAL Co., LTD.	Cayman Islands	General investment	100.00	100.00
GLOBAL STAR INTERNATIONAL Co., LTD.	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	China Shanghai (Note )	Precision progressive die and hardware products	80.19	80.19
GLOBAL STAR INTERNATIONAL Co., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	China Dongguan (Note )	Precision progressive die and hardware products	51.00	51.00
GLOBAL STAR INTERNATIONAL Co., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	China Xiamen (Note )	Precision progressive die and hardware products	79.60	79.60

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

(Continuing)

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

(Continued from the last page)

Investing company	Subsidiary	Location	Business nature	Shareholding ratio (%)	
				December 31, 2023	December 31, 2022
GLOBAL STAR INTERNATIONAL Co., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	China Suzhou (Note)	Planer, milling machine or die machine, precision progressive die, and hardware products	94.14	94.14
GLOBAL STAR INTERNATIONAL Co., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	China Qingdao (Note)	Precision progressive die and hardware products	92.83	92.83
GLOBAL STAR INTERNATIONAL Co., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	China Shanghai (Note)	Precision progressive die and hardware products	85.00	85.00
GLOBAL STAR INTERNATIONAL Co., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	China Tianjin (Note)	Precision progressive die and hardware products	88.20	88.20
GLOBAL STAR INTERNATIONAL Co., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	China Shenzhen (Note)	Precision progressive die and hardware products	93.85	93.85
GLOBAL STAR INTERNATIONAL Co., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	China Shenzhen (Note)	Precision progressive die and hardware products	91.43	91.43
G-SHANK, INC.	G-SHANK DE MEXICO,S.A. DE C.V.	Mexico	Stamping parts molds and fixtures	100.00	100.00
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Indonesia	Stamping parts molds and fixtures	94.00	94.00
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	China Hubei (Note)	Precision progressive die and hardware products, and electroplating processing	100.00	100.00
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJU TRADING CO., LTD.	China Dongguan (Note)	Plastic hardware wholesale and import/export business	100.00	100.00
SHENZHEN G-BAO PRECISION SDN.BHD.	HUI ZHOU G-BAO PRECISION SDN.BHD.	China Huizhou (Note)	Precision progressive die and hardware products	100.00	100.00

(Continuing)

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

Note: The aforementioned companies are established in China where the foreign exchange control is enforced; therefore, the transfer of funds is restricted by local law and regulations. As of December 31, 2023 and 2022, the cash, bank deposits, and financial assets-current measured at amortized cost and other financial assets-current of the companies that are subject to foreign exchange control regulation were NT\$2,546,465 thousand, and NT\$2,158,306 thousand, respectively.

The subsidiaries of the Company are included in the consolidated financial statements in accordance with the regulations. The financial statements of G-SHANK, INC. , GREAT-SHANK CO., LTD., and G-SHANK ENTERPRISE (M) SDN. BHD. are audited by other certified public accountants. The total assets of the three subsidiaries were NT\$1,056,787 thousand and NT\$1,077,162 thousand on December 31, 2023 and 2022, respectively. The net revenue were NTD\$787,250 thousand and NTD\$794,679 thousand of 2023 and 2022.

As of December 31, 2023, the investment and shareholding ratios of the company and its subsidiaries are as follows:



(3) Principles for the preparation of consolidated financial report

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

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

(a) Without resulting in “loss of control”

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

(b) Resulting in “loss of control”

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

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

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

(B) Current liabilities include liabilities held primarily for trading purposes, liabilities that are expected to be settled within 12 months after the reporting period or liabilities expected to be settled within the regular business cycle, and liabilities that cannot be unconditionally deferred for 12 months after the reporting period. Liabilities other than current liabilities are classified as noncurrent liabilities.

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

(A) New Taiwan Dollar (NTD) is the Company's functional currency that is also applied for the presentation of the consolidated financial statements. The financial statements of each consolidated entity are prepared and presented in the functional currency of the entity. The financial performance and financial position of each consolidated entity are translated into NTD at the time of preparing the consolidated financial statements. The original recognition of foreign currency transactions by each consolidated entity is booked by having the foreign currency converted into the functional currency at the spot exchange rate between the functional currency and the foreign currency on the trade date. Monetary items in foreign currency are translated at the closing exchange rate on the reporting date; non-monetary items in foreign currency that are measured at historical cost are not retranslated on the reporting date; non-monetary items in foreign currency that are measured at fair value are translated according to the exchange rate on the date the fair value is determined. The exchange difference of monetary items is recognized as profit and loss upon occurrence. When the profit or loss of non-monetary items is recognized as other comprehensive profit and loss, the exchange component of the profit or loss is also recognized as other comprehensive profit and loss. When the profit or loss of non-monetary items is recognized as profit and loss, the exchange component of the profit or loss is also recognized as profit and loss.



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- (B) The assets and liabilities of foreign operating entities, including goodwill arising from acquisitions and fair value adjustments to the book value of the assets and liabilities acquired, are presented in their functional currency. When the functional currency is different from the presentation currency in a non-highly inflationary economy, the financial performance and financial position are converted into the presentation currency according to the following procedures:
- (a) The assets and liabilities on each balance sheet are translated at the closing exchange rate on the reporting date.
  - (b) The income and expenses on each consolidated income statement are translated at the average exchange rate of the current period; however, if the exchange rate fluctuates significantly, the exchange rate on the trade date shall prevail.
  - (c) All exchange differences arising from translation are recognized in “other comprehensive profit and loss.”

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

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

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

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

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

Financial assets measured at fair value through profit and loss include financial assets that are mandated to be measured at fair value through profit and loss and that are designated to be measured at fair value through profit and loss. Financial assets that are mandated to be measured at fair value through profit and loss include the Company's investments in equity instruments not

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

(b) Financial assets measured at amortized cost

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

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

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

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

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

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

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

(d) Financial liabilities measured at amortized cost

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

(e) The non-hedging derivatives and embedded derivatives

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

(8) Measurement at fair value

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

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

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

(9) Delisting of financial assets and liabilities

(A) Financial assets

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

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respective book value is amortized based on the relative fair value of the continuously recognized portion of the assets. If a financial asset does not qualify for the de-listing transfer, the entire transferred asset is recognized continuously, and the consideration received is recognized as a financial liability.

(B) Financial liabilities

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

(10) Asset impairment

(A) Impairment of financial assets

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

- (c) The book value of the aforementioned financial assets is adjusted down with the allowance for losses. The appropriation and reversal of the allowance for loss are recognized in profit and loss.

(B) Impairment of non-financial assets

For the assets subject to IAS 36 “Impairment of Assets,” except for goodwill, intangible assets with an undetermined useful life, and intangible assets not yet available for use are with an impairment test performed annually and when there are indications that they may be impaired, the GROUP assesses assets to determine whether there is any indication of impairment on each reporting date. If there is an indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount refers to the fair value of the assets or the cash-generating unit net of the cost of sales and the values in use whichever is higher. If the recoverable amount of the asset is lower than the book value, the said book value must be reduced to be equal to the recoverable amount and the amount of reduction is the impairment loss that is to be recognized in profit and loss. If there is any indication of the recovery or decrease of the previously recognized impairment loss of assets, except for goodwill, on the reporting date subsequently, the recoverable amount of the asset should be re-estimated. If the estimated recoverable amount of the assets is increased as a result of a change in the estimation, the impairment loss should be reversed. However, the increased book value of the asset arising from the reversal of the impairment loss shall not exceed the book value of the asset net of the amortization or depreciation, but before recognizing the impairment.

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

(11) Inventory

Inventory cost includes all purchase costs, processing costs, and other costs incurred for bringing the inventory to its current location and condition. It is calculated in accordance with the weighted average cost method to allocate inventory cost. The yearend inventory

is measured at the lower cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost to completion and the estimated sales expenses after the completion.

(12) Investments under the equity method

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



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equity method” and “additional paid-in capital” when the significant influence is intact. If the aforementioned adjustment is debited to the “additional paid-in capital,” and there is an insufficient balance of additional paid-in capital from the investment under the equity method, the difference should be debited to the “retained earnings.” However, if it is not subscribed proportionally to the shareholdings and results in a decrease in the ownership interest, in addition to the aforementioned adjustment, the profit or loss related to the decrease in the ownership interest that has been previously recognized in other comprehensive profit and loss, which has also been reclassified to profit and loss when the relevant assets or liabilities are disposed, shall be reclassified to profit and loss proportionally to the decreased amount.

- (E) When the GROUP loses significant influence on the affiliated enterprise, the GROUP recognizes the remaining investment in the former affiliated enterprise at the fair value on the date of losing significant influence. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of losing significant influence is recognized in profit and loss. For the amounts recognized in other comprehensive profit and loss related to the affiliated enterprise, the accounting base is the same as if the related assets or liabilities are disposed directly by the GROUP.
- (F) The unrealized profit and loss of the transactions conducted between the GROUP and affiliated enterprise is written off within the scope of its equity related to the GROUP.
- (G) The GROUP will confirm whether there is objective evidence indicating that the affiliated enterprise has suffered impairment on the reporting date in accordance with IAS 39. If the occurrence of the said impairment is confirmed, the overall book value of the investment will be deemed as a single asset. According to IAS 36, compare the recoverable amount (value in use or fair value deducts cost of sale, whichever is higher) and the book value for an impairment test. The recognized impairment loss is not allocated to goodwill and any assets, but credited to the book value of the investment in the affiliated enterprise. The reversal amount of the impairment loss, if any, is recognized to the extent of a subsequent increase in the recoverable amount of the investment.

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(13) Property, plant and equipment

(A) Property, plant and equipment are used for production or labor services, leased to others, or held for management purposes. It is recognized and subsequently measured at cost, which is an amount net of the accumulated depreciation and accumulated impairment losses. The cost of assets refers to the cash, cash equivalents, or the fair value of the consideration paid to acquire or construct the assets, including the cost related to dismantling, removing, and recovering the location. When the useful lives of the significant components of property, plant and equipment are different, it should be processed as an item separated from the property, plant and equipment.

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

House, building, and auxiliary equipment	3-50	years
Machinery equipment	2-12	years
Transportation equipment	4-10	years
Office equipment	3-10	years
Other equipment	3-15	years

(C) Replacement and significant inspection costs are recognized in the book value of the property, plant and equipment. Routine maintenance expenses incurred are recognized in profit and loss. The cost of loans that are used to acquire, construct, or produce qualified assets is capitalized and incorporated into the cost of the assets.

- (D) The property, plant and equipment are delisted at the book value when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(14) Lease

(A) The GROUP is the lessor

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

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

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

(B) The GROUP is the lessee

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

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

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

(15) Intangible assets

- (A) Computer software, etc., acquired independently that are intangible assets with limited service-life, is measured at cost in accordance with the straight-line method over the average useful life of 3 years. Examine the amortization period and amortization method of the intangible assets with limited service-life on each reporting date. If the estimated useful life is different from the estimation, the amortization period will be changed accordingly. If the expected consumption pattern of the future economic benefits of the asset has changed, the amortization method will be adjusted to reflect the said change, which will be processed as a change in accounting estimate. Once the tangible assets with limited useful life is with impairment loss recognized, the amortization expense of the asset in the future period is adjusted based on the amended book value of the assets in accordance with the straight-line method over the remaining useful life.

(B) The intangible asset is delisted when it is disposed of or when it cannot generate future economic effect through use or disposition. The profit or loss resulted from the delisting is recognized in profit and loss; also, the profit may not be classified as income.

(C) The expenses incurred in the research phase are expensed. The expenses incurred in the development stage are recognized as intangible assets when the specified conditions are met, but expenses that do not meet the requirements will be expensed upon incurred in the research phase.

(16) Equity instrument

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

(17) Income recognition

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

Sale of goods

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

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

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

(18) Loan cost

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

(19) Employee welfare

(A) Short-term employee welfare

It refers to the employee benefits (except for employment termination benefits) that are expected to be fully paid within 12 months after the annual reporting period for the services provided by employees, which is measured at the undiscounted amount expected to be paid in exchange for employee services, and it is recognized as an

expense and liability. The expected cost of profit sharing and dividend payment is recognized as an expense and liability in accordance with the provision stated in the preceding paragraph due to a current legal or presumed payment obligation arising from past events with an amount that can be estimated reliably.

(B) Employee benefits - retirement benefits

- (a) All full-time employees of the company are entitled to the retirement plan. The entire employee pension fund is deposited in the pension fund account and managed by the Labor Retirement Reserve Committee. The aforementioned pension fund is deposited in the name of the Labor Retirement Reserve Committee that is completely separated from the company; therefore, it is not included in the aforementioned consolidated financial report. The retirement plan for employees of foreign subsidiaries is handled in accordance with local law and regulations.
- (b) For a defined contribution plan, the company's monthly employee pension contribution rate shall not be less than 6% of the employee's monthly salary, and the contributed amount is recognized as the current expense. Foreign subsidiaries are to appropriate a certain percentage of the salary as pension according to the local law; also, it is recognized as a current expense.
- (c) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings.

(20) Share-based payment

- (A) For share-based payment transactions with equity delivered to the employees, the fair value of the labor service received from the employees is based on the fair value of the equity instrument on the delivery day. If the delivered equity instrument is immediately vested without providing labor service in a specific period, the labor services received are recognized in full on the delivery date with the equity increased relatively. If it is not immediately vested until the labor services are completed in a specific period, it is presumed that the labor service

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provided by the counterparty as the consideration for the equity instrument will be received in the future vested period, and it is recognized as a remuneration expense in the vested period with the equity increased relatively. The recognition of remuneration expense is based on the best estimate of the equity instruments expected to be vested during the vested period. If the expected vested equity instruments are subsequently found to be different from the estimation, the said estimation will be amended, if necessary, so to match up with the final vested equity instrument on the vested day.

- (B) The fair value of equity instruments is measured according to the market price available on the measurement date and the terms and conditions related to the decision-making in vesting equity instruments. If the market price is not available, apply appropriated estimation techniques to estimate the price of the delivered equity instruments on the measurement date in an arms-length transaction between the two parties who are fully understanding and willing to trade in order to estimate the fair value of the equity instruments. Also, the aforementioned evaluation techniques are consistent with generally accepted evaluation techniques for financial instrument pricing, and all the elements and assumptions related to the pricing are considered by the traders who are fully understanding and willing to trade are included.

(21) Income tax

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



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- (D) Deferred income tax assets and liabilities are measured at the tax rate applicable when the temporary difference is expected to reverse that has been legislated or substantively legislated on the reporting date. Deferred income tax assets and liabilities can only be applied to offset current income tax assets and liabilities lawfully; also, it is limited to the same taxpayer and the same levying tax authority; or it can be offset by different taxpayers when the intention is to have the net current income tax liabilities and assets offset, or the income tax liabilities and assets will be realized at the same time.
  
- (E) The outstanding taxable losses, income tax credit, and deductible temporary differences are recognized as deferred income tax assets to the extent of the potential taxable income that occurred in the future. Also, the deferred income tax assets are evaluated on each reporting day and adjusted down to the extent of the relevant tax benefit unlikely to be realized.
  
- (F) For the domestic subsidiaries of the Group, for the additionally levied business income tax on the unappropriated earnings of the year, the income tax expense of the unappropriated earnings is recognized according to the actual earnings distribution that is resolved in the shareholders meeting of the following year.

(22) Earnings per share

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

(23) Operating department reports

The operating department is an integral part of the GROUP and is engaged in operating activities that may generate income and incur expenses (including income and expenses from the transactions conducted with other components of the GROUP). The main

business decision-maker of the GROUP will review the operating results periodically for deciding the distribution of resources and assessing departmental performance; also, the said department is with separate financial information available.

(24) Government grants

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

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

The management must make judgments, estimations, and assumptions when preparing the 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.

- (1) The management's judgments regarding the significant impact on the amounts recognized in the consolidated financial statements during the process of adopting accounting policies: Please refer to Note 6.(9)(G) to the consolidated financial statements for the classification of investment property.

- (2) The other main sources of information related to the uncertainties of assumptions and estimation that may have resulted in significant adjustments to the book value of assets and liabilities in the next financial year on the reporting date are described as follows:

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

As stated in Note 6.(15) to the consolidated financial statements, the defined benefit obligations and expenses are measured with actuarial assumptions made, including demographic and financial assumptions related to the employees eligible for benefits in the future. Any change in the actuarial assumptions may result in actuarial profit and loss and thus affect the net defined benefit liability.

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

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

(B) Fair value of financial instruments

As stated in Note 4.(8) of the consolidated financial statements, financial assets-noncurrent measured at fair value through other comprehensive profit and loss are financial instruments without an active market; therefore, their fair value is determined with appropriate evaluation techniques adopted. The said valuation techniques include the recent arm's-length transactions conducted in the market, reference to the current fair value of another financial instrument that is substantially equivalent, and other valuation models. The measurement of the fair value could be affected by any change in assumptions and estimates. Please refer to Note 12.(2)(D) to the consolidated financial statements for details.

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

(C) Impairment of accounts receivable

As stated in Note 4.(10), 6.(3), and 6.(4) to the consolidated financial statements, allowance for loss of the accounts receivable is measured simply at the expected credit loss during the duration on the reporting date. Receivables are classified according to the nature of the common risks that indicate the customer's ability to pay all payables in accordance with the contractual terms, taking into account the consideration of the reasonable and verifiable information (obtainable on the reporting date without excessive costs or inputs) related to past events, current conditions, and forecasts of future economic conditions; also, the expected credit loss is estimated on the basis of the probability of default and the expected credit loss rate. If the classification of receivables and the estimation of the probability of default and the expected credit loss rate is changed by the management of the GROUP or is changed due to the economic conditions, the estimated allowance for losses of the receivables will be affected inevitably.

The GROUP's net receivables amounted to NT\$1,436,542 thousand [including net notes receivable, net accounts receivable (including related parties), and other receivables] on December 31, 2023, net of the estimated allowance for loss of NT\$25,871 thousand.

(D) Inventory evaluation

As stated in Note 4.(11) of the consolidated financial statements, the yearend inventory is measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is itemized, except for inventories of the same category. The net realizable value refers to the amount resulted from the estimated selling price in the course of business net of the estimated additional cost needed for project completion and the estimated sales expenses after the project completion. The said estimation is based on the current market conditions and historical sales experience in similar products, which could be significantly affected by the changes in market conditions.

The book value of the GROUP's inventories was NT\$798,495 thousand on December 31, 2023, net of the allowance for inventory loss in valuation amounted to NT\$79,607 thousand.

(Continuing)

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash and petty cash	\$5,921	\$6,389
Checking deposit and savings deposit	1,119,848	1,610,626
Time deposits	2,582,090	2,389,390
Total	<u>\$3,707,859</u>	<u>\$4,006,405</u>

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets measured at fair value through profit and loss mandatorily</u>		
Acquisition cost:		
Funds	\$83,904	\$60,882
Bonds	1,372,946	893,375
SWAP contracts	-	-
Subtotal	<u>1,456,850</u>	<u>954,257</u>
Evaluation adjustment:		
Funds	\$974	\$174
Bonds	(11,194)	(94,622)
SWAP contracts	348	6,254
Subtotal	<u>(9,872)</u>	<u>(88,194)</u>
Total	<u>\$1,446,978</u>	<u>\$866,063</u>

(Continuing)

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

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

Financial instrument	Nominal principal (NT\$ Thousand)	Currency	Due date
<u>December 31, 2023</u>			
SWAP contract	USD 3,700	USD:NTD	01.05.2024
SWAP contract	USD 5,000	USD:NTD	01.31.2024
SWAP contract	USD 1,000	USD:NTD	02.16.2024
Total	USD 9,700		
<u>December 31, 2022</u>			
SWAP contract	USD 900	USD:NTD	01.05.2023
SWAP contract	USD 4,200	USD:NTD	01.17.2023
SWAP contract	USD 5,000	USD:NTD	01.31.2023
SWAP contract	USD 1,080	USD:NTD	02.10.2023
SWAP contract	USD 3,300	USD:NTD	02.13.2023
SWAP contract	USD 2,000	USD:NTD	03.27.2023
Total	USD 16,480		

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

- (B) The Group's valuation losses of financial assets and liabilities at fair value through income were NT\$63,064 thousand and NT\$(18,383) thousand for the years ended December 31, 2023 and 2022, respectively, which were booked in the "Non-operating income and expenses - other profit and loss" account.
- (C) The aforementioned financial assets measured at fair value through profit and loss had not been provided as collateral or mortgaged.

(Continuing)

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

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

(3) Notes receivable - net

	December 31, 2023	December 31, 2022
Notes receivable	\$41,327	\$42,518
Less: Allowance for loss	-	-
Net amount	<u>\$41,327</u>	<u>\$42,518</u>

(4) Accounts receivable - net

	December 31, 2023	December 31, 2022
Accounts receivable	\$1,362,082	\$1,612,966
Less: Allowance for loss	(25,871)	(28,716)
Net amount	<u>\$1,336,211</u>	<u>\$1,584,250</u>

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

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

(Continuing)

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

	For the years ended December 31,	
	2023	2022
Balance - beginning	\$28,716	\$30,641
Allowance account for the impairment of notes receivable, accounts receivable, and other receivables	-	-
Allowance reversal account for the impairment of notes receivable, accounts receivable, and other receivables	(2,360)	(2,373)
Exchange difference	(485)	448
Balance - ending	\$25,871	\$28,716

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

(5) Inventory

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

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



(Continuing)

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

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

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Inventory booked in “cost of goods sold”	\$4,088,230	\$4,828,157
Recovery of the net cash value of inventory	(1,491)	(9,237)
Inventory loss	(4,864)	2,642
Total operating cost	<u>\$4,081,875</u>	<u>\$4,821,562</u>

(B) For the years 2023 and 2022, a portion of the provision for inventory impairment was reversed due to the recovery of raw material prices, their utilization, or the completion and sale of work-in-progress or finished goods, resulting in the elimination of factors causing the net realizable value of inventory to be lower than its cost. This led to the recognition of inventory net realizable value recovery, resulting in a decrease in cost of goods sold of NT\$1,491 thousand and NT\$9,237 thousand, respectively.

