

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
GEM Terminal Ind. Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 9, 2022

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 ROC and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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' review report and consolidated financial statements shall prevail.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,283,546	26	\$ 1,185,190	21	\$ 1,006,485	18
Financial assets at fair value through other comprehensive income - current (Note 8)	1,740	-	14,586	-	6,758	-
Notes receivable (Note 9)	126,253	2	188,673	3	216,438	4
Accounts receivable, net (Note 9)	641,483	13	1,130,767	20	1,110,742	20
Other receivables	1,994	-	3,262	-	1,154	-
Current tax assets	9,919	-	1,513	-	-	-
Inventories (Note 10)	963,625	19	1,228,373	22	1,301,114	23
Other financial assets - current (Note 11)	23,559	-	46,776	1	74,283	2
Other current assets	84,540	2	85,728	2	119,296	2
Total current assets	<u>3,136,659</u>	<u>62</u>	<u>3,884,868</u>	<u>69</u>	<u>3,836,270</u>	<u>69</u>
NONCURRENT ASSETS						
Property, plant and equipment (Note 13)	1,694,296	34	1,568,294	28	1,581,420	28
Right-of-use assets (Note 14)	70,698	2	68,023	1	66,621	1
Deferred tax assets	102,552	2	88,725	2	83,562	2
Prepayments for equipment	6,076	-	-	-	-	-
Other financial assets - noncurrent (Note 11)	7,102	-	7,482	-	6,297	-
Other noncurrent assets	7,122	-	7,898	-	7,873	-
Total noncurrent assets	<u>1,887,846</u>	<u>38</u>	<u>1,740,422</u>	<u>31</u>	<u>1,745,773</u>	<u>31</u>
TOTAL	<u>\$ 5,024,505</u>	<u>100</u>	<u>\$ 5,625,290</u>	<u>100</u>	<u>\$ 5,582,043</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 940,033	19	\$ 1,325,234	23	\$ 1,236,406	22
Short-term bills payable (Note 17)	-	-	50,000	1	50,000	1
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	14	-	-	-
Notes payable (Note 15)	116,595	2	259,666	5	355,262	7
Accounts payable (Note 15)	199,147	4	430,357	8	401,257	7
Other payables (Note 16)	134,971	3	201,464	4	185,049	3
Current tax liabilities	1,852	-	14,579	-	45,980	1
Lease liabilities - current (Note 14)	705	-	1,333	-	717	-
Long-term borrowings - current portion (Note 17)	346,933	7	400,807	7	335,057	6
Other current liabilities	20,915	-	16,497	-	18,132	-
Total current liabilities	<u>1,761,151</u>	<u>35</u>	<u>2,699,951</u>	<u>48</u>	<u>2,627,860</u>	<u>47</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Note 17)	786,461	16	439,998	8	520,832	10
Deferred tax liabilities	53,761	1	75,969	1	66,451	1
Lease liabilities - noncurrent (Note 14)	929	-	1,470	-	-	-
Net defined benefit liabilities	952	-	2,076	-	8,569	-
Total noncurrent liabilities	<u>842,103</u>	<u>17</u>	<u>519,513</u>	<u>9</u>	<u>595,852</u>	<u>11</u>
Total liabilities	<u>2,603,254</u>	<u>52</u>	<u>3,219,464</u>	<u>57</u>	<u>3,223,712</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Ordinary shares	1,692,000	34	1,692,000	30	1,692,000	30
Capital surplus	271,315	5	271,315	5	271,315	5
Retained earnings						
Legal reserve	364,825	7	343,170	6	343,170	6
Special reserve	159,585	3	85,432	2	85,432	2
Unappropriated earnings	32,148	1	216,553	4	185,762	3
Total retained earnings	<u>556,558</u>	<u>11</u>	<u>645,155</u>	<u>12</u>	<u>614,364</u>	<u>11</u>
Other equity	(55,563)	(1)	(159,585)	(3)	(176,289)	(3)
Treasury stock	(43,059)	(1)	(43,059)	(1)	(43,059)	(1)
Total equity	<u>2,421,251</u>	<u>48</u>	<u>2,405,826</u>	<u>43</u>	<u>2,358,331</u>	<u>42</u>
TOTAL	<u>\$ 5,024,505</u>	<u>100</u>	<u>\$ 5,625,290</u>	<u>100</u>	<u>\$ 5,582,043</u>	<u>100</u>

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20)	\$ 578,633	100	\$ 1,048,840	100	\$ 2,228,994	100	\$ 3,248,709	100
OPERATING COSTS (Notes 10 and 21)	620,556	107	841,801	80	2,138,273	96	2,560,598	79
GROSS PROFIT	(41,923)	(7)	207,039	20	90,721	4	688,111	21
OPERATING EXPENSES (Note 21)								
Marketing	29,013	5	40,722	4	93,283	4	128,382	4
General and administrative	48,277	8	56,571	6	147,868	7	159,235	5
Research and development	5,523	1	3,446	-	13,565	-	16,206	1
Expected credit loss (Note 9)	(1,862)	-	243	-	(2,395)	-	1,286	-
Total operating expenses	80,951	14	100,982	10	252,321	11	305,109	10
GAIN (LOSS) FROM OPERATIONS	(122,874)	(21)	106,057	10	(161,600)	(7)	383,002	11
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	3,315	1	847	-	4,972	-	3,205	-
Other income	1,751	-	67	-	4,683	-	1,760	-
Other gains and losses	60,561	10	12,296	1	120,398	6	(7,504)	-
Finance costs	(11,689)	(2)	(11,421)	(1)	(35,982)	(2)	(31,138)	(1)
Total non-operating income and expenses	53,938	9	1,789	-	94,071	4	(33,677)	(1)
PROFIT (LOSS) BEFORE INCOME TAX	(68,936)	(12)	107,846	10	(67,529)	(3)	349,325	10
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	(28,425)	(5)	42,526	4	(29,694)	(1)	136,902	4
NET PROFIT (LOSS)	(40,511)	(7)	65,320	6	(37,835)	(2)	212,423	6
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(188)	-	(507)	-	(2,607)	-	506	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	47	-	80	-	178	-	(72)	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ 36,838	6	\$ 759	-	\$ 110,390	5	\$ (7,065)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(2,041)</u>	-	<u>(627)</u>	-	<u>(4,931)</u>	-	<u>(367)</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>34,656</u>	<u>6</u>	<u>(295)</u>	-	<u>103,030</u>	<u>5</u>	<u>(6,998)</u>	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (5,855)</u>	<u>(1)</u>	<u>\$ 65,025</u>	<u>6</u>	<u>\$ 65,195</u>	<u>3</u>	<u>\$ 205,425</u>	<u>6</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ (40,511)</u>	<u>(7)</u>	<u>\$ 65,320</u>	<u>6</u>	<u>\$ (37,835)</u>	<u>(2)</u>	<u>\$ 212,423</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ (5,855)</u>	<u>(1)</u>	<u>\$ 65,025</u>	<u>6</u>	<u>\$ 65,195</u>	<u>3</u>	<u>\$ 205,425</u>	<u>6</u>
EARNINGS (NET LOSS) PER SHARE (Note 23)								
Basic	<u>\$ (0.24)</u>		<u>\$ 0.39</u>		<u>\$ (0.23)</u>		<u>\$ 1.28</u>	
Diluted	<u>\$ (0.24)</u>		<u>\$ 0.39</u>		<u>\$ (0.23)</u>		<u>\$ 1.28</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company						Other Equity					Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Retained Earnings		Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	Treasury Stock	
				Special Reserve	Unappropriated Earnings (Accumulated Deficits)							
BALANCE AT JANUARY 1, 2022	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 216,553	\$ 645,155	\$ 1,303	\$ (165,045)	\$ 4,157	\$ (159,585)	\$ (43,059)	\$ 2,405,826
Appropriation of 2021 earnings												
Legal reserve	-	-	21,655	-	(21,655)	-	-	-	-	-	-	-
Special reserve	-	-	-	74,153	(74,153)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(49,770)	(49,770)	-	-	-	-	-	(49,770)
	-	-	21,655	74,153	(145,578)	(49,770)	-	-	-	-	-	(49,770)
Net loss for the nine months ended September 30, 2022	-	-	-	-	(37,835)	(37,835)	-	-	-	-	-	(37,835)
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	(2,429)	105,459	-	103,030	-	103,030
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	(37,835)	(37,835)	(2,429)	105,459	-	103,030	-	65,195
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(992)	(992)	992	-	-	992	-	-
BALANCE AT SEPTEMBER 30, 2022	\$ 1,692,000	\$ 271,315	\$ 364,825	\$ 159,585	\$ 32,148	\$ 556,558	\$ (134)	\$ (59,586)	\$ 4,157	\$ (55,563)	\$ (43,059)	\$ 2,421,251
BALANCE AT JANUARY 1, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (27,126)	\$ 401,476	\$ (24)	\$ (174,712)	\$ 5,910	\$ (168,826)	\$ (43,059)	\$ 2,152,906
Net income for the nine months ended September 30, 2021	-	-	-	-	212,423	212,423	-	-	-	-	-	212,423
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	434	(7,432)	-	(6,998)	-	(6,998)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	212,423	212,423	434	(7,432)	-	(6,998)	-	205,425
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	465	465	(465)	-	-	(465)	-	-
BALANCE AT SEPTEMBER 30, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 185,762	\$ 614,364	\$ (55)	\$ (182,144)	\$ 5,910	\$ (176,289)	\$ (43,059)	\$ 2,358,331