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

(6) Other financial assets-current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposit	\$22,223	\$23,179
Restricted assets – bank deposit	303	1,179
Special account for transferring overseas funds back to Taiwan		
Time deposit	7,637	7,383
Total	<u>\$30,163</u>	<u>\$31,741</u>

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

(Continuing)

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

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

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

- (A) Equity instrument investment measured at fair value through other comprehensive profit and loss was not an available-for-trade investment; therefore, the Group chose to have it designated as measured at fair value through other comprehensive profit and loss.
- (B) The Group had recognized dividend income from the investment in equity instrument measured at fair value through other comprehensive profit and loss were NT\$9,500 thousand, and NT\$13,571 thousand for the years ended December 31, 2023 and 2022, respectively.
- (C) The Group did not have cumulative profit or loss transferred within equity for the years ended December 31, 2023 and 2022.
- (D) The aforementioned financial assets measured at fair value through other comprehensive profit and loss had not been provided as collateral or mortgaged.
- (E) Please refer to Note 12.(2)(C)(a) and (b) of the consolidated financial report for the disclosure of the market risk and credit risk of the Group's financial asset measured at fair value through other comprehensive profit and loss.

(Continuing)

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

(8) Investment under the equity method

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

Affiliated enterprises	December 31, 2023	Equity holding ratio (%)	December 31, 2022	Equity holding ratio (%)
SUNFLEX TECHNOLOGY CO., LTD. (Note)	<u>\$168,248</u>	14.49	<u>\$161,170</u>	14.49

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

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

	For the years ended December 31,	
	2023	2022
Net profit of the continuing business unit – current	\$9,987	\$11,233
Other comprehensive profit and loss (after tax) - current	<u>3,561</u>	<u>(4,046)</u>
Total comprehensive profit and loss - current	<u>\$13,548</u>	<u>\$7,187</u>

(Continuing)

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

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

	For the years ended December 31,	
	2023	2022
Balance - beginning	\$161,170	\$157,750
Dividends pay from associates	(6,766)	(3,782)
Profit (loss) amount - current	9,987	11,233
Changes in the affiliated enterprises under the equity method	296	15
The share enjoyed by the reassessment number of the welfare plan	(37)	232
The share of unrealized gains (losses) from changes in fair value of financial assets measured at fair value through other comprehensive income.	3,598	(4,278)
Balance - ending	<u>\$168,248</u>	<u>\$161,170</u>

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

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

(Continuing)

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

(9) Property, plant and equipment

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

For the years ended December 31, 2023

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2023	\$134,237	\$1,059,748	\$2,407,211	\$103,678	\$102,304	\$225,462	\$6,573	\$4,039,213
Addition	-	24,567	31,054	3,664	4,817	14,849	46,762	125,713
Disposition	-	(22,374)	(47,867)	(5,467)	(2,495)	(10,305)	-	(88,508)
Reclassification	-	3,440	43,284	-	(53)	2,933	(4,889)	44,715
Exchange difference	267	(11,938)	(29,790)	(812)	(1,682)	(1,904)	(606)	(46,465)
Balance at December 31, 2023	134,504	1,053,443	2,403,892	101,063	102,891	231,035	47,840	4,074,668
<u>Accumulated depreciation:</u>								
Balance at January 1, 2023	-	674,080	1,799,358	73,372	69,294	169,283	-	2,785,387
Depreciation	-	43,070	88,721	8,549	7,951	11,885	-	160,176
Disposition	-	(19,796)	(39,467)	(5,379)	(2,381)	(9,263)	-	(76,286)
Reclassification	-	-	16	-	(16)	-	-	-
Exchange difference	-	(6,619)	(24,002)	(706)	(1,095)	(1,462)	-	(33,884)
Balance at December 31, 2023	-	690,375	1,824,626	75,836	73,753	170,443	-	2,853,393
Carrying amount at December 31, 2023	\$134,504	\$362,708	\$579,266	\$25,227	\$29,138	\$60,592	\$47,840	\$1,239,275

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

(Continuing)

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

For the years ended December 31, 2022

Cost	Land	House & building	Machinery equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment yet to be tested	Total
Balance at January 1, 2022	\$132,077	\$1,032,330	\$2,285,753	\$100,235	\$98,375	\$215,510	\$90	\$3,864,370
Addition	-	10,282	107,410	5,661	7,079	9,441	13,345	153,218
Disposition	-	(358)	(36,235)	(3,951)	(5,429)	(2,508)	-	(48,481)
Reclassification	-	-	11,899	-	92	39	(6,874)	5,156
Exchange difference	2,160	17,494	38,384	1,733	2,187	2,980	12	64,950
Balance at December 31, 2022	134,237	1,059,748	2,407,211	103,678	102,304	225,462	6,573	4,039,213
<u>Accumulated depreciation:</u>								
Balance at January 1, 2022	-	620,112	1,715,568	66,903	65,103	157,908	-	2,625,594
Depreciation	-	43,999	85,469	9,046	7,616	11,205	-	157,335
Disposition	-	(189)	(33,282)	(3,880)	(4,954)	(2,366)	-	(44,671)
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	-	10,158	31,603	1,303	1,529	2,536	-	47,129
Balance at December 31, 2022	-	674,080	1,799,358	73,372	69,294	169,283	-	2,785,387
Carrying amount at December 31, 2022	\$134,237	\$385,668	\$607,853	\$30,306	\$33,010	\$56,179	\$6,573	\$1,253,826

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

- (B) The Group's major building constituents mainly include the main plant buildings, workshops, and plant decoration, which are depreciated according to their service life of 3-50 years.
- (C) The Group did not acquire property, plant and equipment that caused the capitalization of the loan cost for the years ended December 31, 2023 and 2022.
- (D) The Group did not have any impairment occurred to the property, plant and equipment for the years ended December 31, 2023 and 2022.
- (E) The aforementioned property, plant and equipment had not been provided as collateral or mortgaged.
- (F) The acquired property, plant and equipment listed in the consolidated cash flow statement :

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
The current addition of property, plant and equipment listed in Note 6(9)(A) of the consolidated financial report	\$125,713	\$153,218
Add: Equipment payable - beginning	14,194	16,537
Less: Equipment payable - ending	<u>(10,355)</u>	<u>(14,194)</u>
Cash outflow for the acquisition of property, plant and equipment	<u>\$129,552</u>	<u>\$155,561</u>

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

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

- (a) The company had part of the plant building leased to BAIYUE PRECISION CO., LTD. (hereinafter referred to as "BAIYUE") for a period from October 1, 2021 to September 30, 2022. The lease contract was renewed on September 30, 2022 for a lease period from October 1, 2022 to September 30, 2023. The lease contract was renewed on September 30, 2023 for a lease period from October 1, 2023 to September 30, 2024.

(Continuing)

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

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

(10) Right-of-use assets

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

Cost	For the years ended December 31, 2023		
	Land	House & building	Total
Balance at January 1, 2023	\$203,775	\$124,742	\$328,517
Addition	2,539	22,713	25,252
Due/transfer amount	-	(21,366)	(21,366)
Reclassification	-	-	-
Exchange difference	(3,854)	(2,629)	(6,483)
Balance at December 31, 2023	202,460	123,460	325,920
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	7,723	65,378	73,101
Depreciation	1,911	15,845	17,756
Due/transfer amount	-	(21,366)	(21,366)
Exchange difference	(210)	(1,315)	(1,525)
Balance at December 31, 2023	9,424	58,542	67,966
Carrying amount at December 31, 2023	<u>\$193,036</u>	<u>\$64,918</u>	<u>\$257,954</u>



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

(Continuing)

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

Cost	For the years ended December 31,2022		
	Land	House & building	Total
Balance at January 1, 2022	\$64,410	\$117,687	\$182,097
Addition	47,288	5,483	52,771
Due/transfer amount	-	-	-
Reclassification	91,088	-	91,088
Exchange difference	989	1,572	2,561
Balance at December 31, 2022	<u>203,775</u>	<u>124,742</u>	<u>328,517</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	5,827	45,876	51,703
Depreciation	1,920	19,001	20,921
Due/transfer amount	-	-	-
Exchange difference	(24)	501	477
Balance at December 31, 2022	<u>7,723</u>	<u>65,378</u>	<u>73,101</u>
Carrying amount at December 31, 2022	<u><u>\$196,052</u></u>	<u><u>\$59,364</u></u>	<u><u>\$255,416</u></u>

- (B) The Group did not have the right-of-use assets sublet for the years ended December 31, 2023 and 2022.
- (C) The Group did not have any impairment occurred to the right-of-use assets for the years ended December 31, 2023 and 2022.
- (D) The aforementioned right-of-use assets had not been provided as collateral or mortgaged.

(Continuing)

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

(11) Intangible assets

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

Cost	Years ended December 31,	
	2023	2022
Balance - beginning	\$3,310	\$5,612
Addition - current	456	600
Decrease in the current period – delisted on the due date	(1,797)	(2,934)
Exchange difference	(1)	32
Balance - ending	1,968	3,310
<u>Accumulated depreciation</u>		
Balance - beginning	2,273	4,037
Amortization - current	829	1,141
Decrease in the current period – delisted on the due date	(1,797)	(2,934)
Exchange difference	2	29
Balance - ending	1,306	2,273
Book amount - ending	\$661	\$1,037

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

(12) Short-term loans

	December 31, 2023	December 31, 2022
Credit loans	\$1,210,000	\$1,070,000

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

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

(B) The company has not provided any guarantee for the above-mentioned short-term loan.

(Continuing)

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

(13) Long-term loans

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

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

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

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

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

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

(14) Lease liabilities

	Discount rate	December 31, 2023	December 31, 2022
Lease liabilities			
Land	-	\$46,043	\$47,288
House and building	2.475%-4.750%	70,340	64,384
Total		116,383	111,672
Less: Lease liabilities due within one year		(58,922)	(58,142)
Lease liabilities due after one year		\$57,461	\$53,530

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

(B) Other rental information is listed as follows:

	Years Ended December 31	
	2023	2022
Short-term lease expense	\$6,755	\$5,527
Low-value asset lease expenses	\$-	\$-
Changes in lease expense excluded from the measurement of a lease liability	\$-	\$-
Total cash outflow of all leases	\$25,045	\$27,923
Lease liabilities interest	\$2,945	\$3,308

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

(Continuing)

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

(15) Retirement benefits(A) Defined benefit plan

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

	Years Ended December 31	
	2023	2022
Balance - beginning	\$(70,998)	\$(91,494)
Net defined benefit plan remeasurement	(596)	20,496
Balance - ending	\$(71,594)	\$(70,998)

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

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

(Continuing)

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

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

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Book value - beginning	\$206,349	\$217,887
Current service cost	1,491	1,752
Interest expense	2,538	1,525
Net defined benefit obligation remeasurement		
Actuarial (benefits) losses due to changes in demographic assumptions	-	1,306
Actuarial (benefits) losses due to changes in financial assumptions	509	(9,200)
Actuarial (benefits) losses resulted from experience adjustments	882	(653)
Benefits paid	<u>(17,289)</u>	<u>(6,268)</u>
Book value - ending	<u><u>\$194,480</u></u>	<u><u>\$206,349</u></u>

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

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance – beginning	\$174,034	\$155,492
Interest income	2,141	1,088
Net defined benefit assets remeasurement		
Actuarial benefits of plan assets resulted from experience adjustments	795	11,949
Employer’s contributions	4,477	11,773
Benefits paid	<u>(17,289)</u>	<u>(6,268)</u>
Balance - ending	<u><u>\$164,158</u></u>	<u><u>\$174,034</u></u>

(Continuing)

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

- (i) According to the “Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund,” the income and expense, safeguard, and utilization of the Company’s plan assets are entrusted to Bank of Taiwan for process by the competent authorities and the Ministry of Finance, of which, the safeguard and utilization of the fund can be entrusted to other financial institutions. The scope of application for the funds includes deposited in domestic and foreign financial institutions, investment in domestic and foreign listed/OTC or private equity securities, investment in domestic and foreign debt securities, investment in domestic public offering or private placement of securities investment trust funds, beneficiary certificates of futures trust funds , mutual trust fund beneficiary securities or collective trust instruments, investment in the beneficiary certificates issued or managed by foreign fund management institutions, fund shares or investment units, investment in domestic and foreign property and its securitized instruments, investment in domestic and foreign spot instruments, engagement in domestic and foreign financial derivatives transactions, marketable securities lending transactions, etc. Moreover, the minimum income distributed from the annual final account may not be less than the interest income calculated according to the local bank’s 2-year time deposit interest rate. The information on the utilization of the labor pension fund assets includes the fund appropriation and profit ratio provided by the Bank of Taiwan, the fund assets allocation announced on the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan, etc. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor, the Executive Yuan for more information.
- (ii) The Company’s pension reserves in the special account with the Bank of Taiwan were NT\$164,158 thousand and NT\$174,034 thousand on December 31, 2023 and 2022, respectively.
- (iii) As of December 31, 2023, the Company’s expected appropriation of defined benefit plan in 2024 was NT\$4,399 thousand.

(Continuing)

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

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

	Years Ended December 31	
	2023	2022
Service cost	\$1,491	\$1,752
Interest expense	2,538	1,525
Interest income	(2,141)	(1,088)
Total	<u>\$1,888</u>	<u>\$2,189</u>
Operating cost	\$922	\$1,102
Selling and marketing expenses	237	265
General and administrative expenses	546	627
Research and development expenses	183	195
Total	<u>\$1,888</u>	<u>\$2,189</u>

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

	Years Ended December 31	
	2023	2022
Discount rate	1.17%	1.23%
Expected salary increase rate	1.50%	1.50%

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

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

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



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

Maturity analysis of future benefit payments

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

(B) Defined contribution plan

- (a) The Company has adopted a defined contribution plan since the implementation of the “Labor Pension Act” in July 2005. The employees may choose to be subject to the pension provisions of the “Labor Standards Act” or the “Labor Pension Act” with the reservation of the seniority prior to the “Labor Pension Act” took forth. For the employees subject to the “Labor Pension Act,” the Company shall assume the pension contribution for an amount not less than 6% of the monthly salary that is to be appropriated on a monthly basis and deposited in the personal account of each employee with the Bureau of Labor Insurance. The Company is without any legal or presumed obligation to make any additional contribution other than the monthly pension contribution.
- (b) The GROUP’s subsidiaries in mainland China, Malaysia, Indonesia, the United States, Mexico, Thailand, and Japan shall have pension insurance appropriated for an amount equivalent to a certain percentage of the salary in accordance with the local governing law and regulations, which is to be paid to the relevant government departments and then deposited into the personal account of each employee.
- (c) The pension expense recognized by the GROUP according to the definite contribution plan is as follows:

	Years Ended December 31	
	2023	2022
Operating cost	\$46,204	\$46,600
Selling and marketing expenses	8,251	10,611
General and administrative expenses	10,515	10,308
Research and development expenses	8,111	7,956
Total	<u>\$73,081</u>	<u>\$75,475</u>

(Continuing)

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

(16) Capital stock

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

- (A) As of December 31, 2023 and 2022, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.
- (B) The related rights, priority, and restrictions of the common stock shares issued by the company are as follows:
- (a) Each shareholder is entitled to one vote per share.
  - (b) The distribution of dividends and bonuses are based on the shareholding ratio of each shareholder.
  - (c) The property net of the debt is distributed proportionally to the shareholding ratio of each shareholder.
- (C) The number of shares subscribed through the exercise of employee stock options by our company in 2023 and 2022 were 190 thousand shares and 2,822 thousand shares , respectively. As of December 31, 2023 and 2022, the cumulative number of shares subscribed through the issuance of employee stock options was 10,792 thousand shares and 10,602 thousand shares , respectively. As of December 31, 2023, there were 190 thousand and 870 thousand shares that had not completed the registration process for the change in ownership, and were therefore temporarily recorded under the category of prepaid capital. For more information on the issuance of employee stock options, please refer to Note 6.(23) in the consolidated financial statements.

(Continuing)

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

(D) The company decided at the board meeting on October 27, 2023 to carry out a cash capital increase by issuing 150,000 thousand new shares, divided into 15,000 thousand shares with a par value of NT\$10 and an issuance premium of NT\$58 per share. The application was approved by the Financial Supervisory Commission on December 28, 2023 and the full subscription of the shares was completed by February 2024, authorizing the Chairman to set February 27, 2024 as the date for the capital increase.

(17) Capital Surpluses

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

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

(18) Legal reserve

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

(19) Special reserve

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

(20) Earnings distribution and dividend policy

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

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

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

- (C) Regarding the profit distribution resolution of our company as decided by the board of directors (Awaiting the resolution to be passed at the shareholder's meeting of our company scheduled to be held on June 14, 2024.) or approved by the shareholders' meeting, the situation is as follows:

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

(21) Other equity (net amount after tax)

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

	Years Ended December 31	
	2023	2022
Balance, beginning of the year	\$(338,584)	\$(441,852)
Current period occurrence	(71,054)	103,268
Reclassified to (profit) and loss in the current period	-	-
Balance, end of the year	<u>\$(409,638)</u>	<u>\$(338,584)</u>

(Continuing)

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

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

	Years Ended December 31	
	2023	2022
Balance, beginning of the year	\$237,702	\$279,295
Current period occurrence	58,880	(37,315)
Recognized under the equity method in the current period - affiliated enterprise	3,598	(4,278)
Reclassified to retained earnings in the current period	-	-
Balance, end of the year	<u>\$300,180</u>	<u>\$237,702</u>

(22) Non-controlling interests

	Years Ended December 31	
	2023	2022
Balance -beginning	\$664,949	\$601,439
The amount attributable to non-controlling interests:		
Net income	86,957	116,312
Exchange difference from the conversion of the financial statements of foreign operating institutions	(11,782)	11,375
Cash dividends paid by subsidiaries to non-controlling interests	(56,519)	(64,177)
Balance -ending	<u>\$683,605</u>	<u>\$664,949</u>

The Group had no subsidiaries with significant non-controlling interests for years ended December 31, 2023 and 2022.

(Continuing)

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

(23) Share-based payment - employee rewards

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

As of December 31, 2023, the issuance of compensatory employee stock warrants is disclosed as follows:

Warrant issuance date	Total warrants issued originally	Total warrants outstanding at yearend	Total warrants available for subscription at yearend	Subscription price (NTD) (Note)
September 12, 2018	290,000	185,600	1,856,000	19.30
August 12, 2019	210,000	179,000	1,390,000	19.40
August 5, 2022	100,000	100,000	-	49.00
November 4, 2022	100,000	100,000	-	42.90
June 5, 2023	100,000	100,000	-	48.60

Note: The company has the subscription price adjusted when there is a change in common stock share or cash dividend is distributed for common stock shares in accordance with the "Regulations Governing the Issuance of Employee Stock Warrant and Stock Subscription." The stock subscription price per share after adjustment is disclosed as of December 31, 2023.

(Continuing)

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

(A) The company adopts the Black-Scholes stock options model to assess the fair value of the employee stock warrant issued each year. The remuneration cost accrued were NT\$15,766 thousand and NT\$5,595 thousand, for the years ended December 31, 2023 and 2022, respectively. The input values of the stock option pricing model are as follows:

	2022 Stock option plan	2022 Stock option plan	2022 Stock option plan	2018 Stock option plan
Expected dividend ratio	-%	-%	-%	-%
Expected price fluctuation ratio	32.86%~36.80%	32.35%~36.13%	31.76%~35.33%	18.99%~20.95%
Risk-free interest rate	1.0873%~1.0996%	1.5365%~1.5954%	1.0109%~1.0687%	0.554%~0.582%
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years	4.5~6 years
	2018 Stock option plan	2014 Stock option plan	2014 Stock option plan	
Expected dividend ratio	-%	-%	-%	
Expected price fluctuation ratio	21.38%~22.07%	22.64%~25.43%	22.80%~27.68%	
Risk-free interest rate	0.700%~0.758%	0.663%~0.831%	0.976%~1.203%	
Expected duration	4.5~6 years	4.5~6 years	4.5~6 years	

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



(Continuing)

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

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

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

The weighted average share price is NTD \$72.15 and NTD \$55.25 of the company's employees did execute stock options for the nine-month periods ended December 31, 2023 and 2022.

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

	Price range per share (NTD)	Outstanding stock options			Exercisable employee stock options	
		Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
<u>December 31, 2023</u>						
2018 Stock option plan	19.30	185,600	0.26	19.30	185,600	19.30
2018 Stock option plan	19.40	179,000	0.78	19.40	139,000	19.40
2022 Stock option plan	49.00	100,000	3.69	49.00	-	49.00
2022 Stock option plan	42.90	100,000	3.94	42.90	-	42.90
2022 Stock option plan	48.60	100,000	4.52	48.60	-	48.60

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(Continuing)

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

	Price range per share (NTD)	Outstanding stock options			Exercisable employee stock options	
		Outstanding QTY (Unit)	Weighted average expected remaining duration	Weighted average price per share (NTD)	Exercisable QTY (Unit)	Weighted average price per share (NTD)
<u>December 31, 2022</u>						
2018 Stock option plan	20.30	206,700	0.99	20.30	152,000	20.30
2018 Stock option plan	20.40	179,000	1.78	20.40	99,000	20.40
2022 Stock option plan	51.50	100,000	4.69	51.50	-	51.50
2022 Stock option plan	45.10	100,000	4.94	45.10	-	45.10

(24) Net operating income

	Years Ended December 31	
	2023	2022
Sales income		
Parts income	\$5,394,674	\$6,352,790
Mold income	205,609	253,178
Fixture income	63,727	82,093
Merchandise income	105,276	115,693
Total	5,769,286	6,803,754
Less: Sales return	(14,029)	(12,185)
Sales discount	(8,939)	(10,539)
Net operating income	\$5,746,318	\$6,781,030

## (A) Income classification:

(a) Main merchandise / service

	Years Ended December 31	
	2023	2022
Parts income	\$5,372,505	\$6,331,276
Mold income	205,190	252,747
Fixture income	63,727	82,089
Merchandise income	104,896	114,918
Total	\$5,746,318	\$6,781,030

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

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

(b) Main regional markets

Customer location	Years Ended December 31	
	2023	2022
Taiwan	\$1,338,264	\$1,621,437
Asia (other than Taiwan)	3,776,604	4,539,480
America	377,447	322,785
Others	254,003	297,328
Total	<u>\$5,746,318</u>	<u>\$6,781,030</u>

(c) Income recognition time

	Years Ended December 31	
	2023	2022
Goods transferred at a certain time	<u>\$5,746,318</u>	<u>\$6,781,030</u>

(B) Contract liabilities:

	December 31, 2023	December 31, 2022
Contract liabilities	<u>\$19,431</u>	<u>\$39,036</u>

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

	Years Ended December 31	
	2023	2022
Contract liabilities balance -beginning		
transferred to income in the current period	\$(30,838)	\$(9,843)
Increase in cash received in advance in the current period	11,233	34,131

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

(25) Operating costs and expenses

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

Function Nature	For the years ended December 31, 2023			For the years ended December 31, 2022		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	\$740,639	\$467,319	\$1,207,958	\$803,579	\$439,864	\$1,243,443
Labor and health insurance expenses	60,890	39,379	100,269	59,950	37,809	97,759
Pension expenses	47,126	27,843	74,969	47,702	29,962	77,664
Director remuneration	-	5,556	5,556	-	5,263	5,263
Other welfare expenses	21,789	8,885	30,674	26,814	12,396	39,210
Depreciation expenses (Note 2)	129,828	48,067	177,895	129,797	48,422	178,219
Amortization expense	11,455	3,897	15,352	23,429	3,912	27,341

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

(B) The estimated amounts of accrued employee compensation payable for the fiscal years 2023 and 2022 of our company are NT\$23,000 thousand, respectively, and the remuneration to directors and supervisors was NT\$0, respectively. The estimated basis of employee compensation is determined by a certain proportion of the current year's pre-tax net profit (excluding the impact of employee compensation). The recognized employee compensation accrual is classified as current period operating costs or

(Continuing)

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

operating expenses. However, if there is a change in the dividend payout amount approved by the Board of Directors in the future, it will be adjusted in the next year's income statement according to accounting estimates.

(C) The company's board of directors had resolved on March 8, 2024 to distribute the 2023 remuneration to employees for NT\$23,000 thousand in cash and remuneration to directors for NT\$0; also, it was not different from the estimated remuneration to employees and directors in the company's 2023 financial report. The company's board of directors had resolved on March 10, 2023 to distribute the 2022 remuneration to employees for NT\$23,000 thousand in cash and remuneration to directors and supervisors for NT\$0 that were reported in the regular shareholders meeting on June 9, 2023; also, it was not different from the estimated remuneration to employees, directors, and supervisors in the company's 2022 financial report.

(D) Please refer to the Market Observation Post System for the information regarding the remuneration to employees and directors resolved by the company's board of directors.

Note 2 : The depreciation expenses provided by the Group for the years 2023 and 2022 were NT\$177,932 thousand and NT\$178,256 thousand, respectively. Among them, the depreciation expenses for real estate, factories, and equipment - leased assets were all NT\$37 thousand, which were listed under the net amount of other income and expenses.

(26) Other income and expenses – net

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

(Continuing)

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

(27) Non-operating income and expense

	Years Ended December 31	
	2023	2022
(A) Interest income		
Bank deposit interest	\$94,188	\$52,021
Financial assets measured at amortized cost interest income	-	-
Other interest income	72,499	54,745
Total	<u>\$166,687</u>	<u>\$106,766</u>
(B) Other income		
Cash dividends	\$9,500	\$13,571
Other income-other	31,595	39,601
Total	<u>\$41,095</u>	<u>\$53,172</u>
(C) Other profit and loss		
Net loss of financial assets measured at fair value through profit and (loss)	\$63,064	\$(18,383)
Net profit from the disposal of property, plant, and equipment	(8,115)	(1,824)
Other expenses	(95)	(42)
Total	<u>\$54,854</u>	<u>\$(20,249)</u>
(D) Financial cost		
Bank loan interest	\$(18,304)	\$(14,010)
Lease liability interest	(2,945)	(3,308)
Total	<u>\$(21,249)</u>	<u>\$(17,318)</u>

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

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

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

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

(F) Exchange loss - net

	<u>Years Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Realized exchange profit (loss) - net	\$20,720	\$130,767
Unrealized exchange profit (loss)-net	23,533	10,306
Total	<u>\$44,253</u>	<u>\$141,073</u>

(28) Other comprehensive profit and loss

<u>Other comprehensive profit and loss constituents</u>	<u>Transactions of current period</u>	<u>Reclassification and adjustment of current period</u>	<u>Other comprehensive profit and loss</u>	<u>Income tax expense</u>	<u>Amount after tax</u>
<u>For the years ended December 31, 2023</u>					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	\$(596)	\$-	\$(596)	\$-	\$(596)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	58,880	-	58,880	-	58,880
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	(37)	-	(37)	-	(37)
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	3,598	-	3,598	-	3,598
Total amount of items not reclassified to profit and loss:	<u>61,845</u>	<u>-</u>	<u>61,845</u>	<u>-</u>	<u>61,845</u>
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	(82,836)	-	(82,836)	-	(82,836)
Total	<u>\$(20,991)</u>	<u>\$-</u>	<u>\$(20,991)</u>	<u>\$-</u>	<u>\$(20,991)</u>

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

(Continuing)

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

Other comprehensive profit and loss constituents	Transactions of current period	Reclassification and adjustment of current period	Other comprehensive profit and loss	Income tax expense	Amount after tax
<u>For the years ended December 31, 2022</u>					
Items not reclassified to profit and loss:					
Remeasurements of defined benefit plan	\$20,496	\$-	\$20,496	\$-	\$20,496
Unrealized appraisal benefits of equity instrument investment measured at fair value through other comprehensive loss	(37,315)	-	(37,315)	-	(37,315)
Remeasurements of defined benefit plan of affiliated enterprises under the equity method	232	-	232	-	232
Unrealized appraisal loss of equity instrument investment measured at fair value through other comprehensive profit of affiliated enterprises under the equity method	(4,278)	-	(4,278)	-	(4,278)
Total amount of items not reclassified to profit and loss:	<u>(20,865)</u>	<u>-</u>	<u>(20,865)</u>	<u>-</u>	<u>(20,865)</u>
Items that may be reclassified to profit and loss subsequently:					
Exchange difference from the conversion of the financial statements of foreign operating institutions	114,643	-	114,643	-	114,643
Total	<u>\$93,778</u>	<u>\$-</u>	<u>\$93,778</u>	<u>\$-</u>	<u>\$93,778</u>

(29) Income tax

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



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

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

(B) The income tax expense constituents:

(a) Income tax recognized in profit and loss

	Years Ended December 31	
	2023	2022
Current income tax expense		
In respect of the current year	\$228,297	\$281,962
Adjustment to previous income tax recognized in current period	(8,717)	(8,434)
Deferred income tax expense		
Origin of temporary difference and reversing relevant deferred income tax (benefits) expense	72,015	57,298
Income tax expense	<u>\$291,595</u>	<u>\$330,826</u>

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

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

	Years Ended December 31	
	2023	2022
Accounting profit		
Net income before tax of the continuing business unit	<u>\$1,053,592</u>	<u>\$1,314,741</u>
Tax calculated according to the applicable tax rate in the respective country	\$362,935	\$425,528
Domestic undistributed profits subject to additional business income tax levy	15,463	5,643
Adjustments		
Income tax effect of non-deductible expense in tax return	(37,555)	(60,531)
Income tax (profit ) expense on repatriation of foreign funds under special law	(989)	(1,076)
Income tax effect of tax-free income	(39,542)	(30,304)
Income tax effect of temporary differenc	<u>(72,015)</u>	<u>(57,298)</u>
Current income tax expense	228,297	281,962
Adjustment to previous income tax recognized in current period	(8,717)	(8,434)
Current income tax expense	219,580	273,528
Deferred income tax (profit) expense	72,015	57,298
Income tax expense	<u>\$291,595</u>	<u>\$330,826</u>

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

The Company and the domestic subsidiaries were subject to the income tax rate of 20% in R.O.C. in 2023 and 2022, respectively. The tax expenses of foreign subsidiaries were calculated according to the local tax rates applicable in the respective countries where they operated.

- (D) According to the Income Tax Act regulations, for those who entrust accountants to verify and sign the settlement and declaration of corporate income tax, they may deduct the accumulated losses from the previous ten years as determined by the tax authorities from the current period's net profit before further assessing the corporate income tax. The situation of the deduction of accumulated losses from the previous ten years for the subsidiary company, CHIN DE INVESTMENT CO., LTD., is as follows:

Fiscal year	Unutilized Deduction Amount		Final Offset Year
	December 31,2023	December 31,2022	
2023(estimate)	5,636	-	2033

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

	Balance -ending	Recognized in profit and loss	Recognized in other profit and loss	Balance -ending
<u>For the years ended December 31, 2023</u>				
Deferred income tax assets				
Unrealized inventory loss in valuation	\$6,185	\$468	\$-	\$6,653
Unrealized financial assets loss in valuation	17,673	(15,504)	-	2,169
Unrealized exchange losses	804	541	-	1,345
Financial and tax difference of property, plant and equipment	2,969	260	-	3,229
Loss carryforward	-	1,127	-	1,127
Offshore -deferred income tax assets -others	1,481	(799)	-	682
Total	<u>\$29,112</u>	<u>\$(13,907)</u>	<u>\$-</u>	<u>\$15,205</u>
Deferred income tax liabilities				
Unrealized long-term equity investment income	\$616,436	\$58,157	\$-	\$674,593
Unrealized exchange profit	49	(49)	-	-
Total	<u>\$616,485</u>	<u>\$58,108</u>	<u>\$-</u>	<u>\$674,593</u>

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

(Continuing)

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

	<u>Balance -ending</u>	<u>Recognized in profit and loss</u>	<u>Recognized in other profit and loss</u>	<u>Balance -ending</u>
<u>For the years ended December 31, 2022</u>				
Deferred income tax assets				
Unrealized inventory loss in valuation	\$7,461	\$(1,276)	\$-	\$6,185
Unrealized financial assets loss in valuation	17,361	312	-	17,673
Unrealized exchange loss	2,024	(1,220)	-	804
Financial and tax difference of property, plant and equipment	2,708	261	-	2,969
Offshore -deferred income tax assets -others	3,964	(2,483)	-	1,481
Total	<u>\$33,518</u>	<u>\$(4,406)</u>	<u>\$-</u>	<u>\$29,112</u>
Deferred income tax liabilities				
Unrealized long-term equity investment income	\$563,593	\$52,843	\$-	\$616,436
Unrealized exchange profit	-	49	-	49
Total	<u>\$563,593</u>	<u>\$52,892</u>	<u>\$-</u>	<u>\$616,485</u>

## (F) Unrecognized deferred income tax assets:

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

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

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

(Continuing)

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

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

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

(B) Diluted earnings per share

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

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

(Continuing)

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

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

(31) Reconciliation of liabilities from financing activities

Accounting item	Balance -beginning	Cash flow	Changes in non-cash			Balance -ending
			Transaction of current period	Change in exchange rate	Other	
<u>For the years ended December 31,2023</u>						
Short-term loan	\$1,070,000	\$140,000	\$-	\$-	\$-	\$1,210,000
Long-term borrowings (including current portion)	79,032	(79,032)	-	-	-	-
Lease liabilities (including current and noncurrent)	111,672	(15,345)	22,713	(2,657)	-	116,383
Total	<u>\$1,260,704</u>	<u>\$45,623</u>	<u>\$22,713</u>	<u>\$(2,657)</u>	<u>\$-</u>	<u>\$1,326,383</u>
<u>For the years ended December 31,2022</u>						
Short-term loan	\$1,260,000	\$(190,000)	\$-	\$-	\$-	\$1,070,000
Long-term borrowings (including current portion)	76,324	2,708	-	-	-	79,032
Lease liabilities (including current and noncurrent)	76,845	(19,088)	52,771	1,144	-	111,672
Total	<u>\$1,413,169</u>	<u>\$(206,380)</u>	<u>\$52,771</u>	<u>\$1,144</u>	<u>\$-</u>	<u>\$1,260,704</u>

**7. RELATED PARTY TRANSACTIONS**

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

(Continuing)

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

(1) Name of related party and relationship

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

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

Related party category/name	Years Ended December 31	
	2023	2022
Other related parties		
KUAI LUNG	\$314	\$170
Affiliated enterprises		
SUNFLEX	9,465	16,268
Total	\$9,779	\$16,438

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

(B) Sales

Related party category/name	Years Ended December 31	
	2023	2022
Other related parties		
KUAI LUNG	\$-	\$52
Affiliated enterprises		
SUNFLEX	56	32
Total	\$56	\$84

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

(Continuing)

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

of product traded; also, taking into account the expenses and exchange rate risk. The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 30-45 days; while the general customer is with a payment term of OA 30-150 days.

(C) Processing expense

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

(D) Others

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

(E) Claims/obligations arising from the aforementioned transactions

<u>Related party category/name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>(a) Accounts receivable -related party</u>		
Affiliated enterprises		
SUNFLEX	\$3	\$15
<u>(b) Accounts payable -related party</u>		
Other related parties		
KUAI LUNG	\$195	\$-
Affiliated enterprises		
SUNFLEX	1,082	11,289
	<u>\$1,277</u>	<u>\$11,289</u>
<u>(c) Other payable -related party</u>		
Other related parties		
KUAI LUNG	\$-	\$1,905
Affiliated enterprises		
SUNFLEX	2,574	3,250
Total	<u>\$2,574</u>	<u>\$5,155</u>

(Continuing)

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

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

(F) Information on total remunerations of key management personnel

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

Item	Years Ended December 31	
	2023	2022
Short-term benefits	\$13,933	\$12,480
Retirement benefits	353	367
Share-based payment	72	179
Total	\$14,358	\$13,026

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

8. MORTGAGED ASSETS

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

Accounting item	December 31, 2023	December 31, 2022	Mortgage agency	Collateral for loans
Other financial assets			Bank of China	Material deposit, contract deposit, and others
– current				
Bank deposits	\$303	\$1,179		
Other noncurrent assets			Bangkok Bank	Electricity deposit
– other				
Bank deposits	226	224		
Other noncurrent assets			Mizuho Bank	Tariff deposits
– others				
Bank deposits	1,087	1,162		
Total	\$1,616	\$2,565		



**9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS**

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

- (1) The company had had a guaranteed loan from financial institutions for the tariff guarantee amount of NT\$500 thousand on December 31, 2023.
- (2) The company has signed contracts for the acquisition of real estate, factory buildings, and equipment with a total amount of NT\$1,550,000 thousand (including tax), of which the unpaid amount is NT\$1,240,000 thousand (including tax).
- (3) The Group's G-SHANK ENTERPRISE (M) SDN. BHD. had a guaranteed loan of MYR\$4,000 thousand from financial institutions for the introduction of foreign labor and other matters on December 31, 2023.
- (4) The Group had entered into contract for the purchase of property, plant and equipment for an amount of RMB 46,647 thousand, the outstanding amount yet to be paid is RMB 35,802 thousand.
- (5) The Group's PTINDONESIA G-SHANK PRECISION has signed a land lease quotation with an amount of IDR 19,850,000 thousand, of which IDR 14,720,833 thousand remains unpaid.

**10. SIGNIFICANT DISASTER LOSS**

None.

## 11. **MATERIAL POST EVENTS**

- (1) As stated in Note 6.(16)(C) of the consolidated financial report, in the fourth quarter of the year 2023, the employees of this company exercised their subscription rights for 190,000 shares (recorded as Advance Receipts for Capital Stock ). Subsequently, on March 8, 2024, the Board of Directors resolved to set the capital increase reference date on March 8, 2024.
- (2) The company decided to carry out a cash capital increase on October 27, 2023, as approved by the board of directors. Please refer to Note 6.(16)(F) in the consolidated financial statements.
- (3) The Company proposed the distribution of profits for the year 2023 and the issuance of cash to shareholders and of the capital surpluses to shareholders at a board meeting on March 8, 2024 (subject to approval at the shareholders' meeting scheduled for June 14, 2024). Please refer to Note 6.(20)(C) in the consolidated financial statements for more information.
- (4) The company decided to issue its second unsecured convertible corporate bonds domestically on October 27, 2023, and obtained approval from the Financial Supervisory Commission on December 28, 2023, which became effective. The aforementioned corporate bonds were issued on January 26, 2024, and listed for trading on the Taipei Exchange Exchange (referred to as the "TPEX"). The main terms of the issuance are as follows:
  - (A) Issuance amount :

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

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

Unsecured Convertible Corporate Bonds.

(Continuing)

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

(D) Coupon Rate and Repayment Method of Bonds :

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

(E) Conversion Period:

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

(F) Conversion Price and Adjustments:

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

(Continuing)

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

prevailing market price per share, except for reductions in ordinary shares due to the cancellation of treasury shares by the Company.

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

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

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

## 12. **OTHERS**

(1) **Capital management**

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

(2) Financial risk management

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

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

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

(a) Market risk

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

(Continuing)

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

(i) Exchange rate risk

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

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

<u>December 31, 2023</u>	<u>Foreign currency (Thousand)</u>	<u>Exchange rate</u>	<u>Book amount</u>	<u>Sensitive analysis</u>		
				<u>Change ratio</u>	<u>Increase/ decrease in net income before tax</u>	<u>Decrease in Equity</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$60,771	30.71	\$1,866,288	5%	\$93,314	\$-
JPY	47,286	0.2174	10,280	5%	514	-
RMB	3,216	4.329	13,924	5%	696	-
HKD	4,615	3.934	18,156	5%	908	-
EUR	3,222	34.01	109,570	5%	5,479	-
<u>Non-monetary items</u>						
USD	\$44,342	30.71	\$1,361,752	5%	\$68,088	\$-

(Continuing to next page)

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

(Continuing)

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

(Continued from the last page)

<u>December 31, 2023</u>		Foreign currency (Thousand)	Exchange rate	Sensitive analysis		
				Book amount	Change ratio	Increase/ decrease in net income before tax
<u>Derivative financial instrument:</u>						
USD	\$11	30.71	\$348	5%	\$17	\$-
			(Note)			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$595	30.71	\$18,271	5%	\$914	\$-
JPY	12,706	0.2174	2,762	5%	138	-
<u>Non-monetary items: None.</u>						
<u>Derivative financial instrument: None.</u>						
<u>December 31, 2022</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$78,350	30.7	\$2,405,340	5%	\$120,267	\$-
JPY	42,019	0.2325	9,770	5%	489	-
RMB	1,917	4.409	8,453	5%	423	-
HKD	5,728	3.941	22,575	5%	1,129	-
EUR	1,473	32.74	48,237	5%	2,412	-
<u>Non-monetary items</u>						
USD	\$26,018	30.7	\$798,753	5%	\$39,938	\$-
<u>Derivative financial instrument:</u>						
USD	\$204	30.7	\$6,254	5%	\$313	\$-
			(Note)			

(Continuing to next page)

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

(Continuing)

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

(Continued from the last page)

December 31, 2022	Foreign currency (Thousand)	Exchange rate	Book amount	Change ratio	Sensitive analysis	
					Increase/ decrease in net income before tax	Decrease in Equity
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$1,007	30.7	\$30,903	5%	\$1,545	\$-
JPY	47,162	0.2325	10,965	5%	548	-
RMB	1,065	4,409	4,695	5%	235	-

Non-monetary items: None.Derivative financial instrument: None.

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

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

Functional currency	Years Ended December 31			
	2023		2022	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$11,463	-	\$60,748	-
USD	4,903	31.12	1,695	29.88
RMB	23,718	4.383	70,283	4.419
MYR	3,725	6.827	8,656	6.78
Others	444	-	(309)	-
Total	<u>\$444,253</u>		<u>\$141,073</u>	



(Continuing)

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

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

(ii) Interest rate risk

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed interest rate		
Financial assets	\$3,973,702	\$3,218,705
Financial liabilities	<u>(1,326,383)</u>	<u>(1,134,384)</u>
Net amount	<u>\$2,647,319</u>	<u>\$2,084,321</u>

(Continuing to next page)

(Continuing)

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

(Continued from the last page)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate		
Financial assets	\$1,110,485	\$1,431,554
Financial liabilities	-	(79,032)
Net amount	<u>\$1,110,485</u>	<u>\$1,352,522</u>

(02) Sensitivity Analysis

For the Group's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting year and all other factors are given, it would cause the Group's net income before tax increased by NT\$5,552 thousand and NT\$6,763 thousand for the years of 2023 and 2022, respectively.