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ (67,529)	\$ 349,325
Adjustments for:		
Depreciation expense	185,516	182,008
Amortization expense	2,932	2,655
Expected credit loss recognized (reversed)	(2,395)	1,286
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	4,631	9,575
Finance costs	35,982	31,138
Interest income	(4,972)	(3,205)
Dividend income	(158)	(265)
Net loss on disposal of property, plant and equipment	3,608	7,078
Write-down of inventories	77,673	16,808
Other non-cash items	2,681	(275)
Changes in operating assets and liabilities		
Notes receivable	62,420	(7,033)
Accounts receivable	491,288	(6,764)
Other receivables	1,438	2,773
Inventories	184,741	(452,410)
Other current assets	1,188	(11,433)
Financial liabilities held for trading	(4,645)	(9,575)
Notes payable	(143,071)	29,031
Accounts payable	(231,210)	(220,580)
Other payables	(53,081)	14,250
Other current liabilities	4,120	7,032
Net defined benefit liabilities	(9,460)	(10,280)
Cash generated from (used in) operations	541,697	(68,861)
Interest received	4,802	3,119
Income tax paid	(33,505)	(55,157)
Net cash generated from (used in) operating activities	<u>512,994</u>	<u>(120,899)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(31,353)	(443,968)
Proceeds from sale of financial assets at fair value through other comprehensive income	41,739	471,427
Payments for property, plant and equipment	(254,187)	(141,972)
Proceeds from disposal of property, plant and equipment	2,301	1,833
Decrease (increase) in other financial assets	23,597	(5,215)
Increase in other noncurrent assets	(2,129)	(1,503)
Dividend received	158	265
Net cash used in investing activities	<u>(219,874)</u>	<u>(119,133)</u>

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 2,155,618	\$ 2,437,199
Decrease in short-term borrowings	(2,581,205)	(1,922,096)
Increase in short-term bills payable	150,000	450,000
Decrease in short-term bills payable	(200,000)	(450,000)
Increase in long-term borrowings	614,700	50,000
Repayment of long-term borrowings	(322,111)	(256,757)
Repayment of the principal portion of lease liabilities	(1,169)	(697)
Cash dividends paid	(49,770)	-
Interest paid	<u>(38,436)</u>	<u>(32,340)</u>
Net cash generated from (used in) financing activities	<u>(272,373)</u>	<u>275,309</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>77,609</u>	<u>(1,753)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	98,356	33,524
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,185,190</u>	<u>972,961</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,283,546</u>	<u>\$ 1,006,485</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

GEM Terminal Ind. Co., Ltd. (the “Company”) was incorporated in July 1993 under the laws of the Republic of China. The Company mainly manufactures and sells series terminals, plug inserts, housing and electronic connectors for AC and DC power cords; electric and motor parts terminal; electric and communication terminal; copper smelting.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 2001.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on November 9, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (the “Group”).

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above mentioned standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Noncurrent Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above mentioned standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of IFRSs annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The basis of preparation applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021.

See Note 12, table 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policy

Except for the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 1,744	\$ 2,428	\$ 2,964
Checking accounts and demand deposits	874,123	1,159,539	928,758
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>407,679</u>	<u>23,223</u>	<u>74,763</u>
	<u>\$ 1,283,546</u>	<u>\$ 1,185,190</u>	<u>\$ 1,006,485</u>

a. The market interest rates of cash equivalents at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits (%)	1.50-3.25	0.10-0.17	0.10-0.30

b. The Group transacted with a variety of financial institutions with sound credit ratings to disperse credit risk; hence, there was no expected credit loss.