(iii) Other price risks

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

Sensitivity Analysis

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

(Continuing)

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

	December 31, 2023	December 31, 2022
Increase in net income before tax		
Financial assets measured at fair value through profit and loss	<u>\$72,332</u>	<u>\$42,990</u>
Increase in equity		
Financial assets measured at fair value through other comprehensive profit and loss	<u>\$16,045</u>	<u>\$13,101</u>

(b) Credit risk

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

	December 31, 2023	December 31, 2022
Credit risk exposure amount		
Allowance for losses-measured by the expected credit losses amount for 12-month	\$-	\$-
Allowance loss-measured by the expected credit loss amount throughout the duration - Accounts receivable	<u>25,871</u>	<u>28,716</u>
Total	<u>\$25,871</u>	<u>\$28,716</u>

(Continuing)

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

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

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

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
<u>December 31, 2023</u>			
Not overdue	\$1,233,736	0%~2.99%	\$831
30days overdue	93,961	0%~27.20%	519
31-90 days overdue	45,610	0%~19.32%	1,171
91-180 days overdue	5,995	0%~16.45%	381
181-365 days overdue	1,161	0%~27.60%	23
Over 366 days overdue	22,946	100.00%	22,946
Total	<u>\$1,403,409</u>		<u>\$25,871</u>
<u>December 31, 2022</u>			
Not overdue	\$1,497,199	0%~2.38%	\$1,125
30days overdue	91,726	0%~3.45%	804
31-90 days overdue	35,364	0%~9.55%	1,409
91-180 days overdue	5,165	0%~17.49%	509
181-365 days overdue	1,635	0%~37.14%	474
Over 366 days overdue	24,395	100.00%	24,395
Total	<u>\$1,655,484</u>		<u>\$28,716</u>

(Continuing)

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The accounts receivable ratio of the top five customers	<u>35.06%</u>	<u>34.89%</u>

(c) Liquidity risk

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

(i) Bank loan amount

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

(ii) Maturity analysis of undiscounted financial liabilities

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

Derivative financial liabilities: None.

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

(Continuing)

(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>December 31, 2022</u>					
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$1,075,100	\$-	\$-	\$-	\$1,075,100
Accounts payable	545,261	-	-	-	545,261
Accounts payable – related party	11,289	-	-	-	11,289
Other payables	540,840	3,244	-	-	544,084
Other payables – related party	5,155	-	-	-	5,155
Lease liabilities	60,802	4,223	11,203	76,192	152,420
Long-term loans	39,393	39,741	781	-	79,915
Total	<u>\$2,277,840</u>	<u>\$47,208</u>	<u>\$11,984</u>	<u>\$76,192</u>	<u>\$2,413,224</u>

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

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

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

- (i) The fair value of short-term financial instruments is estimated according to the book value on the balance sheet. Such financial instruments are with a short maturity date; also, the present value of future cash flows discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value. This method is applied to cash and cash equivalents, net notes receivable, net accounts receivable (including related parties), other receivables (including related parties), short-term loans, accounts payable (including related parties), and other payables (including related parties).
- (ii) Financial assets measured at fair value through profit and loss are those with active market quotations, and therefore, the fair value is determined based on the market price. For foreign bonds, the fair value is determined based on the quotations on the reporting date through Bloomberg, Reuters or other brokers and trading platforms.

(Continuing)

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

- (iii) Financial assets measured at fair value through other comprehensive income are equity instrument investments without active market quotations. The fair value is estimated using the Market Approach, which is based on the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.
- (iv) The fair value of other financial assets and other noncurrent assets - restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.
- (v) The evaluation of derivative financial instruments is based on the evaluation models that are widely accepted in the market, such as, discount method and option pricing model.
- (vi) Lease liabilities are discounted at the Group's increment loan interest rate on the unpaid lease expense on the lease starting day and then measured at amortized cost of the effective interest method subsequently. The book amount of the lease liabilities is an amount reasonably close to the fair value.
- (vii) The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.

(b) Classification of fair value measurement

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

(Continuing)

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

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

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

Level 3: Unobservable input value of assets or liabilities;

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

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

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

<u>December 31, 2023</u>	<u>Lever 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
Financial assets				
measured at fair value through profit and loss				
Funds	\$84,878	\$-	\$-	\$84,878
Bonds	-	1,361,752	-	1,361,752
Swap contract	-	348	-	348
Financial assets				
measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	320,903	320,903
<u>Liabilities: None</u>				



(Continuing)

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

<u>December 31, 2022</u>	<u>Lever 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
Financial assets				
measured at fair value				
through profit and loss				
Funds	\$61,056	\$-	\$-	\$61,056
Bonds	-	798,753	-	798,753
Swap contract	-	6,254	-	6,254
Financial assets				
measured at fair value				
through other				
comprehensive profit				
and loss				
Unlisted stocks	-	-	262,023	262,023
<u>Liabilities: None</u>				

(ii) During the fiscal year 2023, the Group did not experience any significant transfers between Level 1 and Level 2 within the fair value hierarchy. The overseas bonds held by the Group were assessed to have insufficient liquidity, thus classified as non-active market debt instrument investments. Therefore, an amount of NT\$688,332 thousand was transferred from Level 1 to Level 2 in the second quarter of 2022.

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

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

(Continuing)

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

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

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

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

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

(Continuing)

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

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

	<u>Evaluation technique</u>	<u>Significant unobservable input value</u>	<u>Quantitative information</u>	<u>Relationship between the input value and fair value</u>	<u>Sensitivity analysis of the relationship between the input value and fair value</u>
<u>December 31,2023</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.67	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$16,045 thousand.

December 31,2022

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	2.45	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Group will increase/decrease by NT\$13,101 thousand.
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(vi) The evaluation process for the fair value measurement of significant unobservable input values (Level 3):

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

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

**13. SUPPLEMENTARY DISCLOSURE MATTERS**

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

**(1) Information on major transactions**

Supplementary information of the company and the subsidiaries for the period ended December 31, 2022 is disclosed as follows:

**(A) Loans to others:**

Unit:NT\$ Thousand / USD

No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending – (12.31.2023) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Transaction amount	Reason for short-term loan	Allowance for bad debt appropriated	Collateral		Loaning of fund limit to individual (Note 1)	Total loaning of fund limit (Note 1)
													Name	Value		
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	Other accounts receivable -related party	Yes	77,922 (RMB18,000,000)	43,290 (RMB10,000,000)	43,290 (RMB10,000,000)	-	Short-term loan	-	Business operation of affiliated enterprise	-	-	-	\$225,058 (RMB 51,988,363)	\$900,230 (RMB 207,953,451)

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

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

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

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

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

(Continuing)

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

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

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	\$320,903	9.98	\$320,903	
	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	91,029 (USD 2,964,158)	-	91,029 (USD 2,964,158)	
	Bonds	Macquarie Group Limited bonds MQGAU 6 1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,400,000	39,940 (USD 1,300,544)	-	39,940 (USD 1,300,544)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP	None	Financial assets-current measured at fair value through profit and loss	2,000,000	54,671 (USD 1,780,220)		54,671 (USD 1,780,220)	
	Bonds	BCS-Barclays Plc bonds BACR 8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,106 (USD 198,826)	-	6,106 (USD 198,826)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	940,000	30,096 (USD 979,997)	-	30,096 (USD 979,997)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	2,990,000	95,505 (USD 3,109,899)	-	95,505 (USD 3,109,899)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	2,830,000	93,050 (USD 3,029,968)	-	93,050 (USD 3,029,968)	
	Bonds	HSBC Holding bonds HSBC 6.547 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,433 (USD 209,466)	-	6,433 (USD 209,466)	
	Bonds	HSBC Holding bonds HSBC 8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	500,000	15,924 (USD 518,520)	-	15,924 (USD 518,520)	

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

(Continuing)

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

(Continued from the last page)

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	787,000	\$24,918 (USD 811,397)	-	\$24,918 (USD 811,397)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 7 1/2 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	15,371 (USD 500,535)	-	15,371 (USD 500,535)	
	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	30,451 (USD 991,550)	-	30,451 (USD 991,550)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	500,000	14,648 (USD 476,985)	-	14,648 (USD 476,985)	
	Bonds	HSBC Holding bonds HSBC 6.5 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	14,836 (USD 483,100)	-	14,836 (USD 483,100)	
	Bonds	BNP Paribas bonds BNP 5.1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	5,294 (USD 172,396)		5,294 (USD 172,396)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	2,308,000	75,855 (USD 2,470,045)		75,855 (USD 2,470,045)	
	Bonds	BNP Paribas bonds BNP 8.5 PERP	None	Financial assets-current measured at fair value through profit and loss	800,000	25,791 (USD 839,840)	-	25,791 (USD 839,840)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	20,411 (USD 664,629)		20,411 (USD 664,629)	
	Bonds	DB-Deutsche Bank AG bonds DB 7.5 PRRP(I)	None	Financial assets-current measured at fair value through profit and loss	1,600,000	47,899 (USD 1,559,712)	-	47,899 (USD 1,559,712)	
Bonds	DB-Deutsche Bank AG bonds DB 7.5 PRRP(II)	None	Financial assets-current measured at fair value through profit and loss	800,000	\$23,908 (USD 778,520)	-	\$23,908 (USD 778,520)		

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

(Continuing)

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

(Continued from the last page)

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

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BCS-Barclays Plc bonds (2022) BACR 8 PRRP(I)	None	Financial assets-current measured at fair value through profit and loss	2,290,000	68,653 (USD 2,235,521)	-	68,653 (USD 2,235,521)	
	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	800,000	23,952 (USD 779,952)	-	23,952 (USD 779,952)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,280,000	41,071 (USD 1,337,370)	-	41,071 (USD 1,337,370)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,300,000	41,678 (USD 1,357,135)	-	41,678 (USD 1,357,135)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(III)	None	Financial assets-current measured at fair value through profit and loss	1,500,000	49,004 (USD 1,595,700)	-	49,004 (USD 1,595,700)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	3,000,000	98,552 (USD 3,209,130)	-	98,552 (USD 3,209,130)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	1,200,000	39,440 (USD 1,284,288)	-	39,440 (USD 1,284,288)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 RERP(I)	None	Financial assets-current measured at fair value through profit and loss	200,000	6,693 (USD 217,934)	-	6,693 (USD 217,934)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 RERP(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,014 (USD 326,070)	-	10,014 (USD 326,070)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(5Y)(I)	None	Financial assets-current measured at fair value through profit and loss	1,800,000	\$59,621 (USD 1,941,408)	-	\$59,621 (USD 1,941,408)	
Bonds	UBS Group Bonds UBS 9.25 PERP(10Y)(I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	105,648 (USD 3,440,194)	-	105,648 (USD 3,440,194)		

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

(Continuing)

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

(Continued from the last page)

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

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

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

None



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

(Continuing)

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

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

Unit: NT\$ Thousand

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

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

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

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

(F) Disposed real estate for an amount more than NT\$300 million or 20% of the paid-in capital : None

(G) The purchase or sale of goods with the related party for an amount more than NT\$100 million or 20% of the paid-in capital : None

(H) Accounts receivable from related parties amounted to more than NT\$100 million or 20% of the paid-in capital : None

(I) Engage in derivative instruments transactions: Please refer to Notes 6.(2) and 12 of the consolidated financial statements.

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

(Continuing)

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

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

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			Ratio to total consolidated operating income or total assets (Note 3)
				Item	Amount	Transaction conditions	
0	G-SHANK ENTERPRISE CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	\$310	Note 4	0.01%
				Cost of goods sold	279	Note 5	-
				Other income	23,872	Note 7	0.42%
				Accounts receivable -related party	49		-
				Accounts payables -related party	133		-
				Other payables -related party	9		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	1,064	Note 7	0.02%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	2,635	Note 7	0.05%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD	1	Cost of goods sold	1,478	Note 5	0.03%
				Other income	6,851	Note 7	0.12%
				Accounts payables -related party	618		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Sales income	27	Note 4	-
				Other income	4,322	Note 7	0.08%
				Accounts receivable -related party	26		-
				Other payables -related party	4		-

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

(Continuing)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Cost of goods sold	\$694	Note 5	0.01%
				Other income	2,645	Note 7	0.05%
				Other payables -related party	19		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Cost of goods sold	66	Note 5	-
				Other income	4,479	Note 7	0.08%
				Accounts payables -related party	13		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	5,671	Note 4	0.10%
				Accounts receivable -related party	216		-
				Other receivables – related party	66		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	2,221	Note 4	0.04%
				Cost of goods sold	77	Note 5	-
				Other income	4,216	Note 7	0.07%
				Accounts receivable -related party	141		-
				Other payables -related party	30		-
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	4,595	Note 4	0.08%
				Cost of goods sold	167	Note 5	-
				Other income	4,101	Note 7	0.07%
				Accounts receivable -related party	799		0.01%
				Other receivables – related party	874		0.01%

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

(Continuing)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			Ratio to total consolidated operating income or total assets (Note 3)
				Item	Amount	Transaction conditions	
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales income	\$5,819	Note 4	0.10%
				Other income	6,711	Note 7	0.12%
				Accounts receivable -related party	782		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales income	784	Note 4	0.01%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD	1	Sales income	2,899	Note 4	0.05%
				Cost of goods sold	470	Note 5	0.01%
				Operating expense	530	Note 7	0.01%
				Accounts receivable -related party	10		-
				Other receivables – related party	10		-
				Other payables -related party	70		-
1	SHANGHAI G-SHANK RECISSION	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales income	2,928	Note 6	0.05%
				Cost of goods sold	89,970	Note 6	1.57%
				Other profit and loss	15,779	Note 7	0.27%
				Accounts receivable -related party	862		0.01%
				Other receivables – related party	3,250		0.03%
				Other payables -related party	26,252		0.27%
1	SHANGHAI G-SHANK RECISSION	.TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	142	Note 6	-

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

(Continuing)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK RECISION	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	\$2,466	Note 6	0.04%
				Cost of goods sold	43,261	Note 6	0.75%
				Other profit and loss	19,826	Note 7	0.35%
				Accounts receivable -related party	597		0.01%
				Other receivables – related party	46,917		0.48%
				Other payables -related party	8,643		0.09%
1	SHANGHAI G-SHANK RECISION	GREAT-SHANK CO., LTD..	3	Sales income	170	Note 6	-
				Other receivables – related party	100		-
1	SHANGHAI G-SHANK RECISION	G-SHANK JAPAN CO., LTD	3	Sales income	2,907	Note 6	0.05%
				Cost of goods sold	16,674	Note 6	0.29%
				Accounts receivable -related party	140		-
				Other payables -related party	4,166		0.04%
1	SHANGHAI G-SHANK RECISION	PT INDONESIA G-SHANK PRECISION	3	Sales income	7,941	Note 6	0.14%
				Accounts receivable -related party	5,246		0.05%
1	SHANGHAI G-SHANK RECISION	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	289	Note 6	0.01%
				Cost of goods sold	3,533	Note 6	0.06%
				Accounts receivable -related party	258		-
1	SHANGHAI G-SHANK RECISION	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales income	228	Note 6	-
				Cost of goods sold	616	Note 6	0.01%
				Accounts payables -related party	159		-

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

(Continuing)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK ECISION	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	\$1,878	Note 6	0.03%
				Cost of goods sold	7,631	Note 6	0.13%
				Accounts payables -related party	922		0.01%
1	SHANGHAI G-SHANK ECISION	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	57	Note 6	-
				Accounts receivable -related party	37		-
1	SHANGHAI G-SHANK ECISION	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Sales income	1	Note 6	-
				Cost of goods sold	6,726		0.12%
				Other payables -related party	1,396		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	782	Note 6	0.01%
				Cost of goods sold	57	Note 6	-
				Accounts receivable -related party	657		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	93	Note 6	-
				Other payables -related party	23		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	622	Note 6	0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	73	Note 6	-

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

(Continuing)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	GREAT-SHANK CO., LTD.	3	Sales income Accounts receivable -related party	\$462 252	Note 6	0.01% -
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	232	Note 6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	8	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	110	Note 6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income Accounts receivable -related party	222 125	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	367	Note 6	0.01%

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

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income Other profit and loss Accounts receivable -related party Other receivables – related party	\$13,956 158 2,216 30	Note 6	0.24% - 0.02% -
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income Cost of goods sold Accounts receivable -related party Accounts payables -related party	6,425 7,897 961 1,526	Note 6 Note 6	0.11% 0.14% 0.01% 0.02%
6	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	1	Note 6	-
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Cost of goods sold Accounts payables -related party	1,825 15	Note 6	0.03% -
7	G-SHANK JAPAN CO., LTD.	PTINDONESIA G-SHANK PRECISION	3	Sales income	353	Note 6	0.01%
7	G-SHANK JAPAN CO., LTD.	GREAT-SHANK CO., LTD.	3	Other receivables – related party	50		-
7	G-SHANK JAPAN CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	44	Note 6	-

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

(Continuing)

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

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
7	G-SHANK JAPAN CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Cost of goods sold Accounts payables -related party	\$699 92	Note 6	0.01% -
8	QINGDAO G-SHANK PRECISION SDN.BHD	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income Accounts receivable -related party	633 122	Note 6	0.01% -

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

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

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

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

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

(Continuing)

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

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

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

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

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

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

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

(Continuing)

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

(2) Re-investment business-related information

Supplementary disclosure of information related to the company's direct or indirect significant influence, control, or joint venture equity on the investee company not in Mainland China for the nine-month period ended December 31, 2023.

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE CO., LTD.	CHIN DE INVESTMENT CO., LTD.	Note 1	General investment	\$50,000	\$50,000	5,000,000	100.00	\$54,271	\$1,558	\$1,558	
	GRAND STAR ENTERPRISES L.L.C. (Note 2)	Note 2	General investment	590,864	590,864	-	100.00	1,615,801	115,862	115,968	
	G-SHANK, INC.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	375,076	24,107	24,210	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	409,297	80,359	74,378	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	132,100	19,881	16,897	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	14,678	4,924	2,900	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.48	168,076	68,875	9,977	
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	172	68,875	10	

(Continuing to next page)

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

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

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	\$47,868 (RM7,144,500)	\$47,868 (RM7,144,500)	18,800	94.00	\$219,834 (RM32,811,117)	\$37,862 (RM5,545,933)	-	
G-SHANK, INC.	G-SHANK DEMEXICO,S. A. DE C.V.	Note 9	Stamping parts molds, fixtures	4,884 (USD159,025)	4,884 (USD159,025)	-	100.00	32,957 (USD1,073,160)	9,336 (USD300,012)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATION AL CO., LTD.	Note 10	General investment	590,185 (USD19,218,011)	590,185 (USD19,118,011)	19,218,011	100.00	1,603,243	115,281	-	

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

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

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

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

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

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

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

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

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

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

Note 11: It is calculated according to the financial statements of the invested companies of the  
same period that have not been reviewed by the independent auditors.

Note 12: The original investment amount at the end of the current period and the end of last  
year is calculated according to the exchange rate on December 31, 2022.

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

(Continuing)

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

(3) Investment in China

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

Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note A)	Entrusted investment (Note B)	USD1,700,000	\$-	\$-	USD1,700,000	\$364,333	85.00	\$309,684	\$1,912,900	\$1,763,089 (USD57,410,906)
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	Precision progressive die and hardware products	USD1,590,000	Investment through the company set up in the third region (Note C)	USD1,275,000	-	-	USD1,275,000	11,984	80.19	9,610	66,719	95,126 (USD3,097,555)
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	Precision progressive die and hardware products	USD3,000,000	Investment through the company set up in the third region (Note D)	USD1,530,000	-	-	USD1,530,000	16,698	51.00	8,516	122,152	20,949 (USD682,168)
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note E)	USD1,990,000	-	-	USD1,990,000	(1,242)	79.60	(989)	85,231	70,082 (USD2,282,062)

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

(Continuing)

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

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note F)	USD1,671,825	\$-	\$-	USD1,671,825	\$46,622	100.00	\$46,622	\$287,149	\$120,151 (USD3,912,452)
QINGDAO G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD4,000,000	Investment through the company set up in the third region (Note G)	USD3,342,000	-	-	USD3,342,000	(1,410)	92.83	(1,309)	224,575	333,546 (USD10,861,158)
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note H)	USD2,205,000	-	-	USD2,205,000	37,660	88.20	33,216	214,290	117,207 (USD3,816,588)
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note I)	USD 255,000	-	-	USD255,000	20,725	85.00	17,616	91,720	590,082 (USD19,243,948)
SHENZHEN G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD2,600,000	Investment through the company set up in the third region (Note J)	USD2,440,000	-	-	USD2,440,000	(24,911)	93.85	(23,379)	97,289	8,007 (USD260,742)

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

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

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note K)	USD2,880,000	\$-	\$-	USD2,880,000	\$30,836	91.43	\$28,194	\$428,040	\$151,562 (USD4,936,848)
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. (Note 5)	Precision progressive die and hardware products, electroplating processing	RMB19,000,000 (Note 6)	Transfer investment of SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	-	-	-	-	(1,606)	100.00	(1,606)	85,860	-
DONGGUAN QIAOJU TRADING CO., LTD. (Note 5)	Plastic hardware wholesale and import/export business	HKD3,000,000	Transfer investment of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	-	-	-	-	2,473	100.00	2,473	36,659	-
HUI ZHOU G-BAO PRECISION SDN.BHD. (Note 5)	Precision progressive die and hardware products	RMB55,000,000	Transfer investment of SHENZHEN G-BAO PRECISION SDN.BHD.	-	-	-	-	2,142	100.00	2,142	241,576	-

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

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

Cumulative investment amount remitted out from Taiwan to China at yearend (Note 1)	Investment amount approved by the Investment Commission, MOEA (Notes 1 and 2)	The investment amount limit stipulated by the Investment Commission, MOEA (Note 3)
\$647,555 (USD21,086,140)	\$867,787 (USD28,257,472)	\$4,050,906

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

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

Note 3: According to the “Principles for the Review of Investment or Technical Cooperation in Mainland China” stipulated by the Investment Commission, MOEA the company’s investment in China is limited to 60% of the net worth or consolidated net worth, whichever is higher. However, the enterprises that are with the certification document to evidence its meeting the operation scope of the headquarters issued by the Industrial Development Bureau, MOEA is not subject to this limit. The company had applied to the Industrial Development Bureau, MOEA for approval as the corporate operation headquarters on April 18, 2019 that would be valid from March 29, 2021 to March 28, 2024 for the investment in China, which had not violated the investment limit of the Investment Commission, MOEA.

Note 4: The Company's share of profit or loss from subsidiaries accounted for using the equity method for the year 2023 is calculated based on the audited financial statements of these investee companies for the same period.

Note 5: It is an investment made through the invested company in China; therefore, it is unnecessary to report to the Investment Commission MOEA and is not included in the “Cumulative investment amount remitted out from Taiwan to China.”



Note A : SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US\$2,500 thousand and US\$5,500 thousand in May 2001 and October 2004, respectively. As of December 31, 2023, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$10,000 thousand.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continuing)

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

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

(4) Major Shareholder information

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

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

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

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

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

#### 14. DEPARTMENT INFORMATION

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

##### Department information

	<u>Stamping parts department</u>	<u>General investment department</u>	<u>Adjustment &amp; write-off</u>	<u>Consolidation</u>
<u>For the years ended December 31, 2023</u>				
<u>Income</u>				
Income from external customers	\$5,746,318	\$-	\$-	\$5,746,318
Inter-department income	-	-	-	-
Total income	<u>\$5,746,318</u>	<u>\$-</u>	<u>\$-</u>	<u>\$5,746,318</u>
Departmental profit and loss	<u>\$758,051</u>	<u>\$1,947</u>	<u>\$-</u>	<u>\$759,998</u>
Non-operating income and expense				<u>293,594</u>
Net income before tax of the continuing business unit				<u>\$1,053,592</u>
Depreciation and amortization	<u>\$193,284</u>	<u>\$-</u>	<u>\$-</u>	<u>\$193,284</u>
Income tax expense	<u>\$291,206</u>	<u>\$389</u>	<u>\$-</u>	<u>\$291,595</u>
Departmental noncurrent capital expenditure (Note)	<u>\$469,407</u>	<u>\$-</u>	<u>\$-</u>	<u>\$469,407</u>

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

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

	Stamping parts department	General investment department	Adjustment &write-off	Consolidation
<u>For the years ended December 31, 2022</u>				
<u>Income</u>				
Income from external customers	\$6,781,030	\$-	\$-	\$6,781,030
Inter-department income	-	-	-	-
Total income	<u>\$6,781,030</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,781,030</u>
Departmental profit and loss	<u>\$1,040,342</u>	<u>\$(1,801)</u>	<u>\$-</u>	<u>\$1,038,541</u>
Non-operating income and expense				<u>276,200</u>
Net income before tax of the continuing business unit				<u>\$1,314,741</u>
Depreciation and amortization	<u>\$205,597</u>	<u>\$-</u>	<u>\$-</u>	<u>\$205,597</u>
Income tax expense	<u>\$331,181</u>	<u>\$(355)</u>	<u>\$-</u>	<u>\$330,826</u>
Departmental noncurrent capital expenditure (Note)	<u>\$205,154</u>	<u>\$-</u>	<u>\$-</u>	<u>\$205,154</u>

Note: Departmental noncurrent capital expenditures do not include deferred income tax assets and financial instruments.

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

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

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

	Stamping parts department	General investment department	Adjustment & write-off	Consolidation
<u>December 31, 2022</u>				
Assets				
Department assets	\$8,342,182	\$51,349	\$-	\$8,393,531
Deferred tax assets	27,345	1,767	-	29,112
Investment –non-investment department	1,246,670	-	-	1,246,670
Total assets	<u>\$9,616,197</u>	<u>\$53,116</u>	<u>\$-</u>	<u>\$9,669,313</u>
Liabilities				
Department liabilities	\$2,437,617	\$25	\$-	\$2,437,642
Current tax liabilities	97,180	333	-	97,513
Deferred tax liabilities	616,436	49	-	616,485
Net defined benefit liabilities	31,929	-	-	31,929
Total liabilities	<u>\$3,183,162</u>	<u>\$407</u>	<u>\$-</u>	<u>\$3,183,569</u>

(2) Disclosure of corporate information

(A) Information by product and service

The GROUP's main products and labor service income are analyzed as follows:

	Years ended December 31	
	2023	2022
Parts income	\$5,372,505	\$6,331,276
Mold income	205,190	252,747
Fixture income	63,727	82,089
Product income	104,896	114,918
Total	<u>\$5,746,318</u>	<u>\$6,781,030</u>



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

(B) Information by regions

(a) The GROUP's income from domestic and foreign external customers:

Location of customers	Years ended December 31	
	2023	2022
Taiwan	\$1,338,264	\$1,621,437
Asia (other than Taiwan)	3,776,604	4,539,480
The United States and Canada	377,447	322,785
Europe	254,003	297,328
Total	\$5,746,318	\$6,781,030

(b) The GROUP's noncurrent assets (excluding deferred income tax assets and financial instruments):

Location of noncurrent assets	December 31, 2023	December 31, 2022
Taiwan	\$794,880	\$504,630
Japan	3,061	4,486
Mainland China	863,722	900,279
Southeastern Asia	160,866	144,298
The United States and Canada	17,956	17,869
Total	\$1,840,485	\$1,571,562

(c) Important customer information

The individual customer whose income is accounted for 10% or more of the GROUP's consolidated net operating income is as follows:

Customer	Reporting department	Years ended December 31	
		2023	2022
A	Stamping Part Department	\$866,499	\$899,215

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

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

*Notice to Readers*

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

## **INDEPENDENT AUDITOR'S REPORT**

To: G-SHANK ENTERPRISE CO., LTD.

### **Opinion**

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

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

### **Basis for opinion**

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

### **Key audit matters**

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

1. Income recognition

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

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

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

2. Inventory evaluation

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

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

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

### **Other matters**

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

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

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

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

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

## **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

Chiung-hui Tseng

Pin-chueh Li

Diwan & Company

March 8, 2024

Notice to Readers

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

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



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

(In Thousands of New Taiwan Dollars)

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

(CONTINUING)

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

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

(In Thousands of New Taiwan Dollars)

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

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

G-SHANK ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENT OF COMPREHENSIVE INCOME

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

Code	Accounts	Notes	For the years ended December 31,			
			2023	%	2022	%
4000	Sales revenue	4, 6.(21) & 7	\$ 1,942,821	100	\$ 2,395,398	100
5000	Operating costs	4, 6.(5), 6.(13), 6.(22),6.(29) & 7	(1,583,842)	(82)	(1,837,583)	(77)
5900	Gross profit from operations		358,979	18	557,815	23
6000	Operating expense	4, 6.(13), 6.(22), 6.(29) & 7				
6100	Selling and marketing expenses		(96,846)	(5)	(103,916)	(4)
6200	General and administrative expenses		(166,323)	(8)	(158,288)	(7)
6300	Research and development expenses		(50,597)	(3)	(49,114)	(2)
6450	Loss (reversal) of expected credit loss	4, 5 & 6.(4)	(192)	-	639	-
	Total operating expense		(313,958)	(16)	(310,679)	(13)
6500	Other operating income and expenses, net	4, 6.(9), 6.(22) & 6.(23)	383	-	383	-
6900	Net operating income (loss)		45,404	2	247,519	10
7000	Non-operating income and expenses					
7100	Interest income	6.(24) & 7	116,788	6	76,961	3
7010	Other income	6.(7), 6.(24) & 7	79,588	4	104,905	4
7020	Other gains and losses	6.(2) & 6.(24)	62,976	3	(13,650)	-
7050	Finance costs	4 & 6.(24)	(18,304)	(1)	(13,906)	-
7070	Share of the profit (loss) of associates and subsidiaries for using equity method	4, 6.(8) & 6.(24)	558,304	29	621,399	26
7630	Foreign exchange gains (loss)	4 & 6.(24)	11,525	1	59,020	2
	Total non-operating income and expenses		810,877	42	834,729	35
7900	Profit (loss) from continuing operations before tax		856,281	44	1,082,248	45
7950	Income Tax Expense	4 & 6.(26)	(181,241)	(9)	(214,645)	(9)
8200	Profit (loss) for the period		675,040	35	867,603	36
8300	Other comprehensive income	4, 6.(7),6.(8), 6.(13), 6.(19) & 6.(25)				
8310	Components of other comprehensive income that will not be reclassified to profit or loss :					
8311	Remeasurements of the defined benefit plan		(596)	-	20,496	1
8316	Unrealised gain (loss) on financial assets measured at fair through other comprehensive income		58,880	3	(37,315)	(1)
8330	Share of the other comprehensive (loss) income of associates for using equity method-will not be reclassified to profit or loss		3,561	-	(4,046)	-
8349	Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
	Other comprehensive income (loss) that will not be reclassified to profit or loss		61,845	3	(20,865)	-
8360	Items that may be reclassified subsequently to profit or loss :					
8380	Share of the other comprehensive income of subsidiaries and associates for using equity method-will may be reclassified subsequently to profit or loss		(71,054)	(4)	103,268	4
8399	Income tax expense relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
	Total items that may be reclassified subsequently to profit or loss		(71,054)	(4)	103,268	4
	Total other comprehensive income (loss) for the period		(9,209)	(1)	82,403	4
8500	Total comprehensive income for the period		\$ 665,831	34	\$ 950,006	40
	Earnings per share (dollar)	4 & 6.(27)				
9750	Basic		\$ 3.54		\$ 4.58	
9850	Diluted		\$ 3.49		\$ 4.49	

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

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

(In Thousands of New Taiwan Dollars)

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

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

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

(In Thousands of New Taiwan Dollars)

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

(Continuing)

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

(In Thousands of New Taiwan Dollars)

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

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

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

**1. COMPANY HISTORY**

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

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

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

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

**2. FINANCIAL REPORT APPROVAL DATE AND PROCEDURE**

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

(Continuing)

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

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

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

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

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

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

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

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



(Continuing)

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

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

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

#### **4. SUMMARY OF MAJOR ACCOUNTING POLICIES**

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

(1) Financial report preparation and measurement basis

(A) Statement of Compliance

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

(B) Measurement basis

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

(Continuing)

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

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

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

(C) Functional and reporting currency

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

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

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

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

(A) New Taiwan Dollar (NTD) is the Company's functional currency that is also applied for the presentation of the parent company only financial statements. The Company's originally recognized foreign currency transactions are booked by having the foreign currency converted into the functional currency at the spot exchange rate between the functional currency and the foreign currency on the trade date. Monetary items in foreign currency are translated at the closing exchange rate on the reporting date; non-monetary items in foreign currency that are measured at historical cost are not retranslated on the reporting date; non-monetary items in foreign currency that are measured at fair value are translated according to the exchange rate on the date the fair value is determined. The exchange difference of monetary items is recognized as profit and loss upon occurrence. When the profit or loss of non-monetary items is recognized as other comprehensive profit and loss, the exchange component of the profit or loss is also recognized as other comprehensive profit and loss. When the profit or loss of non-monetary items is recognized as profit and loss, the exchange component of the profit or loss is also recognized as profit and loss.

(B) The assets and liabilities of foreign operating entities, including goodwill arising from acquisitions and fair value adjustments to the book value of the assets and liabilities acquired, are presented in their functional currency. When the functional currency is different from the presentation currency in a non-highly inflationary economy, the financial performance and financial position are converted into the presentation currency according to the following procedures:

- (a) The assets and liabilities on each balance sheet are translated at the closing exchange rate on the reporting date.
- (b) The income and expenses on each consolidated income statement are translated at the average exchange rate of the current period; however, if the exchange rate fluctuates significantly, the exchange rate on the trade date shall prevail.
- (c) All exchange differences arising from translation are recognized in "other comprehensive profit and loss."

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

(Continuing)

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

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

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

(4) Cash and cash equivalents

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

(5) Financial instruments

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

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

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

(Continuing)

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

financial liabilities, financial assets, and equity instruments.

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

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

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

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

(b) Financial assets measured at amortized cost

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

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

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

(Continuing)

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

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

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

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

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

(d) Financial liabilities measured at amortized cost

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

(Continuing)

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

(e) The non-hedging derivatives and embedded derivatives

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

(6) Measurement at fair value

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

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

(Continuing)

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

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

(7) Delisting of financial assets and liabilities

(A) Financial assets

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

(B) Financial liabilities

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



(8) Asset impairment

(A) Impairment of financial assets

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

(B) Impairment of non-financial assets

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

(Continuing)

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

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

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

(9) Inventory

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

(10) Investments under the equity method

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

(Continuing)

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

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

(Continuing)

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

- (F) When the affiliated enterprise issues new shares, if the Company does not subscribe it proportionally to the shareholdings, resulting in a change in the shareholding ratio and thus causing an increase or decrease in the net equity value of the investment, the increase or decrease amount shall be adjusted to the “investment under the equity method” and “additional paid-in capital” when the significant influence is intact. If the aforementioned adjustment is debited to the “additional paid-in capital,” and there is an insufficient balance of additional paid-in capital from the investment under the equity method, the difference should be debited to the “retained earnings.” However, if it is not subscribed proportionally to the shareholdings and results in a decrease in the ownership interest, in addition to the aforementioned adjustment, the profit or loss related to the decrease in the ownership interest that has been previously recognized in other comprehensive profit and loss, which has also been reclassified to profit and loss when the relevant assets or liabilities are disposed, shall be reclassified to profit and loss proportionally to the decreased amount.
- (G) When the Company loses control or significant influence on subsidiaries and the affiliated enterprise, the Company recognizes the remaining investment in the former subsidiaries and affiliated enterprise at the fair value on the date of losing control or significant influence. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of losing control or significant influence is recognized in profit and loss. For the amounts recognized in other comprehensive profit and loss related to the subsidiaries and affiliated enterprise, the accounting base is the same as if the related assets or liabilities are disposed directly by the Company.
- (H) The unrealized profit and loss of the transactions conducted between the Company and subsidiaries or affiliated enterprise is written off within the scope of its equity related to the Company.

(11) Property, plant and equipment

- (A) Property, plant and equipment are used for production or labor services, leased to others, or held for management purposes. It is recognized and subsequently measured at cost, which is an amount net of the accumulated depreciation and accumulated impairment losses. The cost of assets refers to the cash, cash equivalents, or the fair value of the consideration paid to acquire or construct the assets, including the cost related to dismantling, removing, and recovering the location. When the useful lives of the significant components of property, plant and equipment are different, it should be processed as an item separated from the property, plant and equipment.

(Continuing)

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

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

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

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

(12) Lease

(A) The Company is the lessor

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

(Continuing)

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

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

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

(B) The Company is the lessee

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

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

(Continuing)

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

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

(13) Intangible assets

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

(14) Equity instrument

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

(15) Income recognition

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

Sale of goods

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

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

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



(16) Loan cost

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

(17) Employee welfare

(A) Short-term employee welfare

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

(B) Employee benefits - retirement benefits

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

(Continuing)

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

- (b) For a defined contribution plan, the company's monthly employee pension contribution rate shall not be less than 6% of the employee's monthly salary, and the contributed amount is recognized as the current expense. Foreign subsidiaries are to appropriate a certain percentage of the salary as pension according to the local law; also, it is recognized as a current expense.
  - (c) For a defined benefit plan, the actuarial pension amount should be appropriated on the annual reporting date according to the Projected Unit Credit Method. The re-measured amount is included in other comprehensive profits and losses when it occurs; also, it is immediately recognized in the retained earnings.
- (18) Share-based payment
- (A) For share-based payment transactions with equity delivered to the employees, the fair value of the labor service received from the employees is based on the fair value of the equity instrument on the delivery day. If the delivered equity instrument is immediately vested without providing labor service in a specific period, the labor services received are recognized in full on the delivery date with the equity increased relatively. If it is not immediately vested until the labor services are completed in a specific period, it is presumed that the labor service provided by the counterparty as the consideration for the equity instrument will be received in the future vested period, and it is recognized as a remuneration expense in the vested period with the equity increased relatively. The recognition of remuneration expense is based on the best estimate of the equity instruments expected to be vested during the vested period. If the expected vested equity instruments are subsequently found to be different from the estimation, the said estimation will be amended, if necessary, so to match up with the final vested equity instrument on the vested day.
  - (B) The fair value of equity instruments is measured according to the market price available on the measurement date and the terms and conditions related to the decision-making in vesting equity instruments. If the market price is not available, apply appropriated estimation techniques to estimate the price of the delivered equity instruments on the measurement date in an arms-length transaction between the two parties who are fully understanding and willing to trade in order to estimate the fair value of the equity instruments. Also, the aforementioned evaluation techniques are consistent with generally accepted evaluation techniques for financial instrument pricing, and all the elements and assumptions related to the pricing are considered by the traders who are fully understanding and willing to trade are included.

(Continuing)

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

(19) Income tax

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

(20) Earnings per share

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

(21) Government grants

(A) The Company will have government grants recognized with certainty that all requirements for eligibility will be met and the Company is probably to receive it.

(B) The asset-related government grants are recognized in profit and loss systematically in the period when the cost of the funded asset is recognized as an expense by the Company. The government grants that are used to compensate the occurred expenses or losses will be recognized in profit and loss during the period when it is collectible.

(C) Government grants are presented in the consolidated financial statements as follows: Unrealized government grants (that is, the benefits of deferred government grants) are classified as liabilities in the consolidated balance sheet; realized government grants are debited to the relevant expenses or other income in the consolidated income statement.

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

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

(Continuing)

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

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

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

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

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

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

(Continuing)

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

(B) Impairment of accounts receivable

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

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

(C) Inventory evaluation

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

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

(Continuing)

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

**(D) Fair value of financial instruments**

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

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

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

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

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

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

(Continuing)

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets measured at fair value through profit and loss mandatorily</u>		
Acquisition cost:		
Bonds	\$1,329,762	\$842,117
SWAP contracts	-	-
Subtotal	<u>1,329,762</u>	<u>842,117</u>
Evaluation adjustment:		
Bonds	(9,979)	(85,786)
SWAP contracts	348	6,254
Subtotal	<u>(9,631)</u>	<u>(79,532)</u>
Total	<u>\$1,320,131</u>	<u>\$762,585</u>

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

<u>Financial instrument</u>	<u>Nominal principal (NT\$ Thousand)</u>	<u>Currency</u>	<u>Due date</u>
<u>December 31, 2023</u>			
SWAP contract	USD 3,700	USD:NTD	01.05.2024
SWAP contract	USD 5,000	USD:NTD	01.31.2024
SWAP contract	USD 1,000	USD:NTD	02.16.2024
Total	<u>USD 9,700</u>		
<u>December 31, 2022</u>			
SWAP contract	USD 900	USD:NTD	01.05.2023
SWAP contract	USD 4,200	USD:NTD	01.17.2023
SWAP contract	USD 5,000	USD:NTD	01.31.2023
SWAP contract	USD 1,080	USD:NTD	02.10.2023
SWAP contract	USD 3,300	USD:NTD	02.13.2023
SWAP contract	USD 2,000	USD:NTD	03.27.2023
Total	<u>USD 16,480</u>		



(Continuing)

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

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

(B) The Company 's valuation losses of financial assets and liabilities at fair value through income (loss) were NT\$62,757 thousand and NT\$(14,403) thousand for the years ended December 31, 2023 and 2022, respectively, which were booked in the “Non-operating income and expenses - other profit and loss” account.

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

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

(3) Notes receivable - net

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

(4) Accounts receivable - net

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

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

(Continuing)

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

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

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

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

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

(5) Inventory

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

(Continuing)

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

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

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

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

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

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

(Continuing)

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

(6) Other financial assets-current

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

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

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

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

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

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

(C) The Company did not have cumulative profit or loss transferred within equity for the years ended December 31, 2023 and 2022.

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

(Continuing)

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

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

(8) Investment under the equity method

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

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

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

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

(Continuing)

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

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

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

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

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

(Continuing)

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

(9) Property, plant and equipment

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

For the years ended December 31, 2023

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

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

(Continuing)

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

For the years ended December 31, 2022

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



(Continuing)

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

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

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

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

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

- (a) The company had part of the plant building leased to BAIYUE PRECISION CO., LTD. (hereinafter referred to as "BAIYUE") for a period from October 1, 2021 to September 30, 2022. The lease contract was renewed on September 30, 2022 for a lease period from October 1, 2022 to September 30, 2023. The lease contract was renewed on September 30, 2023 for a lease period from October 1, 2023 to September 30, 2024.

(Continuing)

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

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

(10) Intangible assets

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

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

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

(11) Short-term loans

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

(Continuing)

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

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

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

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

(12) Long-term loans

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

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

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

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

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

(Continuing)

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

(13) Retirement benefits(A) Defined benefit plan

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

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

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

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

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

(Continuing)

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

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

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

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

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

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

(Continuing)

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

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

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

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

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

(Continuing)

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

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

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

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

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

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

Maturity analysis of future benefit payments

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

(B) Defined contribution plan

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

(Continuing)

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

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

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

(14) Capital stock

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

(A) As of December 31, 2023 and 2022, the company's authorized capital stock included 20,000 thousand shares reserved for the issuance of an employee stock warrant.

(B) The related rights, priority, and restrictions of the common stock shares issued by the company are as follows:

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



(Continuing)

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

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

(15) Capital Surpluses

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

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

(16) Legal reserve

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

(17) Special reserve

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

(18) Earnings distribution and dividend policy

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

(Continuing)

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

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

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

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

(Continuing)

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

(19) Other equity (net amount after tax)

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

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

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

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

(20) Share-based payment - employee rewards

The company was authorized by the Securities and Futures Bureau of the Financial Supervisory Commission to issue employee stock warrants on January 13, 2015, August 22, 2018, and June 21, 2022, for 500,000 units, 500,000 units, and 300,000 units respectively. One stock warrant is entitled to subscribe to 10 common stock shares of the company. New shares will be issued for the stock option exercised by employees and the subscription price is the company's common stock closing price on the issuance day. The stock warrant holders can exercise a certain percentage of the stock warrant after 2-year from the issuance date (according to the regulations, the exercisable subscription amount is 40% of the amount available for subscription in each stock warrant issued after 2-year from the issuance date,

(Continuing)

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

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

As of December 31, 2023, the issuance of compensatory employee stock warrants is disclosed as follows:

Warrant issuance date	Total warrants issued originally	Total warrants outstanding at yearend	Total warrants available for subscription at yearend	Subscription price (NTD) (Note)
September 12, 2018	290,000	185,600	1,856,000	\$19.30
August 12, 2019	210,000	179,000	1,390,000	19.40
August 5, 2022	100,000	100,000	-	49.00
November 4, 2022	100,000	100,000	-	42.90
June 5, 2023	100,000	100,000	-	48.60

Note : The company has the subscription price adjusted when there is a change in common stock share or cash dividend is distributed for common stock shares in accordance with the “Regulations Governing the Issuance of Employee Stock Warrant and Stock Subscription.” The stock subscription price per share after adjustment is disclosed as of December 31, 2023.