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
Copper futures	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ -</u>

Outstanding copper futures not under hedge accounting were as follows:

	Futures Month	Lots	Contract Amount (In Thousands)
<u>December 31, 2021</u>			
Copper futures			
Refined copper - Sell	2022.03	2	US\$ 223

8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ -	\$ 11,690	\$ 5,348
Overseas listed shares	<u>1,740</u>	<u>2,896</u>	<u>1,410</u>
	<u>\$ 1,740</u>	<u>\$ 14,586</u>	<u>\$ 6,758</u>

These investments in equity instruments are not held for trading. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. NOTES AND ACCOUNTS RECEIVABLE, NET AND OVERDUE RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
Notes receivable - operating	\$ <u>126,253</u>	\$ <u>188,673</u>	\$ <u>216,438</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 650,171	\$ 1,141,459	\$ 1,120,595
Less: Allowance for impairment loss	<u>8,688</u>	<u>10,692</u>	<u>9,853</u>
	<u>\$ 641,483</u>	<u>\$ 1,130,767</u>	<u>\$ 1,110,742</u>
<u>Overdue receivables</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ -	\$ 616
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>616</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

a. Notes and accounts receivable

The main credit period of sales of goods was 30-120 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for the notes receivable and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses are estimated using a provision matrix prepared by reference to the past default experience of the customers, customers' current financial position, as well as the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable based on the Group's provision matrix:

September 30, 2022

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-50	70-100	
Gross carrying amount	\$ 753,873	\$ 16,011	\$ 1,494	\$ 5,046	\$ 776,424
Loss allowance (Lifetime ECLs)	<u>(2,890)</u>	<u>(752)</u>	<u>(405)</u>	<u>(4,641)</u>	<u>(8,688)</u>
Amortized cost	<u>\$ 750,983</u>	<u>\$ 15,259</u>	<u>\$ 1,089</u>	<u>\$ 405</u>	<u>\$ 767,736</u>

December 31, 2021

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	0.5-10	20-55	100	
Gross carrying amount	\$ 1,271,216	\$ 54,359	\$ 2,656	\$ 1,901	\$ 1,330,132
Loss allowance (Lifetime ECLs)	<u>(5,047)</u>	<u>(2,607)</u>	<u>(1,137)</u>	<u>(1,901)</u>	<u>(10,692)</u>
Amortized cost	<u>\$ 1,266,169</u>	<u>\$ 51,752</u>	<u>\$ 1,519</u>	<u>\$ -</u>	<u>\$ 1,319,440</u>

September 30, 2021

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-30	100	
Gross carrying amount	\$ 1,290,616	\$ 43,303	\$ 761	\$ 2,353	\$ 1,337,033
Loss allowance (Lifetime ECLs)	<u>(4,923)</u>	<u>(2,398)</u>	<u>(179)</u>	<u>(2,353)</u>	<u>(9,853)</u>
Amortized cost	<u>\$ 1,285,693</u>	<u>\$ 40,905</u>	<u>\$ 582</u>	<u>\$ -</u>	<u>\$ 1,327,180</u>

The movements of the loss allowance of notes, accounts and overdue receivable were as follows:

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 10,692	\$ 9,225
Loss allowance recognized (reversed)	(2,395)	1,286
Foreign exchange gains and losses	<u>391</u>	<u>(42)</u>
Balance at September 30	<u>\$ 8,688</u>	<u>\$ 10,469</u>

b. Credit risk of notes and accounts receivable

The Group's receivables are highly concentrated on certain individuals, most of which have similar business operations and economic features. Therefore, credit risk occurs when financial instrument transactions are from individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The balances of the notes and accounts receivable from certain customers with significant gross carrying amounts as of each reporting date were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Group A	<u>\$ 129,499</u>	<u>\$ 157,870</u>	<u>\$ 148,405</u>

10. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 372,326	\$ 369,002	\$ 414,614
Work in process	261,239	235,550	323,334
Raw materials	245,251	540,630	481,155
Supplies	<u>84,809</u>	<u>83,191</u>	<u>82,011</u>
	<u>\$ 963,625</u>	<u>\$ 1,228,373</u>	<u>\$ 1,301,114</u>

All operating costs recognized for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021 were the cost of inventories, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Write-down of inventories	\$ 33,816	\$ 15,793	\$ 77,673	\$ 16,808
Recognition (reversal) of provisions	(146)	284	290	180
Others	<u>290</u>	<u>204</u>	<u>306</u>	<u>62</u>
	<u>\$ 33,960</u>	<u>\$ 16,281</u>	<u>\$ 78,269</u>	<u>\$ 17,050</u>

11. OTHER FINANCIAL ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
Pledged time deposits	\$ 11,654	\$ 31,222	\$ 56,866
Refundable deposits	<u>19,007</u>	<u>23,036</u>	<u>23,714</u>
	<u>\$ 30,661</u>	<u>\$ 54,258</u>	<u>\$ 80,580</u>
Current	\$ 23,559	\$ 46,776	\$ 74,283
Noncurrent	<u>7,102</u>	<u>7,482</u>	<u>6,297</u>
	<u>\$ 30,661</u>	<u>\$ 54,258</u>	<u>\$ 80,580</u>

a. The market rate intervals of other financial assets at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Time deposits (%)	1.35-4.80	1.35-4.90	1.35-4.90

b. The counterparties of the Group's time deposits were banks with good credit ratings with no significant default concerns, hence, there was no expected credit loss.

c. Refer to Note 27 for the information of other financial assets pledged as collateral.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 4	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	Note 3	100	100	100

Note 1: International investment.

Note 2: International trading.

Note 3: Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.

Note 4: Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production; production and processing of copper cores, copper alloys and copper bars.

13. PROPERTY, PLANT, AND EQUIPMENT

a. Movements of cost and accumulated depreciation were as follows:

Nine months ended September 30, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 146,218	\$ 1,027,855	\$ 1,670,589	\$ 49,197	\$ 766,301	\$ 64,137	\$ 3,724,297
Additions	99,702	768	45,509	5,704	35,087	58,719	245,489
Disposal	-	(2,159)	(36,902)	(5,244)	(65,307)	-	(109,612)
Effect of foreign currency exchange differences	-	42,918	110,388	1,263	35,174	1,914	191,657
Balance at September 30, 2022	<u>\$ 245,920</u>	<u>\$ 1,069,382</u>	<u>\$ 1,789,584</u>	<u>\$ 50,920</u>	<u>\$ 771,255</u>	<u>\$ 124,770</u>	<u>\$ 4,051,831</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ (575,359)	\$ (1,050,483)	\$ (33,910)	\$ (496,251)	\$ -	\$ (2,156,003)
Depreciation expenses	-	(30,809)	(85,000)	(2,105)	(65,582)	-	(183,496)
Disposal	-	501	33,966	5,151	64,085	-	103,703
Effect of foreign currency exchange differences	-	(15,851)	(82,701)	(880)	(22,307)	-	(121,739)
Balance at September 30, 2022	<u>\$ -</u>	<u>\$ (621,518)</u>	<u>\$ (1,184,218)</u>	<u>\$ (31,744)</u>	<u>\$ (520,055)</u>	<u>\$ -</u>	<u>\$ (2,357,535)</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<u>\$ 146,218</u>	<u>\$ 452,496</u>	<u>\$ 620,106</u>	<u>\$ 15,287</u>	<u>\$ 270,050</u>	<u>\$ 64,137</u>	<u>\$ 1,568,294</u>
Carrying amounts at September 30, 2022	<u>\$ 245,920</u>	<u>\$ 447,864</u>	<u>\$ 605,366</u>	<u>\$ 19,176</u>	<u>\$ 251,200</u>	<u>\$ 124,770</u>	<u>\$ 1,694,296</u>