(A) The company adopts the Black-Scholes stock options model to assess the fair value of the employee stock warrant issued each year. The remuneration cost accrued were NT\$15,766 thousand and NT\$5,595 thousand, for the years ended December 31, 2023 and 2022, respectively. The input values of the stock option pricing model are as follows:

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

(Continuing)

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

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

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

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

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

(Continuing)

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

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

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

	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>December 31, 2023</u>						
2018 Stock option plan	19.30	185,600	0.26	19.30	185,600	19.30
2018 Stock option plan	19.40	179,000	0.78	19.40	139,000	19.40
2022 Stock option plan	49.00	100,000	3.69	49.00		49.00
2022 Stock option plan	42.90	100,000	3.94	42.90	-	42.90
2022 Stock option plan	48.60	100,000	4.53	48.60	-	48.60
<u>December 31, 2022</u>						
2018 Stock option plan	20.30	206,700	0.99	20.30	152,000	20.30
2018 Stock option plan	20.40	179,000	1.78	20.40	99,000	20.40
2022 Stock option plan	51.50	100,000	4.69	51.50	-	51.50
2022 Stock option plan	45.10	100,000	4.94	45.10	-	45.10

(21) Net operating income

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

(Continuing)

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

## (A) Income classification:

(a) Main merchandise / service

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

(b) Main regional markets

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

(c) Income recognition time

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

## (B) Contract liabilities:

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



(Continuing)

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

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

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

(22) Operating costs and expenses

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

Function Nature	For the years ended December 31, 2023			For the years ended December 31, 2022		
	Attributable to operating cost	Attributable to operating expense	Total	Attributable to operating cost	Attributable to operating expense	Total
Employee welfare expenses						
Employee expense (Note 1)	\$358,531	\$189,665	\$548,196	\$378,759	\$179,771	\$558,530
Labor and health insurance expenses	34,822	16,028	50,850	34,016	15,219	49,235
Pension expenses	12,553	7,440	19,993	12,690	7,385	20,075
Director remuneration	-	5,076	5,076	-	4,783	4,783
Other welfare expenses	8,414	2,688	11,102	11,641	3,365	15,006
Depreciation expenses (Note 2)	56,598	9,276	65,874	50,001	6,372	56,373
Amortization expense	3,747	745	4,492	10,694	1,357	12,051

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

(Continuing)

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

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

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

(Continuing)

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

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

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

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

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

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

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

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

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

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

(Continuing)

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

(23) Other income and expenses – net

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

(24) Non-operating income and expense

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

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

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

(Continuing)

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

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

(25) Other comprehensive profit and loss

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

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

(Continuing)

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

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

(26) Income tax

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

(Continuing)

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

## (B) The income tax expense constituents:

## (a) Income tax recognized in profit and loss

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

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

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

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

(Continuing)

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

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

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

(E) Unrecognized deferred income tax assets:

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



(Continuing)

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

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

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

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

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

(B) Diluted earnings per share

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

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

(Continuing)

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

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

(28) Reconciliation of liabilities from financing activities

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

(29) Lease

Other lease information is as follows:

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

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

## 7. RELATED PARTY TRANSACTIONS

### (1) Name of related party and relationship

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

(Continuing)

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

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

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

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

(B) Sales

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

(Continuing to next page)

(Continuing)

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

(Continued from the last page)

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

The products sold in the preceding paragraph are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price at the time of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. The specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 30-90 days; while the general customer is with a payment term of OA 30-150 days.

(C) Management and technical service income

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

(D) Processing expense

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

(Continuing)

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

(E) Others

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

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

(F) Financing

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

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

(Continuing)

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

(G) Claims/obligations arising from the aforementioned transactions

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

(Continuing)

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

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

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

(H) Information on total remunerations of key management personnel

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

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

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



**8. MORTGAGED ASSETS**

None.

**9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS**

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

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

**10. SIGNIFICANT DISASTER LOSS**

None.

**11. MATERIAL POST EVENTS**

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

(Continuing)

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

- (2) The company decided to carry out a cash capital increase on October 27, 2023, as approved by the board of directors. Please refer to Note 6.(16)(F) in the individual financial statements.
  
- (3) The Company proposed the distribution of profits for the year 2023 and the issuance of cash to shareholders and of the capital surpluses to shareholders at a board meeting on March 8, 2024 (subject to approval at the shareholders' meeting scheduled for June 14, 2024). Please refer to Note 6.(20)(C) in the individual financial statements for more information.
  
- (4) The company decided to issue its second unsecured convertible corporate bonds domestically on October 27, 2023, and obtained approval from the Financial Supervisory Commission on December 28, 2023, which became effective. The aforementioned corporate bonds were issued on January 26, 2024, and listed for trading on the Taipei Exchange Exchange (referred to as the "TPEX"). The main terms of the issuance are as follows:
  - (A) Issuance amount :

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

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

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

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

(Continuing)

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

(E) Conversion Period:

Bondholders may convert the convertible bonds from the day after the issuance date of the convertible bonds (April 27, 2024), which is three months after the issuance date, until the maturity date (January 26, 2027), except during the following periods of the Company: (a) Fifteen business days prior to the ex-date of non-dilutive rights offerings, ex-date of cash dividends, or ex-date of rights offering for cash subscription; (b) From the record date for reduction of capital to one day prior to the commencement of trading of the shares issued due to reduction of capital; (c) From the commencement date of suspension of conversion for stock denomination change to one day prior to the commencement of trading of the new shares issued due to stock denomination change; (d) Except for periods when the transfer of ordinary shares is temporarily suspended by law, bondholders may at any time through their brokerage firm inform the Taiwan Depository & Clearing Corporation (hereinafter referred to as the "TDCC") to request conversion into common stock of the Company according to the conversion method through the Company's share registrar agent.

(F) Conversion Price and Adjustments:

The conversion price was set at NT\$72.2 per share at the time of issuance, with January 08, 2024 as the reference date for setting the conversion price. Following the issuance of these convertible bonds, except for various securities issued or privately placed by the Company that have the right to convert into ordinary shares or share subscription rights, or the issuance of new shares for employee compensation, in the event of an increase in the Company's issued or privately placed ordinary shares (including but not limited to cash capital increase, profit conversion increase, capital surplus conversion increase, issuance of new shares by individual or transfer of shares of other companies, stock splits, participation in overseas depository receipts issuance through cash capital increase, and increase in issued ordinary shares due to changes in stock face value), the conversion price shall be adjusted according to the formula specified in the issuance terms. Adjustments shall also be made in the event of the Company distributing cash dividends on ordinary shares, issuing various securities with the right to convert into ordinary shares or subscription rights at a conversion or subscription price lower than the prevailing market price per share, or granting others the right to subscribe for company shares at a price lower than the prevailing market price per share, except for reductions in ordinary shares due to the cancellation of treasury shares by the Company.

(G) Redemption Rights of the Company on the Convertible Bonds:

From the day after three months have elapsed since the issuance of these convertible bonds (April 27, 2024) until forty days before the maturity date (December 17, 2026), if the closing price of the Company's common stock exceeds thirty percent of the conversion price for thirty consecutive business days, the Company may, within the subsequent thirty business days, send a registered letter containing a one-month notice of redemption to the bondholders and notify the Taipei Exchange of the exercise of its redemption rights. Within five business days after the redemption date, the Company shall redeem all the bonds in cash at face value. Furthermore, if the outstanding balance of the convertible bonds in circulation falls below ten percent of the original total issuance, the Company may, at any subsequent time, send a registered letter containing a one-month notice of redemption to the bondholders and notify the Taipei Exchange of the exercise of its redemption rights. Within five business days after the redemption date, the Company shall redeem all the bonds in cash at face value.

As of the date of the individual financial statements' approval for release, there have been no instances of bondholders applying to convert the aforementioned bonds into the Company's common stock.

## 12. **OTHERS**

(1) Capital management

(A) The Company's capital management is aimed to ensure the Company's ongoing concern, to continue to provide remuneration to shareholders and benefits to stakeholders, and to maintain the best capital structure in order to reduce capital costs and to set the price of products or services according to the relative risk levels in order to provide shareholders with sufficient remuneration.

(B) The Company bases on the risk ratio to set the capital stock; also, manage and adjust the capital structure appropriately in accordance with the changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, refund shareholders by de-capitalization, and issue new shares or sell assets to settle liabilities.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(2) Financial risk management

(A) The Company's main financial instruments include cash and cash equivalents, financial assets measured at fair value through profit or loss, other financial assets, financial assets measured at fair value through other comprehensive income, short-term loans, long-term loans, and accounts receivable and accounts payable arising from operating activities. These financial instruments are utilized to manage the Company's working capital requirements. As a result, the Company's operations are subject to various financial risks, including market risks (such as foreign exchange risk, interest rate risk, and other price risks), credit risk, and liquidity risk. The overall objective of the Company's financial risk management is to mitigate potential adverse impacts arising from fluctuations in financial markets on the Company's exposure to financial risks.

(B) The Finance Department of the Company is responsible for identifying, evaluating, and hedging financial risks through close contact with the business units of the Company, planning and coordinating the access to domestic and international financial markets, and manages the Company's operation related financial risks by analyzing the degree of risk exposure; also, the Company's board of directors is responsible for supervision and management. In addition, the Group uses derivative financial instruments to hedge risk exposure at an appropriate time to reduce the impact of financial risks. The Company has the procedures for derivative financial instrument transactions stipulated that have been approved by the board of directors and the shareholders meeting. The said procedures include trade principles and policies, risk management measures, internal audit systems, regular evaluation methods, and handling of nonconformities, of which, the risk management includes credit, market prices, liquidity, cash flow, operations, law, etc.

(C) The main risks of the Company's financial instruments are as follows:

(a) Market risk

The main market risks of the Company are exchange rate risks arising from operating activities, such as sales or purchases denominated in non-functional currencies, and interest rate risks or price risks arising from financial instruments transactions.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(i) Exchange rate risk

(01) The Company evaluates and analyzes the overall exchange rate risk. When the listed assets and liabilities and future business transactions are exposed to significant exchange rate risk, within the permitted range of the policy, manage risk through forwarding exchange contract.

The Company's financial assets and liabilities denominated in non-functional currencies with significant risk exposure of exchange rate fluctuations on the reporting date, and sensitivity analysis information are as follows, sensitivity analysis is regarding the impact of the Company's financial assets and liabilities denominated in non-functional currencies appreciated by 5% against a respective foreign currency that is the functional currency of each overseas subsidiary on the net income before tax or equity on the reporting date; also, when it depreciated by 5%, it will affect the net income before tax and equity reversely:

	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>December 31, 2023</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$22,653	30.71	\$695,682	5%	\$34,784	\$-
JPY	11,189	0.2174	2,432	5%	122	-
RMB	3,221	4.329	13,942	5%	697	-
<u>Non-monetary items</u>						
USD	\$42,976	30.71	\$1,319,783	5%	\$65,989	\$-
<u>Derivative financial instrument:</u>						
USD	\$11	30.71	\$348	5%	\$17	\$-
			(Note)			

(Continuing to next page)

## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

	Foreign currency (Thousand)	Exchange rate	Book amount	Sensitive analysis		
				Change ratio	Increase/ decrease in net income before tax	Decrease in Equity
<u>December 31, 2023</u>						
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$118	30.71	\$3,612	5%	\$181	\$-
JPY	2,332	0.2174	507	5%	25	-
<u>Non-monetary items:</u> None						
<u>Derivative financial instrument:</u> None						
<u>December 31, 2022</u>						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$44,953	30.7	\$1,380,053	5%	\$69,003	\$-
JPY	13,147	0.2325	3,057	5%	153	-
RMB	1,928	4.409	8,499	5%	425	-
<u>Non-monetary items</u>						
USD	\$24,636	30.7	\$756,331	5%	\$37,817	\$-
<u>Derivative financial instrument:</u>						
USD	\$204	30.7	\$6,254 (Note)	5%	\$313	\$-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$219	30.7	\$6,713	5%	\$336	\$-
JPY	16,980	0.2325	3,948	5%	197	-
RMB	1,067	4.409	4,705	5%	235	-
<u>Non-monetary items:</u> None						
<u>Derivative financial instrument:</u> None						

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

Note: The aforementioned derivatives information refers to the book amount of the SWAP contracts that have not yet been settled on each reporting day. Please refer to Note 6.(2) of the parent company only financial report for the operation position, nominal principal, and due date.

The exchange profit and loss (including realized and unrealized) of the Company's monetary items converted to functional currencies, and the exchange rate for the conversion to the reporting currency of the parent company only financial report are as follows:

Functional currency	2023		2022	
	Exchange profit (loss)	Average exchange rate	Exchange profit (loss)	Average exchange rate
NTD	\$11,525	-	\$59,020	-

(02) In addition, the SWAP contracts held by the Company are a financial hedging operation intended to hedge exchange rate risk arising from the change (mainly including sales and purchases denominated in non-functional currencies, such as USD) in the exchange rate of foreign claims. Regarding the aforementioned SWAP contracts, the profit and loss arising from changes in the exchange rate will generally offset the profit and loss of the hedged project, so there is no significant market risk. As for the aforementioned hedged project, the net position of foreign currency claims that are not effectively hedged is linked to the market risk of changes in exchange rates, of which, the depreciation or appreciation of USD, RMB, MYR, or JPY will result in the risk of exchange profit or loss.

(ii) Interest rate risk

The Company's interest rate risks include the fair value interest rate risk of the financial instruments with fixed interest rate and the cash flow interest rate risk of financial instruments with floating interest rate. The financial instruments with fixed interest rate refer to the company's time deposits, some



(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

financial assets-current measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets-current and some bank loans; the financial instruments with floating rate refer to savings deposits, some other financial assets-current, some other noncurrent assets-others, and some bank loans. The Company has interest rate risk evaluated and analyzed on a dynamic basis and controlled the interest rate risk exposure by maintaining an appropriate combination of fixed and floating interest rates. The Company expects no significant interest rate risk.

(01) The Company's financial assets and liabilities with fixed and floating interest rates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fixed interest rate		
Financial assets	\$1,831,380	\$1,953,010
Financial liabilities	(1,210,000)	(1,070,000)
Net amount	<u>\$621,380</u>	<u>\$883,010</u>
Floating interest rate		
Financial assets	\$101,391	\$122,584
Financial liabilities	-	(79,032)
Net amount	<u>\$101,391</u>	<u>\$43,552</u>

(02) Sensitivity Analysis

For the Company's financial assets and liabilities with a floating interest rate, if the interest rate of market deposits or loans increased by 0.5% on the reporting date, assuming that it is held for an accounting year and all other factors are given, it would cause the Company's net income before tax increased by NT\$507 thousand and NT\$218 thousand for the years of 2023 and 2022 respectively.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(iii) Other price risks

The Company's beneficiary certificates and equity securities, such as financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, are with price risk resulted. The Company manages the price risk of beneficiary certificates and equity securities by holding investment portfolios with different risks.

Sensitivity Analysis

For the Company's financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive profit and loss, the impact of the beneficiary certificates and equity securities with a 5% price increase on the net income before tax or equity on the reporting date is as follows; also, the beneficiary certificates and equity securities with a 5% price decrease will affect the net income before tax or equity reversely:

	December 31, 2023	December 31, 2022
Increase in net income before tax		
Financial assets measured at fair value through profit and loss	<u>\$65,989</u>	<u>\$37,817</u>
Increase in equity		
Financial assets measured at fair value through other comprehensive profit and loss	<u>\$16,045</u>	<u>\$13,101</u>

(b) Credit risk

- (i) The Company's credit risk is mainly the potential impact of the counterparty or other parties' failure in performing financial assets contracts, which includes the concentration of credit risks, constituents, contract amounts, and other receivables of the financial assets transactions of the Company. In order to reduce credit risk, the Company has dealt with all well-known domestic and foreign financial or securities institutions for bank deposits, financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, some other financial assets, which are with low credit risk. For receivables, the Company continues to evaluate the financial

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

status of the counterparties, historical experience, and other factors to adjust the trade amount and trade method of individual customers appropriately in order to improve the Company's credit-granting quality.

- (ii) The Company evaluates and analyzes the overdue or impairment of financial assets on the balance sheet date. The Company's credit risk exposure amount is as follows:

	December 31, 2023	December 31, 2022
Credit risk exposure amount		
Allowance for losses-measured by the expected credit losses amount for 12-month	\$-	\$-
Allowance loss-measured by the expected credit loss amount throughout the duration - Accounts receivable	622	430
Total	<u>\$622</u>	<u>\$430</u>

The aforementioned credit risk exposure amounts are all from the recovery of accounts receivable. The Company has continuously evaluated the losses that affect the estimated future cash flow of accounts receivable with appropriate allowance accounts appropriated. Therefore, the book amount of accounts receivable is with credit risk properly considered and reflected. In addition, the Company does not hold collateral for the impairment of financial assets that is with an allowance account appropriated.

- (iii) The expected credit loss of the Company's notes and accounts receivable as of September 30, 2023, December 31, 2022 is analyzed as follows:

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
<u>December 31, 2023</u>			
Not overdue	\$408,488	0.01%	\$49
30 days overdue	20,117	0.17%	34
31-90 days overdue	7,030	7.65%	538
91-180 days overdue	34	1.58%	1
181-365 days overdue	-	0.00%	-
Total	<u>\$435,669</u>		<u>\$622</u>

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

	Total book amount of notes and accounts receivable	Reserve matrix (loss rate)	Allowance for loss (expected credit loss throughout the duration)
<u>December 31, 2022</u>			
Not overdue	\$542,765	0.01%	\$68
30 days overdue	17,948	0.20%	36
31-90 days overdue	3,361	9.55%	321
91-180 days overdue	1,208	0.44%	5
181-365 days overdue	81	0.00%	-
Total	<u>\$565,363</u>		<u>\$430</u>

(iv) The concentration of credit risk of accounts receivable is analyzed as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The accounts receivable ratio of the top five customers	<u>47.40%</u>	<u>59.83%</u>

(c) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support all contractual obligations for business operations and to minimize the impact of cash flow fluctuations. Bank loans are an important source of liquidity to the Company. The management ensures the repeating bank loans through capital structure management, monitoring the use of bank credit line, and complying with loan contract terms to reduce liquidity risk. The Company's stock investment under the financial assets measured at fair value through other comprehensive profit and loss is exposed to liquidity risk due to lack of an active market. In addition, the exchange rate of the Company's SWAP contract has been determined; therefore, there is no significant cash flow risk.

(i) Bank loan amount

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Short-term loan	<u>\$3,059,500</u>	<u>\$1,520,468</u>

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(ii) Maturity analysis of undiscounted financial liabilities

	<u>Less than 1 year</u>	<u>More than 1-2 years</u>	<u>More than 2-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
<u>December 31, 2023</u>					
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$1,216,423	\$-	\$-	\$-	\$1,216,423
Accounts payable	149,351	-	-	-	149,351
Accounts payable -related party	2,041	-	-	-	2,041
Other payables	275,060	-	-	-	275,060
Other payables -related party	2,706	-	-	-	2,706
Total	<u>\$1,645,581</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,645,581</u>

Derivative financial liabilities: NoneDecember 31, 2022Non-derivative financial liabilities

Short-term loan	\$1,075,100	\$-	\$-	\$-	\$1,075,100
Accounts payable	209,214	-	-	-	209,214
Accounts payable -related party	11,528	-	-	-	11,528
Other payables	299,216	-	-	-	299,216
Other payables -related party	3,667	-	-	-	3,667
Long-term loans	39,393	39,741	781	-	79,915
Total	<u>\$1,638,118</u>	<u>\$39,741</u>	<u>\$781</u>	<u>\$-</u>	<u>\$1,678,640</u>

Derivative financial liabilities: None(D) Fair value of financial instruments

The book amount of the Company's financial instruments is an amount reasonably close to the fair value.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

- (a) The methods adopted for the fair value of financial instruments and the assumptions adopted for the use of evaluation techniques
- (i) The fair value of short-term financial instruments is estimated according to the book value on the balance sheet. Such financial instruments are with a short maturity date; also, the present value of future cash flows discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value. This method is applied to cash and cash equivalents, net notes receivable, net accounts receivable (including related parties), other receivables (including related parties), short-term loans, accounts payable (including related parties), and other payables (including related parties).
  - (ii) Financial assets measured at fair value through profit and loss are those with active market quotations, and therefore, the fair value is determined based on the market price. For foreign bonds, the fair value is determined based on the quotations on the reporting date through Bloomberg, Reuters or other brokers and trading platforms.
  - (iii) Financial assets measured at fair value through other comprehensive income are equity instrument investments without active market quotations. The fair value is estimated using the Market Approach, which is based on the prices derived from the market transactions of the same or comparable equity instruments and other relevant information.
  - (iv) The fair value of other financial assets and other noncurrent assets-restricted assets is estimated according to the book amount, since the present value of future cash collected and discounted at the market interest rate is close to the book amount; therefore, the book amount should be a reasonable basis for estimating the fair value.
  - (v) The evaluation of derivative financial instruments is based on the evaluation models that are widely accepted in the market, such as, discount method and option pricing model.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(vi) The Group's long-term loans are based on floating interest rates with the fair value estimated according to the book amount on the balance sheet, which has been adjusted with reference to market conditions. Therefore, the company's loan interest rate is close to the market interest rate.

(b) Classification of fair value measurement

All assets and liabilities measured or disclosed at the fair value are classified to the respective fair value level according to the lowest level input value critical to the overall fair value measurement. The input values for each level are as follows:

Level 1: The market price (unadjusted) available for the same asset or liability on the measurement date;

Level 2: Direct or indirect observable input values of assets or liabilities, except for those quotations in Level 1;

Level 3: Unobservable input value of assets or liabilities;

The assets and liabilities that were originally measured at fair value on a repetitive basis and recognized on the balance sheet should be reassessed for classification at the end of each reporting period to determine whether there is a swift between the levels of the fair value hierarchy.

(i) The classification of financial instruments measured at fair value and recognized in the balance sheet

The Group does not have assets and liabilities measured at fair value on a non-repetitive basis. The fair value level of assets and liabilities measured at fair value on a repetitive basis is as follows:

## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets:</u>				
Financial assets measured at fair value through profit and loss				
Bonds	\$-	\$1,319,783	\$-	\$1,319,783
Swap contract	-	348	-	348
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	320,903	320,903
<u>Liabilities: None</u>				
<u>December 31, 2022</u>				
<u>Assets:</u>				
Financial assets measured at fair value through profit and loss				
Bonds	\$-	\$756,331	\$-	\$756,331
Swap contract	-	6,254	-	6,254
Financial assets measured at fair value through other comprehensive profit and loss				
Unlisted stocks	-	-	262,023	262,023
<u>Liabilities:None</u>				

- (ii) There were no significant transfers between Level 1 and Level 2 fair value hierarchy in the company's 2023 fiscal year. The company's overseas bonds were deemed illiquid and classified as non-active market debt instruments, resulting in an amount of NT\$648,836 thousand transferring from Level 1 to Level 2 in the second quarter of 2022.



(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(iii) The adjustment of the fair value measurement in Level 3 is as follows:

	Financial assets measured at fair value through other comprehensive profit and loss	
	Equity instrument investment – Unlisted stocks	
	For the years ended December 31,	
	2023	2022
Balance -beginning	\$262,023	\$299,338
Total profit		
Recognized in other comprehensive profit and loss	58,880	(37,315)
Balance -ending	\$320,903	\$262,023

The Company had recognized total current (loss) profit for an amount of NT\$58,880 thousand and NT\$(37,315) thousand in other comprehensive profit and loss due to change in Level 3 fair value for the years of 2023 and 2022, respectively, and they were booked in the “other comprehensive profit and loss -unrealized appraisal profit of equity instrument investment measured at fair value through other comprehensive profit and loss” .

(iv) The evaluation techniques and assumptions adopted to measure the fair value of financial assets.

- (01) The fair value of financial assets with standard terms and conditions that are traded in an active market is determined by referring to market price.
- (02) The foreign bonds are determined by quotations on the reporting date through Bloomberg, Reuters or other brokers and trading platforms.
- (03) The exchange transaction contracts are based on the discounted cash flow methods. Future cash flows are estimated at the forward exchange rate observable on the reporting date and the exchange rate set in the contract, and discounted at a discount rate that can reflect the credit risk of each counterparty.
- (04) The fair value of domestic unlisted equity instrument investment is evaluated with the Market Approach.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

## (v) Quantitative information on the fair value measurement of significant unobservable input values (Level 3):

	Evaluation technique	Significant unobservable input value	Quantitative information	Relationship between the input value and fair value	Sensitivity analysis of the relationship between the input value and fair value
<u>December 31, 2023</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.67	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Company will increase/decrease by NT\$16,045 thousand.
<u>December 31, 2022</u>					
<u>Financial assets</u>					
Financial assets measured at fair value through other comprehensive profit and loss:					
Stock	Market Approach	Similar company's stock price-to-net value ratio	2.45	The higher the stock price-to-net value ratio of similar companies, the higher the estimated fair value	When the stock price-to-net value ratio of similar companies increases (decreases) by 5%, the equity of the Company will increase/decrease by NT\$13,101 thousand.

## (vi) The evaluation process for the fair value measurement of significant unobservable input values (Level 3):

The Accounting Department of the Company is responsible for fair value verification, using independent sources of information to bring the evaluation results closer to the market, confirming that the data source is independent, reliable, consistent with other data resources, and representing executable prices. Also, analyze the value change in the assets and liability that must be re-measured or re-evaluated on the reporting date according to the Company's accounting policies to ensure the reasonableness of the evaluation result.

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.  
(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

**13. SUPPLEMENTARY DISCLOSURE MATTERS**

(1) Information on major transactions

Supplementary information of the company and the subsidiaries for the year ended December 31, 2023 is disclosed as follows:

(A) Loans to others:

Unit: NT\$ Thousand / USD

No	Lending company	Borrower	Accounting item	Related party	Maximum amount -current	Balance – ending (12.31.2022) (Note 2)	Actual amount implemented (Note 3)	Interest rate range	Nature of loan	Transaction amount	Reason for short-term loan	Allowance for bad debt appropriated	Collateral		Loaning of fund limit to individual (Note 1)	Total loaning of fund limit (Note 1)
													Name	Value		
1	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD	Other accounts receivable -related party	Yes	77,922 (RMB18,000,000)	43,290 (RMB10,000,000)	43,290 (RMB10,000,000)	-	Short-term loan	-	Business operation of affiliated enterprise	-	-	-	\$225,058 (RMB 51,988,363)	\$900,230 (RMB 207,953,451)

Note 1: The total loaning of fund limit refers to an amount equivalent to 40% of the current net value of the lending company. The loaning of fund limit to individual refers to an amount equivalent to 10% of the current net value of the lending company. The current net value is based on the latest financial statements audited by an independent auditor.

Note 2: It is the loaning of fund amount resolved by the company's board of directors.

Note 3: It is the actual outstanding loan amount at yearend.

(B) Provision of endorsements and guarantees to others: None

## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

## (C) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures):

Unit: NT\$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Stocks	REEL MASK INDUSTRY CO., LTD.	None	Financial assets-noncurrent measured at fair value through other comprehensive profit and loss	3,392,713	\$320,903	9.98	\$320,903	
	Bonds	HSBC Holding bonds HSBC 6 RERP (I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	91,029 (USD 2,964,158)	-	91,029 (USD 2,964,158)	
	Bonds	Macquarie Group Limited bonds MQGAU 6 1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,400,000	39,940 (USD 1,300,544)	-	39,940 (USD 1,300,544)	
	Bonds	Societe Generale bonds SOCGEN 6.75 PERP	None	Financial assets-current measured at fair value through profit and loss	2,000,000	54,671 (USD 1,780,220)		54,671 (USD 1,780,220)	
	Bonds	BCS-Barclays Plc bonds BACR 8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,106 (USD 198,826)	-	6,106 (USD 198,826)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	940,000	30,096 (USD 979,997)	-	30,096 (USD 979,997)	
	Bonds	BCS-Barclays Plc bonds BACR 9.625 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	2,990,000	95,505 (USD 3,109,899)	-	95,505 (USD 3,109,899)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	2,830,000	93,050 (USD 3,029,968)	-	93,050 (USD 3,029,968)	
	Bonds	HSBC Holding bonds HSBC 6.547 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	6,433 (USD 209,466)	-	6,433 (USD 209,466)	
	Bonds	HSBC Holding bonds HSBC 8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	500,000	15,924 (USD 518,520)	-	15,924 (USD 518,520)	

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Unit: NT\$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	HSBC Holding bonds HSBC 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	787,000	\$24,918 (USD 811,397)	-	\$24,918 (USD 811,397)	
	Bonds	Internationale Nederlanden Group N.V. bonds INTNED 7 1/2 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	15,371 (USD 500,535)	-	15,371 (USD 500,535)	
	Bonds	HSBC Holding bonds HSBC 6 3/8 PERP	None	Financial assets-current measured at fair value through profit and loss	1,000,000	30,451 (USD 991,550)	-	30,451 (USD 991,550)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	500,000	14,648 (USD 476,985)	-	14,648 (USD 476,985)	
	Bonds	HSBC Holding bonds HSBC 6.5 PERP	None	Financial assets-current measured at fair value through profit and loss	500,000	14,836 (USD 483,100)	-	14,836 (USD 483,100)	
	Bonds	BNP Paribas bonds BNP 5.1/8 PERP	None	Financial assets-current measured at fair value through profit and loss	200,000	5,294 (USD 172,396)		5,294 (USD 172,396)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	2,308,000	75,855 (USD 2,470,045)		75,855 (USD 2,470,045)	
	Bonds	BNP Paribas bonds BNP 8.5 PERP	None	Financial assets-current measured at fair value through profit and loss	800,000	25,791 (USD 839,840)	-	25,791 (USD 839,840)	
	Bonds	HSBC Holding bonds HSBC 6 PERP (III)	None	Financial assets-current measured at fair value through profit and loss	700,000	20,411 (USD 664,629)		20,411 (USD 664,629)	
	Bonds	DB-Deutsche Bank AG bonds DB 7.5 PRRP(I)	None	Financial assets-current measured at fair value through profit and loss	1,600,000	47,899 (USD 1,559,712)	-	47,899 (USD 1,559,712)	
Bonds	DB-Deutsche Bank AG bonds DB 7.5 PRRP(II)	None	Financial assets-current measured at fair value through profit and loss	800,000	\$23,908 (USD 778,520)	-	\$23,908 (USD 778,520)		

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Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Unit: NT\$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2023				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	BCS-Barclays Plc bonds (2022) BACR 8 PRRP(I)	None	Financial assets-current measured at fair value through profit and loss	2,290,000	68,653 (USD 2,235,521)	-	68,653 (USD 2,235,521)	
	Bonds	BCS-Barclays Plc (2022) bonds BACR 8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	800,000	23,952 (USD 779,952)	-	23,952 (USD 779,952)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP (I)	None	Financial assets-current measured at fair value through profit and loss	1,280,000	41,071 (USD 1,337,370)	-	41,071 (USD 1,337,370)	
	Bonds	Societe Generale bonds SOCGEN 9.3/8 PERP (II)	None	Financial assets-current measured at fair value through profit and loss	1,300,000	41,678 (USD 1,357,135)	-	41,678 (USD 1,357,135)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP(III)	None	Financial assets-current measured at fair value through profit and loss	1,500,000	49,004 (USD 1,595,700)	-	49,004 (USD 1,595,700)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(I)	None	Financial assets-current measured at fair value through profit and loss	3,000,000	98,552 (USD 3,209,130)	-	98,552 (USD 3,209,130)	
	Bonds	BNP Paribas bonds BNP 9.25 PERP(II)	None	Financial assets-current measured at fair value through profit and loss	1,200,000	39,440 (USD 1,284,288)	-	39,440 (USD 1,284,288)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 RERP(I)	None	Financial assets-current measured at fair value through profit and loss	200,000	6,693 (USD 217,934)	-	6,693 (USD 217,934)	
	Bonds	Mitsubishi UFJ Financial Group bonds MUFG 8.2 RERP(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,014 (USD 326,070)	-	10,014 (USD 326,070)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(5Y)(I)	None	Financial assets-current measured at fair value through profit and loss	1,800,000	\$59,621 (USD 1,941,408)	-	\$59,621 (USD 1,941,408)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(10Y)(I)	None	Financial assets-current measured at fair value through profit and loss	3,100,000	105,648 (USD 3,440,194)	-	105,648 (USD 3,440,194)	

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Unit: NT\$ Thousand / RMB / THB / USD

Holding company	Type of securities	Name of securities	Relationship with the securities issuer	Accounting title	December 31, 2022				Remarks
					Shares /unit /1,000 shares	Book amount	Shareholding ratio (%)	Fair value /net value	
G-SHANK ENTERPRISE CO., LTD.	Bonds	UBS Group Bonds UBS 9.25 PERP(5Y)(II)	None	Financial assets-current measured at fair value through profit and loss	1,000,000	33,099 (USD 1,077,800)		33,099 (USD 1,077,800)	
	Bonds	UBS Group Bonds UBS 9.25 PERP(10Y)(II)	None	Financial assets-current measured at fair value through profit and loss	300,000	10,222 (USD 332,583)		10,222 (USD 332,583)	
CHIN DE INVESTMENT CO., LTD.	Bonds	HSBC Holding bonds HSBC 6 PERP	None	Financial assets-current measured at fair value through profit and loss	470,000	13,704 (USD 446,251)	-	13,704 (USD 446,251)	
	Bonds	Societe Generale bonds SOCGEN 10 PERP	None	Financial assets-current measured at fair value through profit and loss	860,000	28,265 (USD 920,381)	-	28,265 (USD 920,381)	
GREAT-SHANK CO., LTD.	Funds	KFAFIX-A	None	Financial assets-current measured at fair value through profit and loss	3,099,082	32,070 (THB 35,672,909)	-	32,070 (THB 35,672,909)	
	Funds	BBL-AIBP6-23	None	Financial assets-current measured at fair value through profit and loss	1,320,000	11,938 (THB 13,278,804)	-	11,938 (THB 13,278,804)	
	Funds	SCBCP3M45	None	Financial assets-current measured at fair value through profit and loss	700,000	6,307 (THB 7,015,680)	-	6,307 (THB 7,015,680)	
	Funds	SCBFIXEDA	None	Financial assets-current measured at fair value through profit and loss	1,799,652	17,389 (THB 19,342,837)	-	17,389 (THB 19,342,837)	
	Funds	SCBINCA	None	Financial assets-current measured at fair value through profit and loss	960,642	9,019 (THB 10,031,797)	-	9,019 (THB 10,031,797)	
	Funds	SCBSF6MT7	None	Financial assets-current measured at fair value through profit and loss	900,000	8,155 (THB 9,071,100)	-	8,155 (THB 9,071,100)	

(D) Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital:

None

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(E) Acquired real estate for an amount of more than NT\$300 million or 20% of the paid-in capital:

Unit: NT\$ Thousand

Company Name	Property	Event Date	Transaction Amount	Payment Term	Counterparty	Relationship	Prior Transactions of Related Counter Party				Pricing Reference	Purpose of Acquisition	Other Term
							Owner	Relationships	Transfer Date	Aamount			
G-SHANK ENTERPRISE CO., LTD.	Land, buildings, and ancillary equipment	Octemeber 27,2023 (Note1)	\$1,550,000	\$310,000	FLEX TEK CO., LTD.	None	N/A	N/A	N/A	\$-	Note3	For company operational use	None

Note 1: As of the end of the reporting period, the seller has not fulfilled the key delivery conditions of the contract, therefore, the advance payment for equipment is temporarily recorded.

Note 2: Refers to the signing date of the transaction.

Note 3: The company obtained appraisal reports from Cushman & Wakefield Real Estate Appraisal Firm and Jiaju Real Estate Appraisal Firm.

(F) Disposed real estate for an amount more than NT\$300 million or 20% of the paid-in capital : None

(G) The purchase or sale of goods with the related party for an amount more than NT\$100 million or 20% of the paid-in capital : None

(H) Accounts receivable from related parties amounted to more than NT\$100 million or 20% of the paid-in capital : None

(I) Engage in derivative instruments transactions: Please refer to Notes 6.(2) and 12 of the consolidated financial statements.



Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(J) Business relationship and important transactions and transaction amount between the parent company and subsidiaries and among subsidiaries:

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	1	Sales income	\$310	Note 4	0.01%
				Cost of goods sold	279	Note 5	-
				Other income	23,872	Note 7	0.42%
				Accounts receivable -related party	49		-
				Accounts payables -related party	133		-
				Other payables -related party	9		-
0	G-SHANK ENTERPRISE CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	1	Other income	1,064	Note 7	0.02%
0	G-SHANK ENTERPRISE CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	1	Other income	2,635	Note 7	0.05%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD	1	Cost of goods sold	1,478	Note 5	0.03%
				Other income	6,851	Note 7	0.12%
				Accounts payables -related party	618		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	QINGDAO G-SHANK PRECISION SDN.BHD.	1	Sales income	27	Note 4	-
				Other income	4,322	Note 7	0.08%
				Accounts receivable -related party	26		-
				Other payables -related party	4		-

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-SHANK PRECISION SDN.BHD.	1	Cost of goods sold	\$694	Note 5	0.01%
				Other income	2,645	Note 7	0.05%
				Other payables -related party	19		-
0	G-SHANK ENTERPRISE CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	1	Cost of goods sold	66	Note 5	-
				Other income	4,479	Note 7	0.08%
				Accounts payables -related party	13		-
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK, INC.	1	Sales income	5,671	Note 4	0.10%
				Accounts receivable -related party	216		-
				Other receivables – related party	66		-
0	G-SHANK ENTERPRISE CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	1	Sales income	2,221	Note 4	0.04%
				Cost of goods sold	77	Note 5	-
				Other income	4,216	Note 7	0.07%
				Accounts receivable -related party	141		-
				Other payables -related party	30		-
0	G-SHANK ENTERPRISE CO., LTD.	GREAT-SHANK CO., LTD.	1	Sales income	4,595	Note 4	0.08%
				Cost of goods sold	167	Note 5	-
				Other income	4,101	Note 7	0.07%
				Accounts receivable -related party	799		0.01%
				Other receivables – related party	874		0.01%

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK ENTERPRISE (M) SDN. BHD.	1	Sales income	\$5,819	Note 4	0.10%
				Other income	6,711	Note 7	0.12%
				Accounts receivable -related party	782		0.01%
0	G-SHANK ENTERPRISE CO., LTD.	PT INDONESIA G-SHANK PRECISION	1	Sales income	784	Note 4	0.01%
0	G-SHANK ENTERPRISE CO., LTD.	G-SHANK JAPAN CO., LTD	1	Sales income	2,899	Note 4	0.05%
				Cost of goods sold	470	Note 5	0.01%
				Operating expense	530	Note 7	0.01%
				Accounts receivable -related party	10		-
				Other receivables – related party	10		-
				Other payables -related party	70		-
1	SHANGHAI G-SHANK PRECISION	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	3	Sales income	2,928	Note 6	0.05%
				Cost of goods sold	89,970	Note 6	1.57%
				Other profit and loss	15,779	Note 7	0.27%
				Accounts receivable -related party	862		0.01%
				Other receivables – related party	3,250		0.03%
				Other payables -related party	26,252		0.27%
1	SHANGHAI G-SHANK PRECISION	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	142	Note 6	-

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

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No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK RECISION	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	\$2,466	Note 6	0.04%
				Cost of goods sold	43,261	Note 6	0.75%
				Other profit and loss	19,826	Note 7	0.35%
				Accounts receivable -related party	597		0.01%
				Other receivables – related party	46,917		0.48%
				Other payables -related party	8,643		0.09%
1	SHANGHAI G-SHANK RECISION	GREAT-SHANK CO., LTD..	3	Sales income	170	Note 6	-
				Other receivables – related party	100		-
1	SHANGHAI G-SHANK RECISION	G-SHANK JAPAN CO., LTD	3	Sales income	2,907	Note 6	0.05%
				Cost of goods sold	16,674	Note 6	0.29%
				Accounts receivable -related party	140		-
				Other payables -related party	4,166		0.04%
1	SHANGHAI G-SHANK RECISION	PT INDONESIA G-SHANK PRECISION	3	Sales income	7,941	Note 6	0.14%
				Accounts receivable -related party	5,246		0.05%
1	SHANGHAI G-SHANK RECISION	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	289	Note 6	0.015
				Cost of goods sold	3,533	Note 6	0.06%
				Accounts receivable -related party	258		-
1	SHANGHAI G-SHANK RECISION	G-SHANK ENTERPRISE (M) SDN. BHD.	3	Sales income	228	Note 6	-
				Cost of goods sold	616	Note 6	0.01%
				Accounts payables -related party	159		-

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
1	SHANGHAI G-SHANK ECISION	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	\$1,878	Note 6	0.03%
				Cost of goods sold	7,631	Note 6	0.13%
				Accounts payables -related party	922		0.01%
1	SHANGHAI G-SHANK ECISION	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Sales income	57	Note 6	-
				Accounts receivable -related party	37		-
1	SHANGHAI G-SHANK ECISION	QINGDAO G-SHANK PRECISION SDN.BHD.	3	Sales income	1	Note 6	-
				Cost of goods sold	6,726		0.12%
				Other payables -related party	1,396		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income	782	Note 6	0.01%
				Cost of goods sold	57	Note 6	-
				Accounts receivable -related party	657		0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	93	Note 6	-
				Other payables -related party	23		-
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	622	Note 6	0.01%
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	3	Sales income	73	Note 6	-

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Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.  
(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
2	SHENZHEN G-SHANK PRECISION SDN.BHD.	GREAT-SHANK CO., LTD.	3	Sales income Accounts receivable -related party	\$462 252	Note 6	0.01%-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-SHANK JAPAN CO., LTD.	3	Cost of goods sold	232	Note 6	-
3	G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	3	Cost of goods sold	8	Note 6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	110	Note 6	-
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Sales income Accounts receivable -related party	222 125	Note 6	- -
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD.	3	Sales income	367	Note 6	0.01%
4	G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	DONGGUAN QIAOJUTRADING CO., LTD.	3	Sales income Other profit and loss Accounts receivable -related party Other receivables – related party	\$13,956 158 2,216 30	Note 6	0.24% - 0.02% -

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
5	G-SHANK ENTERPRISE (M) SDN. BHD.	G-SHANK JAPAN CO., LTD.	3	Sales income	\$6,425	Note 6	0.11%
				Cost of goods sold	7,897	Note 6	0.14%
				Accounts receivable -related party	961		0.01%
				Accounts payables -related party	1,526		0.02%
6	HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	3	Sales income	1	Note 6	-
7	G-SHANK JAPAN CO., LTD.	SHENZHEN G-BAO PRECISION SDN.BHD.	3	Cost of goods sold	1,825	Note 6	0.03%
				Accounts payables -related party	15		-
7	G-SHANK JAPAN CO., LTD.	PTINDONESIA G-SHANK PRECISION	3	Sales income	353	Note 6	0.01%
7	G-SHANK JAPAN CO., LTD.	GREAT-SHANK CO., LTD.	3	Other receivables – related party	50		-
7	G-SHANK JAPAN CO., LTD.	XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	44	Note 6	-
7	G-SHANK JAPAN CO., LTD.	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Cost of goods sold	699	Note 6	0.01%
				Accounts payables -related party	92		-

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(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

No. (Note 1)	Trading party	Counterparty	Relationship with the trading party (Note 2)	Transactions			
				Item	Amount	Transaction conditions	Ratio to total consolidated operating income or total assets (Note 3)
8	QINGDAO G-SHANK PRECISION SDN.BHD	TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	3	Sales income	\$633	Note 6	0.01%
				Accounts receivable -related party	122		-

Note 1: Business transactions conducted between the parent company and subsidiaries should be noted in the “No.” column as follows:

- (a) Fill in “0” for the parent company;
- (b) The subsidiaries are numbered sequentially starting from the Arabic number “1” by the company type.