Nine months ended September 30, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 146,218	\$ 1,027,111	\$ 1,608,289	\$ 50,638	\$ 773,146	\$ 99,798	\$ 3,705,200
Additions	-	4,230	112,113	398	51,004	(32,724)	135,021
Disposal	-	(5,084)	(59,502)	(2,683)	(61,808)	-	(129,077)
Effect of foreign currency exchange differences	-	(484)	(17,684)	(49)	1,185	(158)	(17,190)
Balance at September 30, 2021	<u>\$ 146,218</u>	<u>\$ 1,025,773</u>	<u>\$ 1,643,216</u>	<u>\$ 48,304</u>	<u>\$ 763,527</u>	<u>\$ 66,916</u>	<u>\$ 3,693,954</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ (539,767)	\$ (1,009,265)	\$ (33,980)	\$ (480,016)	\$ -	\$ (2,063,028)
Depreciation expenses	-	(31,131)	(75,136)	(1,984)	(71,807)	-	(180,058)
Disposal	-	4,945	52,931	2,665	59,625	-	120,166
Effect of foreign currency exchange differences	-	951	8,672	54	709	-	10,386
Balance at September 30, 2021	<u>\$ -</u>	<u>\$ (565,002)</u>	<u>\$ (1,022,798)</u>	<u>\$ (33,245)</u>	<u>\$ (491,489)</u>	<u>\$ -</u>	<u>\$ (2,112,534)</u>
Carrying amounts at September 30, 2021	<u>\$ 146,218</u>	<u>\$ 460,771</u>	<u>\$ 620,418</u>	<u>\$ 15,059</u>	<u>\$ 272,038</u>	<u>\$ 66,916</u>	<u>\$ 1,581,420</u>

b. The Company purchased agricultural land of \$7,908 thousand that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of related party, Su Chung-Hong. The land is mortgaged to the Company and the agreement stipulated unconditional conveyance of the land to the Company.

c. Depreciation expense were recognized on a straight-line basis over the following useful lives:

Buildings

Factory facilities	5-25 years
Building facilities	3-25 years
Main building of the factory	19-50 years
Main building of the office	20-55 years
Machinery and equipment	5-10 years
Transportation equipment	5-12 years
Others	5-10 years

d. Refer to Note 27 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

e. Reconciliation of additions and the cash paid stated in the statements of cash flows were as follows:

	For the Nine Months Ended September 30	
	2022	2021
Additions to property, plant and equipment	\$ 245,489	\$ 135,021
Capitalized interest	(2,234)	(1,524)
Increase (decrease) in prepayments for equipment	6,076	(8,488)
Decrease in payables for purchase of equipment	<u>4,856</u>	<u>16,963</u>
Cash paid	<u>\$ 254,187</u>	<u>\$ 141,972</u>

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount			
Land	\$ 65,806	\$ 62,841	\$ 63,265
Buildings	3,382	3,128	3,356
Transportation equipment	<u>1,510</u>	<u>2,054</u>	<u>-</u>
	<u>\$ 70,698</u>	<u>\$ 68,023</u>	<u>\$ 66,621</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2022	2021	2022
Depreciation charge for right-of-use assets			
Land	\$ 481	\$ 458	\$ 1,422
Buildings	18	191	54
Transportation equipment	<u>182</u>	<u>-</u>	<u>544</u>
	<u>\$ 681</u>	<u>\$ 649</u>	<u>\$ 2,020</u>
			<u>\$ 1,950</u>

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
Carrying amount			
Current	<u>\$ 705</u>	<u>\$ 1,333</u>	<u>\$ 717</u>
Noncurrent	<u>\$ 929</u>	<u>\$ 1,470</u>	<u>\$ -</u>
Range of discount rate for lease liabilities (%)			
Buildings	-	1.59	1.59
Transportation equipment	1.57	1.57	-

c. Material leasing activities and terms

The subsidiaries lease land and buildings for the use as plants, office and employee dormitory with lease terms of 35 to 50 years, which will expire from December 2046 to December 2066 in a row. The Group does not have bargain purchase options to acquire the leasehold land and buildings and extension options at the end of the lease terms. As of September 30, 2022, partial land lease of \$8,801 thousand are in the process of obtaining the land use right certificate.

d. Refer to Note 27 for the carrying amount of right-of-use assets pledged as collateral for bank borrowings.

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	<u>\$ 356</u>	<u>\$ -</u>	<u>\$ 898</u>	<u>\$ -</u>
Expenses relating to low-value assets leases	<u>\$ 10</u>	<u>\$ 44</u>	<u>\$ 56</u>	<u>\$ 132</u>
Total cash outflow for leases			<u>\$ 2,390</u>	<u>\$ 1,790</u>

The Group has elected to apply the recognition exemption for short-term lease or low-value lease, and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable were generated from operating activities and were not secured by collateral.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest was charged on the outstanding accounts payable.

16. OTHER PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
Payable for salaries and bonuses	\$ 34,489	\$ 55,259	\$ 45,202
Payable for purchase of equipment	31,954	36,810	32,438
Payable for freight	10,994	17,005	16,946
Payable for service fees	6,939	16,318	11,296
Payable for employees' compensation and remuneration to directors	-	12,914	8,978
Payable for tax	4,091	5,179	5,696
Payable for processing fees	1,994	7,957	5,040
Payable for utilities expense	4,048	4,038	3,868
Payable for pension	898	9,254	904
Others	<u>39,564</u>	<u>36,730</u>	<u>54,681</u>
	<u>\$ 134,971</u>	<u>\$ 201,464</u>	<u>\$ 185,049</u>

17. BORROWINGS

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 589,620	\$ 795,075	\$ 614,906
Secured bank loans (Note 27)	<u>350,413</u>	<u>530,159</u>	<u>621,500</u>
	<u>\$ 940,033</u>	<u>\$ 1,325,234</u>	<u>\$ 1,236,406</u>
Unsecured bank loans annual interest rates (%)	1.46-4.10	1.15-4.10	1.15-4.10
Secured bank loans annual interest rates (%)	2.10-4.00	1.74-4.48	1.74-4.48

b. Short-term bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Commercial papers			
China Bills Finance Corporation	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Annual interest rates (%)	-	1.34	1.36

c. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank loans	\$ 842,167	\$ 485,250	\$ 500,334
Secured bank loans (Note 27)	<u>291,227</u>	<u>355,555</u>	<u>355,555</u>
	1,133,394	840,805	855,889
Less: Current portion	<u>346,933</u>	<u>400,807</u>	<u>335,057</u>
	<u>\$ 786,461</u>	<u>\$ 439,998</u>	<u>\$ 520,832</u>
Unsecured bank loans annual interest rates (%)	1.74-2.35	1.34-1.85	1.34-1.85
Secured bank loans annual interest rates (%)	2.07-2.10	1.85	1.85
Unsecured bank loans expiration period	2022.11-2027.08	2022.05-2024.11	2022.05-2024.05
Secured bank loans expiration period	2025.07-2037.08	2025.07	2025.07

Under the loan agreements with certain banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of June 30, 2022 and December 31, 2021, the financial ratios of the Group were in compliance with the requirements stated in the loan agreements.

18. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$83 thousand, \$109 thousand, \$250 thousand and \$327 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020.

19. EQUITY

a. Ordinary shares

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>
Shares issued	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

Items	September 30, 2022	December 31, 2021	September 30, 2021
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

The above capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to ordinary shares (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's Articles of Incorporation (the "Articles") before amended, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of share dividends and bonuses to shareholders.

The Articles also explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

In addition, as stipulated in the Articles, the board of directors is authorized, under Article 240 of the Company Act, to resolve the distribution of dividends and bonuses in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, or under Article 241 of the Company Act, to resolve the distribution of the dividends and bonuses in whole or in part of the legal reserve and capital surplus, and a report of such distribution shall be submitted to the shareholders in their meeting.

The Company's dividend policy is in line with the Company's operating scale and research and development needs in order to maintain sound management and promote stockholders' long-term interests. Thus, the Company adopted residual dividend policy as its stockholder dividends' policy. The Company's profit may be distributed in the form of cash and/or stock. However, distribution of profits should preferably be in the form of cash dividends. Cash dividends should be at least 10% of the total dividends distributed. However, if the amount of cash dividends per share is less than \$0.2, the Company may choose to distribute stock dividends instead.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The offsetting of deficit for 2020 and the appropriation of earnings for 2021 were approved by the shareholders' meeting held in July 2021 and June 2022; and the appropriation of earnings for 2021 was as follows:

Legal reserve	<u>\$ 21,655</u>
Special reserve	<u>\$ 74,153</u>
Cash dividends	<u>\$ 49,770</u>
Cash dividends per share (NT\$)	<u>\$ 0.3</u>

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (165,045)	\$ (174,712)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	110,390	(7,065)
Income tax effect	<u>(4,931)</u>	<u>(367)</u>
Balance at September 30	<u>\$ (59,586)</u>	<u>\$ (182,144)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 1,303	\$ (24)
Recognized for the period		
Unrealized gain (loss) - equity instruments	(2,607)	506
Income tax effect	178	(72)
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal	<u>992</u>	<u>(465)</u>
Balance at September 30	<u>\$ (134)</u>	<u>\$ (55)</u>

e. Treasury stock

	For the Nine Months Ended September 30	
	2022	2021
Number of shares at the beginning and the end of period (in thousands)	<u>3,301</u>	<u>3,301</u>

The treasury stock held by the Company will be transferred to employees. The shares not transferred within 5 years from the date of buyback shall be deemed as not issued, and amendment registration shall be processed. Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

20. OPERATING REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 578,633</u>	<u>\$ 1,048,840</u>	<u>\$ 2,228,994</u>	<u>\$ 3,248,709</u>

a. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Notes receivable	\$ 126,253	\$ 188,673	\$ 216,438	\$ 209,405
Accounts receivable, net	<u>641,483</u>	<u>1,130,767</u>	<u>1,110,742</u>	<u>1,105,222</u>
	<u>\$ 767,736</u>	<u>\$ 1,319,440</u>	<u>\$ 1,327,180</u>	<u>\$ 1,314,627</u>

b. Disaggregation of revenue

Refer to Note 31 for the disaggregation of revenue and revenue of segment information.

21. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax included following items:

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank deposits	<u>\$ 3,315</u>	<u>\$ 847</u>	<u>\$ 4,972</u>	<u>\$ 3,205</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Foreign exchange gains, net	\$ 63,253	\$ 14,639	\$ 131,111	\$ 11,609
Loss on disposal of property, plant and equipment, net	(886)	(2,659)	(3,608)	(7,078)
Gain (loss) on financial instruments at FVTPL, net	(1,458)	505	(4,631)	(9,575)
Others	<u>(348)</u>	<u>(189)</u>	<u>(2,474)</u>	<u>(2,460)</u>
	<u>\$ 60,561</u>	<u>\$ 12,296</u>	<u>\$ 120,398</u>	<u>\$ (7,504)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest expense of borrowings	\$ 12,813	\$ 11,910	\$ 37,949	\$ 32,654
Interest on lease liabilities	82	3	267	8
Less: Amounts included in the cost of qualifying assets	<u>1,206</u>	<u>492</u>	<u>2,234</u>	<u>1,524</u>
	<u>\$ 11,689</u>	<u>\$ 11,421</u>	<u>\$ 35,982</u>	<u>\$ 31,138</u>
Capitalization rate (%)	1.83-4.32	1.51-4.68	1.47-4.80	1.47-5.40

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 60,137	\$ 59,158	\$ 183,496	\$ 180,058
Right-of-use assets	681	649	2,020	1,950
Other assets	<u>937</u>	<u>884</u>	<u>2,932</u>	<u>2,655</u>
	<u>\$ 61,755</u>	<u>\$ 60,691</u>	<u>\$ 188,448</u>	<u>\$ 184,663</u>
An analysis of depreciation by function				
Operating costs	\$ 52,364	\$ 51,298	\$ 160,375	\$ 155,682
Operating expenses	<u>8,454</u>	<u>8,509</u>	<u>25,141</u>	<u>26,326</u>
	<u>\$ 60,818</u>	<u>\$ 59,807</u>	<u>\$ 185,516</u>	<u>\$ 182,008</u>
An analysis of amortization by function				
Operating costs	\$ 8	\$ -	\$ 8	\$ -
Operating expenses	<u>929</u>	<u>884</u>	<u>2,924</u>	<u>2,655</u>
	<u>\$ 937</u>	<u>\$ 884</u>	<u>\$ 2,932</u>	<u>\$ 2,655</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 7,337	\$ 6,991	\$ 21,331	\$ 20,680
Defined benefit plans	<u>83</u>	<u>109</u>	<u>250</u>	<u>327</u>
	7,420	7,100	21,581	21,007

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ <u>101,063</u>	\$ <u>125,059</u>	\$ <u>317,417</u>	\$ <u>365,474</u>
	\$ <u>108,483</u>	\$ <u>132,159</u>	\$ <u>338,998</u>	\$ <u>386,481</u>
An analysis by function				
Operating costs	\$ 75,175	\$ 89,325	\$ 234,800	\$ 269,184
Operating expenses	<u>33,308</u>	<u>42,834</u>	<u>104,198</u>	<u>117,297</u>
	\$ <u>108,483</u>	\$ <u>132,159</u>	\$ <u>338,998</u>	\$ <u>386,481</u>

(Concluded)

f. Employees' compensation and remuneration of directors

According to the Company's Articles amended in July, 2021, the Company accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the three months and nine months ended September 30, 2022 and 2021, the compensation of employees and the remuneration of directors were accrued as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employees' compensation (%)	-	2.75	-	3.02
Remuneration of directors (%)	-	1.61	-	1.05
Employees' compensation	\$ <u>(113)</u>	\$ <u>2,156</u>	\$ <u>-</u>	\$ <u>6,666</u>
Remuneration of directors	\$ <u>(28)</u>	\$ <u>1,262</u>	\$ <u>-</u>	\$ <u>2,312</u>

The Company's board of directors resolved the appropriations of employees' compensation of \$10,331 thousand and remuneration of directors of \$2,583 thousand in cash for 2021 on March 23, 2022. There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021. There is no compensation of employees, and remuneration of directors and supervisors accrued, because of the net loss in 2020.