Note 2: The “relationship with the trading companies” includes three types (The same transaction between parent company and subsidiary or between two subsidiaries needs not to be disclosed repeatedly, for example, if the parent company has already disclosed the transaction conducted with the subsidiary, the subsidiary does not need to have it disclosed again. If one of the two subsidiaries has already disclosed the transaction conducted, the other subsidiary does not need to have it disclosed again), which should be marked as follows:

- (a) The parent company to the consolidated subsidiary;
- (b) Consolidate subsidiary to parent company;
- (c) Consolidated subsidiary to consolidated subsidiary;

Note 3: For the ratio of the transaction amount to the consolidated total operating income or total assets, if it is an asset or liability item, it is calculated for the ratio of the ending balance amount to the consolidated total assets; if it is a profit and loss item, it is calculated for the ratio of the interim cumulative amount to total consolidated operating income.



Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

Note 4: The products sold are mostly equipment, tools, and materials used for production with the price negotiated by both parties by adding a percentage to the cost or by the cost price of trade depending on the type of product traded; also, taking into account the expenses and exchange rate risk. However, the specifications of products that are sold to related parties are exclusive; therefore, there is no other customer available for comparison. The payment term of sales to a related party is OA 60-150 days.

Note 5: The purchase is mostly for molds and parts with special specifications from one single supplier. Therefore, there is no other purchase price available for comparison. The payment term for such single supplier is OA 60-120 days.

Note 6: The collection (payment) term is OA 90-150 days according to the contract signed.

Note 7: It is calculated and collected according to the contract signed.

## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(2) Re-investment business-related information

Supplementary disclosure of information related to the company's direct or indirect significant influence, control, or joint venture equity on the investee company not in Mainland China for the nine-month period ended December 31, 2023.

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
G-SHANK ENTERPRISE CO., LTD.	CHIN DE INVESTMENT CO., LTD.	Note 1	General investment	\$50,000	\$50,000	5,000,000	100.00	\$54,271	\$1,558	\$1,558	
	GRAND STAR ENTERPRISES L.L.C. (Note 2)	Note 2	General investment	590,864	590,864	-	100.00	1,615,801	115,862	115,968	
	G-SHANK, INC.	Note 3	Stamping parts molds, fixtures	36,686	36,686	1,000	100.00	375,076	24,107	24,210	
	G-SHANK ENTERPRISE (M) SDN. BHD.	Note 4	Stamping parts molds, fixtures	85,112	85,112	6,924,750	92.33	409,297	80,359	74,378	
	GREAT-SHANK CO., LTD.	Note 5	Precision progressive die and hardware products	69,509	69,509	7,968,750	85.00	132,100	19,881	16,897	
	G-SHANK JAPAN CO., LTD.	Note 6	International trade	19,749	19,749	1,060	58.89	14,678	4,924	2,900	
	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	40,448	40,448	9,940,956	14.48	168,076	68,875	9,977	

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Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Investor Company	Investee Company	Location	Main business operation	Original investment amount (Note 12)		As of December 31, 2023			Current profit (loss) of the Investee Company	Investment profit (loss) recognized in current period (Note 11)	Footnote
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Book amount (Note 11)			
CHIN DE INVESTMENT CO., LTD.	SUNFLEX TECHNOLOGY CO., LTD.	Note 7	Manufacturing and trading of electronic components	217	217	10,000	0.01	172	68,875	10	
G-SHANK ENTERPRISE (M) SDN. BHD.	PT INDONESIA G-SHANK PRECISION	Note 8	Stamping parts molds, fixtures	\$47,868 (RM7,144,500)	\$47,868 (RM7,144,500)	18,800	94.00	\$219,834 (RM32,811,117)	\$37,862 (RM5,545,933)	-	
G-SHANK, INC.	G-SHANK DEMEXICO,S. A. DE C.V.	Note 9	Stamping parts molds, fixtures	4,884 (USD159,025)	4,884 (USD159,025)	-	100.00	32,957 (USD1,073,160)	9,336 (USD300,012)	-	
GRAND STAR ENTERPRISES L.L.C. (Note 2)	GLOBAL STAR INTERNATIONAL CO., LTD.	Note 10	General investment	590,185 (USD19,218,011)	590,185 (USD19,218,011)	19,218,011	100.00	1,603,243	115,281	-	

Note 1: 20F-2, No. 83, Section 1, Chung Hsiao E. Road, Zhongzheng District, Taipei City.

Note 2: 201 Rogers Office Building Edwin Wallace Rey Drive George Hill Anguilla.

Note 3: 1034 Old Port Isabel Rd., Suite 2 Brownsville, TX 78521, U.S.A.

Note 4: Plot 94, Bayan Lepas Industrial Estate 11900 Bayan Lepas, Penang, Malaysia.

Note 5: 116 Moo 1 Hitech Industrial Estate T.Banlane , A.Bang Pa-In , Ayutthaya Thailand 13160

Note 6: 1-17-14, Nishi-Shinbashi ,Excel Annex 8F, Nishi-Shinbashi, Minato-Ku,Tokyo, 105-0003 Japan.

Note 7: No. 522, Nanshang Road, Guishan District, Taoyuan City

Note 8: Jl. Industri Kawasan JABABEKA Tahap II Block RR 5C-5D Cikarang-Bekasi 17530, Indonesia.

Note 9: NO.15, Gral, Pedro Hinojosa, cd industrial H.Matamoros, Tamps, Mexico.

Note 10: Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman, KY1-9006 Cayman Islands.

Note 11: It is calculated based on the financial statements of the invested companies for the same period audited by the accountants.

Note 12: The original investment amount at the end of the current period and the end of last year is calculated according to the exchange rate on December 31, 2023.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(3) Investment in China

(A) The name, main business operation, paid-in capital, investment methods, remittance in and out of funds, shareholding ratio, investment profit and loss, investment book amount at yearend, remittance in of investment profit and loss, and investment limits of the invested company in China:

Unit : NTD Thousand/USD/RMB/HKD

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD 10,000,000 (Note A)	Entrusted investment (Note B)	USD1,700,000	\$-	\$-	USD1,700,000	\$364,333	85.00	\$309,683	\$1,912,900	\$1,763,089 (USD57,410,906)
HONG JING (SHANGHAI) ELECTRONICS CO., LTD.	Precision progressive die and hardware products	USD1,590,000	Investment through the company set up in the third region (Note C)	USD1,275,000	-	-	USD1,275,000	11,984	80.19	9,610	66,719	95,126 (USD3,097,555)
G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	Precision progressive die and hardware products	USD3,000,000	Investment through the company set up in the third region (Note D)	USD1,530,000	-	-	USD1,530,000	16,698	51.00	8,516	122,152	20,949 (USD682,168)
XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note E)	USD1,990,000	-	-	USD1,990,000	(1,242)	79.60	(989)	85,231	70,082 (USD2,282,062)

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD.	Planer, milling machine or die machine, precision continuous die and hardware products	USD1,400,000	Investment through the company set up in the third region (Note F)	USD1,671,825	\$-	\$-	USD1,671,825	\$46,622	100.00	\$46,622	\$287,149	\$120,151 (USD3,912,452)
QINGDAO G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD4,000,000	Investment through the company set up in the third region (Note G)	USD3,342,000	-	-	USD3,342,000	(1,410)	92.83	(1,309)	224,575	333,546 (USD10,861,158)
TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.	Precision progressive die and hardware products	USD2,500,000	Investment through the company set up in the third region (Note H)	USD2,205,000	-	-	USD2,205,000	37,660	88.20	33,216	214,290	117,207 (USD3,816,588)
SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	Precision progressive die and hardware products	USD300,000	Investment through the company set up in the third region (Note I)	USD 255,000	-	-	USD255,000	20,725	85.00	17,616	91,720	590,082 (USD19,243,948)
SHENZHEN G-SHANK PRECISION SDN.BHD.	Precision progressive die and hardware products	USD2,600,000	Investment through the company set up in the third region (Note J)	USD2,440,000	-	-	USD2,440,000	(24,911)	93.85	(23,379)	97,289	8,007 (USD260,742)

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## Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

(Continued from the last page)

Unit : NTD Thousand/USD/MYR

Invested company in China	Main business operation	Paid-in capital	Investment method	Cumulative investment amount remitted out of Taiwan in current period - beginning	Investment amount remitted in or out in current period		Cumulative investment amount remitted out of Taiwan in current period - ending	Current profit (loss) of the invested company	The company's direct or indirect investment shareholding ratio (%)	Investment profit (loss) recognized in current period (Note 4)	Book amount of investment - ending	Investment profit remitted into Taiwan as of current period
					Remitted out	Remitted in						
SHENZHEN G-BAO PRECISION SDN.BHD.	Precision progressive die and hardware products	USD3,150,000	Investment through the company set up in the third region (Note K)	USD2,880,000	\$-	\$-	USD2,880,000	\$30,836	91.43	\$28,194	\$428,040	\$151,612 (USD4,936,848)
HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. (Note 5)	Precision progressive die and hardware products, electroplating processing	RMB19,000,000 (Note 6)	Transfer investment of SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD.	-	-	-	-	(1,606)	100.00	(1,606)	85,860	-
DONGGUAN QIAOJU TRADING CO., LTD. (Note 5)	Plastic hardware wholesale and import/export business	HKD3,000,000	Transfer investment of G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.	-	-	-	-	2,473	100.00	2,473	36,659	-
HUI ZHOU G-BAO PRECISION SDN.BHD. (Note 5)	Precision progressive die and hardware products	RMB55,000,000	Transfer investment of SHENZHEN G-BAO PRECISION SDN.BHD.	-	-	-	-	2,142	100.00	2,142	241,576	-

Notes to The Parent Company Only Financial Statements of G-SHANK ENTERPRISE CO., LTD.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

Cumulative investment amount remitted out from Taiwan to China at yearend (Note 1)	Investment amount approved by the Investment Commission, MOEA (Notes 1 and 2)	The investment amount limit stipulated by the Investment Commission, MOEA (Note 3)
\$647,555 (USD21,086,140)	\$867,787 (USD28,257,472)	\$4,050,906

Note 1: It includes the net amount of USD1,797,315 derived from the approved investment of GSYUE DG TOOLING CO.,LTD. for USD2,730,000 and net of the liquidating investment fund remitted in for USD932,685.

Note 2: It includes the capital increase from earnings of SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in May 2001 and October 2004, and the capital increase from earnings of QINGDAO G-SHANK PRECISION SDN.BHD. in January 2019.

Note 3: According to the “Principles for the Review of Investment or Technical Cooperation in Mainland China” stipulated by the Investment Commission, MOEA the company’s investment in China is limited to 60% of the net worth or consolidated net worth, whichever is higher. However, the enterprises that are with the certification document to evidence its meeting the operation scope of the headquarters issued by the Industrial Development Bureau, MOEA is not subject to this limit. The company had applied to the Industrial Development Bureau, MOEA for approval as the corporate operation headquarters on April 18, 2019 that would be valid from March 29, 2021 to March 28, 2024 for the investment in China, which had not violated the investment limit of the Investment Commission, MOEA.

Note 4: The Company's share of profit or loss from subsidiaries accounted for using the equity method for the year 2023 is calculated based on the audited financial statements of these investee companies for the same period.

Note 5: It is an investment made through the invested company in China; therefore, it is unnecessary to report to the Investment Commission MOEA and is not included in the “Cumulative investment amount remitted out from Taiwan to China.”

Note 6 : HUBEI HANSTAR ELECTRONICS TECHNOLOGY CO., LTD. originally had a paid-in capital of RMB 30,000,000. In May 2023, it carried out a reduction of capital and refunded RMB 11,000,000 to shareholders, resulting in a revised paid-in capital of RMB 19,000,000.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

Note A : SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$2,000 thousand originally. It had arranged a capital increase from earnings for an amount of US\$2,500 thousand and US\$5,500 thousand in May 2001 and October 2004, respectively. As of December 31, 2023, SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. had a paid-in capital of US\$10,000 thousand.

Note B : The company has signed a power of attorney with G-SHANK ENTERPRISE (M) SDN. BHD. (hereinafter referred to as the “trustee”), a business entity of the company in the third region, to indirectly establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China with the related party, Yuhuang Lin. The main content of the power of attorney is as follows:

- (a) The company designated the trustee to invest US\$1,700,000 (including bank transfer of US\$1,250,000 and machinery and equipment for an amount of US\$450,000) in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in China.
- (b) The trustee is to apply to the competent authorities in China to invest and establish SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. in the name of the trustee.
- (c) The trustee upon receiving income or benefits from SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. should have it transferred to the company entirely.
- (d) If SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. is to return the investment funds due to capital reduction, business termination, or other reasons, the trustee upon receiving such refund shall have it transferred to the company entirely.
- (e) The trustee shall notify the company when transferring investment funds, benefits, or income due to the reasons stated in the last two preceding paragraphs according to the instruction of the company.
- (f) The trustee’s rights and obligations in SHANGHAI G-SHANK PRECISION MACHINERY CO., LTD. are transferred to the company due to this entrusted investment relationship; therefore, the trustee does not guarantee the income and profit and loss.
- (g) The trustee shall exercise due diligence to manage investment, foreign exchange settlement, and benefit collection.
- (h) The matters not addressed in the power of attorney shall be handled in accordance with the law and regulations of the Republic of China, domestic and foreign banking practices, and other regulations.



(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

- Note C : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010260 (Investment Commission, MOEA had the (90) Shen-II-Tzi No. 90010260 amended by issuing the (95) Shen-II-Tzi No. 095004988 on 03.03.2006), and the company was approved by the Investment Commission, MOEA by issuing the Shen-II-Tzi No. 093031757 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in HONG JING (SHANGHAI) ELECTRONICS CO., LTD. HONG JING (SHANGHAI) ELECTRONICS CO., LTD. had arranged a capital increase in cash on November 1, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 80.19% thereafter.
- Note D : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90010259 and Jin-Shen-II-Tzi No. 91015965, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042580 Letter and Jin-Shen-II-Tzi No. 093031432 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-LONG PRECISION MACHINERY (DONG GUAN) CO., LTD.
- Note E : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90022866, and the company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092042581 Letter and Jin-Shen-II-Tzi No. 093006075 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in XIAMEN G-SHANK PRECISION MACHINERY CO., LTD.
- Note F : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Tou-Shen-II-Tzi No. 90001835, Jin-Shen-II-Tzi No. 091031112, and Jin-Shen-II-Tzi No. 92008940 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in G-SHANK PRECISION MACHINERY (SUZHOU) CO., LTD. Subsequently, 5.86% (investment amount of US\$82 thousand) and 2% (investment amount US\$28 thousand) of the shareholding was transferred to non-related parties, Mr. Bershin Lo and Mr. Guodong Hsu, in March 2003, respectively. The company's shareholding was reduced to 92.14 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010563 Letter. HON YEY INVESTMENT CO., LTD., a subsidiary of the company, had paid US\$23 thousand to acquire the 2% (investment amount US\$28 thousand) shareholding from Mr.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

Guodong Hsu on January 5, 2007 with the shareholding increased to 94.14% thereafter and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500329480 Letter. The company's board of directors had resolved on June 13, 2019 to acquire the 5.86% (investment amount US\$361 thousand) shareholding from the non-related party, Mr. Bershin Lo, and it was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 10800157300 Letter with the comprehensive shareholding increased to 100% thereafter.

Note G : HON YEY INVESTMENT CO., LTD., a subsidiary of the company, was approved by the Investment Commission, MOEA by issuing the (90) Shen-II-Tzi No. 90010261, Jin-Shen-II-Tzi No. 91039369, Jin-Shen-II-Tzi No. 092003008 Letter, and Jin-Shen-II-Tzi No. 094008181 to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in QINGDAO G-SHANK PRECISION SDN.BHD. Subsequently, 5% (investment amount of US\$130 thousand), 2.23% (investment amount US\$58 thousand), and 0.58% (investment amount US\$15 thousand) of the shareholding was transferred to non-related parties, Mr. Shenwei Guo, Mr. Hongjun Li, and Mr. Bangyong Liu, in March 2003, respectively. The company's shareholding was reduced to 92.19 % thereafter that was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092010560 Letter. QINGDAO G-SHANK PRECISION SDN.BHD. had arranged capital increase in cash on November 25, 2006; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was 92.83% thereafter. QINGDAO G-SHANK PRECISION SDN.BHD. had a paid-in capital of US\$3,600 thousand and then arranged a capital increase from earnings for an amount of US\$400 thousand in January 2019 and the paid-in capital of QINGDAO G-SHANK PRECISION SDN.BHD. was US\$4,000 thousand thereafter.

Note H : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 092044159, Jin-Shen-II-Tzi No. 093005557, and Jin-Shen-II-Tzi No. 093006249 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in TIANJIN G-SHANK PRECISION MACHINERY CO., LTD.

Note I : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095026420 Letter to indirectly invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through G-SHANK ENTERPRISE (M) SDN. BHD. in the third region. Then it was approved for amendment by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 095032048 Letter to invest in SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. through GLOBAL STAR INTERNATIONAL CO., LTD. that was invested by GRAND STAR

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

ENTERPRISES L.L.C. in the third region. The investment fund was transferred through GRAND STAR ENTERPRISES L.L.C. to GLOBAL STAR INTERNATIONAL CO., LTD. for an amount of US\$255 thousand on November 18, 2006, and the said amount was then transferred to SHANGHAI G-SHANK PRECISION HARDWARE CO., LTD. on January 20, 2006.

Note J : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09500121350, Jin-Shen-II-Tzi No. 09600108160, and Jin-Shen-II-Tzi No. 09600265810 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-SHANK PRECISION SDN.BHD.

Note K : The Company was approved by the Investment Commission, MOEA by issuing the Jin-Shen-II-Tzi No. 09600405610 and Jin-Shen-II-Tzi No. 09700084160 Letter to invest in GLOBAL STAR INTERNATIONAL CO., LTD. through GRAND STAR ENTERPRISES L.L.C. in the third region and then it indirectly invested in SHENZHEN G-BAO PRECISION SDN.BHD. SHENZHEN G-BAO PRECISION SDN.BHD. had arranged capital increase in cash on September 13, 2012; however, the company did not subscribe shares proportionally to the shareholding ratio; therefore, the company's shareholding ratio was reduced to 91.43% thereafter.

- (B) Significant transactions conducted with the invested companies in China in the current period :
- (a) The purchase amount and percentage and the related payable amount and percentage at yearend: Please refer to Notes 7 and 13.(1)(J) of the consolidated financial report for details.
  - (b) The sales amount and percentage and the related receivable amount and percentage at yearend: Please refer to Note 7 and 13.(1)(J) of the consolidated financial report for details.
  - (c) The property transaction amount and the profit and loss resulted : None
  - (d) The ending balance and purpose of notes endorsements/guarantees or collateral provided: None
  - (e) Maximum balance amount, ending balance amount, interest rate range, and total interest of the current period of loans: Please refer to Note 13.(1)(A) of the consolidated financial report for details.
  - (f) Other transactions that have a significant impact on the profit and loss or financial status: Please refer to Notes 13.(1)(J) of the consolidated financial report for details.

(Continuing)

(Unit amount in NT\$ Thousand, unless otherwise specified)

**(4) Major Shareholder information**

The name, shareholding, and shareholding ratio for more than 5% of the company's shareholders :

o Major shareholders	Shares	Shareholding (shares)	Shareholding ratio (%)
JIHONG <sup>t</sup> INVESTMENT CO., LTD.		16,089,465 shares	8.43
CHEN-LIN <sup>e</sup> INVESTMENT COMPANY		9,883,790 shares	5.17

Note 1 : The information of the major shareholders in this table is based on the shareholders who have received more than 5% common stock shareholding completed with dematerialized registration (including treasury stock) on the last business day of each quarter that is counted by Taiwan Depository & Clearing Corporation. The capital stock recorded in the company's consolidated financial report and the company's actual number of shares delivered with dematerialized registration may be different due to different calculation bases adopted.

Note 2 : If the aforementioned information is regarding shareholders having their shares delivered to the trust, it is disclosed by the individual account of the principal who entrusts the trustee to open a trust account. As for the shareholder's reporting 10% or more of insider's shareholding in accordance with the Securities and Exchange Act, the shareholding includes the principal's shareholding and the shares delivered to the trust that remains under the control of the principal. Please refer to the Market Observation Post System for the insider's equity reporting information.

**14. DEPARTMENT INFORMATION**

The company has disclosed departmental information in the consolidated financial report, so the parent company only financial report may not be disclosed according to regulation.

G-SHANK ENTERPRISE CO., LTD.

Chairman: Lin, Yu-Huang