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

- a. The major components of income tax expense (benefit) recognized in profit or loss are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ (11,005)	\$ 38,218	\$ 16,866	\$ 83,869
Adjustments for prior periods	<u>1,410</u>	<u>-</u>	<u>(4,346)</u>	<u>(394)</u>
	<u>(9,595)</u>	<u>38,218</u>	<u>12,520</u>	<u>83,475</u>
Deferred tax				
In respect of the current period	<u>(18,830)</u>	<u>4,308</u>	<u>(42,214)</u>	<u>53,427</u>
	<u>\$ (28,425)</u>	<u>\$ 42,526</u>	<u>\$ (29,694)</u>	<u>\$ 136,902</u>

- b. Income tax benefit (expense) recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ 13	\$ 69	\$ 148	\$ 65
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>(13)</u>	<u>(69)</u>	<u>(148)</u>	<u>(65)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- c. Income tax benefit (expense) recognized in other comprehensive income (loss)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Deferred tax				
In respect of the current period				
Translation of foreign operations	\$ (2,041)	\$ (627)	\$ (4,931)	\$ (367)
Fair value changes of financial assets at FVTOCI	<u>47</u>	<u>80</u>	<u>178</u>	<u>(72)</u>
	<u>\$ (1,994)</u>	<u>\$ (547)</u>	<u>\$ (4,753)</u>	<u>\$ (439)</u>

d. Income tax assessments

The income tax returns of the Company and GEM VN through 2020 and 2019 have been assessed by the tax authorities, respectively.

GEM Dongguan and GEM Suzhou had completed the filing of their income tax returns through 2021 with the tax authorities.

23. NET PROFIT (LOSS) PER SHARE

The net profit (loss) and weighted average number of ordinary shares outstanding used in the computation of net profit (loss) per share were as follows:

Net profit (loss) for the period - attributable to owners of the Company

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net profit (loss) used in the computation of diluted net profit (loss) per share	\$ (40,511)	\$ 65,320	\$ (37,835)	\$ 212,423

Weighted average number of ordinary shares outstanding (in thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares in computation of basic net profit (loss) per share	165,899	165,899	165,899	165,899
Effect of potentially dilutive ordinary shares				
Compensation of employees	-	287	-	287
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>165,899</u>	<u>166,186</u>	<u>165,899</u>	<u>166,186</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt and equity of the Group. The Group is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements (refer to Note 17).

Key management personnel of the Group review the capital structure on a quarterly basis. The capital structure comprises the consideration of costs and risks. The Group balances the overall capital structure based on recommendations of the key management personnel.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities which are not measured at fair value approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Overseas listed shares	\$ 1,740	\$ -	\$ -	\$ 1,740

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 11,690	\$ -	\$ -	\$ 11,690
Overseas listed shares	2,896	-	-	2,896
	\$ 14,586	\$ -	\$ -	\$ 14,586

Financial liabilities at FVTPL

Derivative instruments				
Copper futures	\$ 14	\$ -	\$ -	\$ 14

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 5,348	\$ -	\$ -	\$ 5,348
Overseas listed shares	1,410	-	-	1,410
	\$ 6,758	\$ -	\$ -	\$ 6,758

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2022 and 2021.

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,083,937	\$ 2,562,150	\$ 2,415,399
Financial assets at FVTOCI			
Equity instruments	1,740	14,586	6,758
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,524,140	3,107,526	3,083,863
Financial liabilities at FVTPL			
Held for trading	-	14	-

Note 1: The balances comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables and other financial assets.

Note 2: The balances comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through analyzing exposures to risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks as follows:

a) Foreign currency risk

The Group had foreign currency denominated trades, which exposed the Group to foreign currency risk. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive (negative) number below indicates an increase (decrease) in pre-tax profit for a 1% weakening of the functional currency against the relevant currency.

	For the Nine Months Ended September 30	
	2022	2021
USD	\$ 7,379	\$ 2,893
HKD	97	582

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 419,333	\$ 54,445	\$ 131,629
Financial liabilities	640,240	950,639	1,043,541
Cash flow interest rate risk			
Financial assets	873,993	1,159,409	928,628
Financial liabilities	1,434,821	1,268,203	1,099,471

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2022 and 2021 would decrease/increase \$4,206 thousand and \$1,281 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2022 and 2021 would increase/decrease by \$17 thousand and \$68 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to counterparties' failure to discharge an obligation, is the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group's receivables are significantly concentrated in certain individuals. Accounts receivable from customers with significant carrying amounts were disclosed in Note 9.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate, banking facilities, continuously monitoring cash flows as well as matching the maturity profiles of financial assets and liabilities.

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

a) September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
Fixed interest rate liabilities	\$ 51,344	\$ 161,482	\$ 337,521	\$ 102,715	\$ -
Variable interest rate liabilities	29,769	159,740	583,652	690,870	15,882
Lease liabilities	80	239	636	1,034	-
Financial guarantee contracts	2,277	6,418	4,295	-	-
Non-interest bearing	<u>267,710</u>	<u>115,169</u>	<u>66,251</u>	<u>-</u>	<u>-</u>
	<u>\$ 351,180</u>	<u>\$ 443,048</u>	<u>\$ 992,355</u>	<u>\$ 794,619</u>	<u>\$ 15,882</u>

b) December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Fixed interest rate liabilities	\$ 200,647	\$ 229,582	\$ 532,831	\$ -
Variable interest rate liabilities	49,707	19,615	774,311	448,329
Lease liabilities	800	159	716	1,750
Financial guarantee contracts	6,473	13,245	8,445	-
Non-interest bearing	<u>483,091</u>	<u>272,546</u>	<u>134,046</u>	<u>-</u>
	<u>\$ 740,718</u>	<u>\$ 535,147</u>	<u>\$ 1,450,349</u>	<u>\$ 450,079</u>

c) September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Fixed interest rate liabilities	\$ 250,979	\$ 46,397	\$ 714,248	\$ 50,084
Variable interest rate liabilities	63,346	71,094	508,204	480,241
Lease liabilities	-	-	720	-
Financial guarantee contracts	17,520	12,018	6,416	-
Non-interest bearing	<u>519,880</u>	<u>316,463</u>	<u>103,713</u>	<u>-</u>
	<u>\$ 851,725</u>	<u>\$ 445,972</u>	<u>\$ 1,333,301</u>	<u>\$ 530,325</u>

The amounts included above for variable interest rate non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the accounts payable to these suppliers. The information was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Transferred but not derecognized (Note 1)	\$ 22,444	\$ 65,384	\$ 57,118
Transferred and derecognized (Note 2)	<u>12,990</u>	<u>28,163</u>	<u>35,954</u>
	<u>\$ 35,434</u>	<u>\$ 93,547</u>	<u>\$ 93,072</u>

Maturity date	2022.10-2023.02	2022.01-2022.05	2021.10-2022.01
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Note 1: If the bills receivable are not paid upon maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group has not transferred the significant risks and rewards relating to these banker's acceptance bills, and the Group continued to recognize these bills as collateral.

Note 2: The Group has transferred substantially all risks and rewards relating to the banker's acceptance bills; however, if the derecognized bills receivable are not paid upon maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable. The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the carrying amounts of the transferred but unsettled bills receivable. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of derecognized bills receivable in its continuing involvement are not significant.

For the nine months ended September 30, 2022 and 2021, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

26. TRANSACTIONS WITH RELATED PARTIES

Transactions between the Group and its related parties were as follows:

a. Related party name and its relationship with the Group

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Su, Tun-Li	Key management personnel
Su, Chung-Hong	Key management personnel
Su, Hong-Yue-Chi	Other related parties

b. Remuneration of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2022	2021	2022	2021
Short-term employee benefits	\$ 3,138	\$ 3,575	\$ 9,113	\$ 8,237
Post-employment benefits	<u>65</u>	<u>52</u>	<u>195</u>	<u>106</u>
	<u>\$ 3,203</u>	<u>\$ 3,627</u>	<u>\$ 9,308</u>	<u>\$ 8,343</u>

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

c. Lease arrangements

<u>Line Item</u>	<u>Related Party Name</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Lease liabilities	Su, Tun-Li	\$ -	\$ 720	\$ 717

<u>Line Item</u>	<u>Related Party Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
		2022	2021	2022	2021
Financial costs	Su, Tun-Li	\$ -	\$ 3	\$ -	\$ 8
Rental expense	Su, Tun-Li	\$ 223	\$ -	\$ 668	\$ -
	Su, Chung-Hong	<u>30</u>	<u>-</u>	<u>70</u>	<u>-</u>
		<u>\$ 253</u>	<u>\$ -</u>	<u>\$ 738</u>	<u>\$ -</u>

The rental was determined based on negotiations between the Company and the related parties and paid according to the general payment terms.

d. Acquisition of property, plant and equipment

In June 2022, the Company has contracted a land purchase agreement with the related party, Su Hong-Yue-Chi to build a plant. The purchase price was 99,600 thousand determined based on the professional appraisal report. The transaction has been completed and the right of the land has been transferred on July 29, 2022.

e. Guarantees

Details of the guarantees provided by the related parties for the loans of the Group were as follows:

Guarantor	September 30, 2022	December 31, 2021	September 30, 2021
Su, Tun-Li	\$ 877,142	\$ 934,497	\$ 819,736
Su, Chung-Hong	<u>807,679</u>	<u>804,497</u>	<u>719,736</u>
	<u>\$ 1,684,821</u>	<u>\$ 1,738,994</u>	<u>\$ 1,539,472</u>

27. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Group provided the following assets as collateral for the borrowings, bank's acceptance and performance guarantees:

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment	\$ 507,208	\$ 411,883	\$ 417,694
Pledged deposits (under other financial assets)	11,654	31,222	56,866
Right-of-use assets	<u>30,324</u>	<u>29,186</u>	<u>29,425</u>
	<u>\$ 549,186</u>	<u>\$ 472,291</u>	<u>\$ 503,985</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of September 30, 2022, the Group's significant contingent liabilities and unrecognized commitments were as follows:

- a. The unrecognized amount of contracts for the Group's purchases of property, plant, and equipment was \$134,831 thousand.
- b. The unrecognized amount of contracts for the Group's purchases of raw materials was \$53,688 thousand.
- c. Unused letters of credit for purchases of raw materials amounted to \$17,531 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group's entities and the exchange rates between the foreign currencies and the respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate	NTD (In Thousands)
<u>September 30, 2022</u>			
Financial assets			
Monetary items			
USD	\$ 27,250	31.755 (USD:NTD)	\$ 865,329
USD	14,913	7.0929 (USD:RMB)	473,573
USD	13,414	7.8504 (USD:HKD)	425,966
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
USD	\$ 4,673	23,930	(USD:VND)	\$ 148,394
HKD	218	4,045	(HKD:NTD)	881
HKD	19,849	0.9035	(HKD:RMB)	80,288
HKD	1,229	0.1274	(HKD:USD)	<u>4,972</u>
				<u>\$ 1,999,403</u>
Financial liabilities				
Monetary items				
USD	1,042	31.755	(USD:NTD)	\$ 33,078
USD	3,297	7.0929	(USD:RMB)	104,699
USD	11,299	7.8504	(USD:HKD)	358,803
USD	21,377	23,930	(USD:VND)	678,816
HKD	18,782	4,045	(HKD:NTD)	75,973
HKD	120	0.9035	(HKD:RMB)	<u>486</u>
				<u>\$ 1,251,855</u>
<hr/> December 31, 2021 <hr/>				
Financial assets				
Monetary items				
USD	23,268	27.68	(USD:NTD)	\$ 644,061
USD	15,071	6.372	(USD:RMB)	417,160
USD	13,909	7.7994	(USD:HKD)	385,002
USD	5,631	22,933	(USD:VND)	155,878
HKD	1,221	3,549	(HKD:NTD)	4,334
HKD	35,773	0.817	(HKD:RMB)	126,959
HKD	1,226	0.1282	(HKD:USD)	<u>4,350</u>
				<u>\$ 1,737,744</u>
Financial liabilities				
Monetary items				
USD	1,664	27.68	(USD:NTD)	\$ 46,059
USD	2,108	6.372	(USD:RMB)	58,344
USD	14,343	7.7994	(USD:HKD)	397,011
USD	28,703	22,933	(USD:VND)	794,487
HKD	21,102	3,549	(HKD:NTD)	74,888
HKD	450	0.817	(HKD:RMB)	<u>1,597</u>
				<u>\$ 1,372,386</u>
<hr/> September 30, 2021 <hr/>				
Financial assets				
Monetary items				
USD	23,500	27.85	(USD:NTD)	\$ 654,465
USD	19,019	6.4677	(USD:RMB)	529,690
USD	19,740	7.788	(USD:HKD)	549,768
USD	5,546	22,809	(USD:VND)	154,449
HKD	959	3,576	(HKD:NTD)	3,429
HKD	32,436	0.8305	(HKD:RMB)	115,993
HKD	1,225	0.1284	(HKD:USD)	<u>4,382</u>
				<u>\$ 2,012,176</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
Financial liabilities				
Monetary items				
USD	\$ 2,466	27.85	(USD:NTD)	\$ 68,673
USD	4,718	6.4677	(USD:RMB)	131,404
USD	20,406	7.788	(USD:HKD)	568,306
USD	29,826	22,809	(USD:VND)	830,641
HKD	17,932	3.576	(HKD:NTD)	64,125
HKD	423	0.8305	(HKD:RMB)	<u>1,514</u>
				<u>\$ 1,664,663</u>
				(Concluded)

For the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, realized and unrealized foreign exchange net gains were \$63,253 thousand, \$14,639 thousand, \$131,111 thousand and \$11,609 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held: Table 2.
- 4) Marketable securities acquired or disposed of at cost or price of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 9) Trading in derivative instruments: For the nine months ended September 30, 2022, net loss of futures contracts was \$4,631 thousand.
- 10) Inter-company business relationship and material transactions and its amount: Table 8.

b. Information on investees: Table 5.

c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7.
- 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Tables 3 and 7.
- 3) The amount of property transactions and the amount of the resultant gains or losses: Table 7.
- 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- 5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
- 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: Tables 7 and 8.

d. Information of major stockholders

List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Table 9.

31. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Each entity of the Group is considered separate operating segment by the chief operating decision maker (CODM). For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- a. These operating segments have similar production and sales processes;
- b. These operating segments have similar main businesses and products; and
- c. The finance and business of these operating segments as to the consolidated financial statements are not material.

The Group's reportable segments were as follows:

- The Company
- GEM Dongguan and Genius HK consolidated information
- GEM Suzhou and Global HK consolidated information

- GEM VN
- Others

Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segments:

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>For the nine months ended September 30, 2022</u>							
Revenue from external customers	\$ 383,078	\$ 892,714	\$ 947,718	\$ 5,484	\$ -	\$ -	\$ 2,228,994
Inter-segment revenue	<u>114,733</u>	<u>269,368</u>	<u>1,024,453</u>	<u>741,104</u>	<u>-</u>	<u>(2,149,658)</u>	<u>-</u>
Segment revenue	<u>\$ 497,811</u>	<u>\$ 1,162,082</u>	<u>\$ 1,972,171</u>	<u>\$ 746,588</u>	<u>\$ -</u>	<u>\$(2,149,658)</u>	<u>\$ 2,228,994</u>
Segment income (loss)	<u>\$ (22,110)</u>	<u>\$ (76,016)</u>	<u>\$ (63,471)</u>	<u>\$ 1,899</u>	<u>\$ (1,029)</u>	<u>\$ (873)</u>	<u>\$ (161,600)</u>
Interest income							4,972
Other income							4,683
Other gains and losses							120,398
Finance costs							<u>(35,982)</u>
Consolidated income before income tax							<u>(67,529)</u>
Income tax							<u>29,694</u>
Consolidated net income							<u>\$ (37,835)</u>
<u>September 30, 2022</u>							
Segment assets	<u>\$ 4,146,904</u>	<u>\$ 1,221,008</u>	<u>\$ 2,237,684</u>	<u>\$ 955,283</u>	<u>\$ 67,186</u>	<u>\$(3,603,560)</u>	<u>\$ 5,024,505</u>
Segment liabilities	<u>\$ 1,725,653</u>	<u>\$ 166,930</u>	<u>\$ 867,993</u>	<u>\$ 700,237</u>	<u>\$ 26,473</u>	<u>\$(884,032)</u>	<u>\$ 2,603,254</u>
<u>For the nine months ended September 30, 2021</u>							
Revenue from external customers	\$ 436,609	\$ 1,371,457	\$ 1,439,438	\$ 1,205	\$ -	\$ -	\$ 3,248,709
Inter-segment revenue	<u>192,317</u>	<u>310,946</u>	<u>1,660,067</u>	<u>979,092</u>	<u>-</u>	<u>(3,142,422)</u>	<u>-</u>
Segment revenue	<u>\$ 628,926</u>	<u>\$ 1,682,403</u>	<u>\$ 3,099,505</u>	<u>\$ 980,297</u>	<u>\$ -</u>	<u>\$(3,142,422)</u>	<u>\$ 3,248,709</u>
Segment income (loss)	<u>\$ (4,863)</u>	<u>\$ 166,094</u>	<u>\$ 167,898</u>	<u>\$ 38,540</u>	<u>\$ (1,064)</u>	<u>\$ 16,397</u>	<u>\$ 383,002</u>
Interest income							3,205
Other income							1,760
Other gains and losses							(7,504)
Finance costs							<u>(31,138)</u>
Consolidated income before income tax							349,325
Income tax							<u>(136,902)</u>
Consolidated net income							<u>\$ 212,423</u>
<u>September 30, 2021</u>							
Segment assets	<u>\$ 3,999,251</u>	<u>\$ 1,499,794</u>	<u>\$ 2,857,005</u>	<u>\$ 1,131,887</u>	<u>\$ 59,386</u>	<u>\$(3,965,280)</u>	<u>\$ 5,582,043</u>
Segment liabilities	<u>\$ 1,640,920</u>	<u>\$ 469,775</u>	<u>\$ 1,478,570</u>	<u>\$ 853,212</u>	<u>\$ 25,170</u>	<u>\$(1,243,935)</u>	<u>\$ 3,223,712</u>

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 2)	Actual Amount Borrowed (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 381,060	\$ 381,060	\$ 317,550	2.1-2.9	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 484,250	\$ 968,500	Note 1
0	The Company	GEM Suzhou	Other receivables - related parties	Yes	84,066	-	-	-	Short-term financing	-	Business development	-	-	-	484,250	968,500	Note 1
0	The Company	Genius HK	Other receivables - related parties	Yes	294,800	158,775	63,510	1.87	Short-term financing	-	Business development	-	-	-	484,250	968,500	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	31,755	31,755	31,755	2.4	Short-term financing	-	Business development	-	-	-	455,101	910,202	Note 1

Note 1: Under the Company's and the subsidiaries' "Operational Procedures for Loaning Funds to Others", if short-term financing is needed, the total amount of these financings shall not exceed 40% of the Company's and the subsidiaries' stockholders' equity, and individual financing shall not exceed 20% of the Company's and the subsidiaries' stockholders' equity.

Note 2: The exchange rate was US\$1 : NT\$31.755.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
 SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
GEM Suzhou	Stock Dong-E-E-Jiao Co., Ltd.	-	Financial assets at FVTOCI - current	12,000	\$ <u>1,740</u>	-	\$ <u>1,740</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
GEM Suzhou	GEM Dongguan	Affiliate	Sales	\$ 541,002	28	120 days after monthly closing	Note 1	Note 2	\$ 19,428	4	Note 3
	Global HK	Affiliate	Sales	513,776	26	120 days after monthly closing	Note 1	Note 2	190,640	35	Note 3
GEM VN	Genius HK	Affiliate	Sales	445,298	60	120 days after monthly closing	Note 1	Note 2	45,314	44	Note 3
	Global HK	Affiliate	Sales	268,494	36	120 days after monthly closing	Note 1	Note 2	51,067	50	Note 3
Genius HK	GEM Dongguan The Company	Affiliate The Ultimate Parent Company	Sales	450,115	57	120 days after monthly closing	Note 1	Note 2	53,142	29	Note 3
			Sales	119,678	15	120 days after monthly closing	Note 1	Note 2	61,842	33	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	331,201	29	120 days after monthly closing	Note 1	Note 2	79,248	20	Note 3
	GEM Suzhou	Affiliate	Sales	147,153	13	120 days after monthly closing	Note 1	Note 2	83,872	22	Note 3
Global HK	Gem Suzhou	Affiliate	Sales	273,160	34	120 days after monthly closing	Note 1	Note 2	51,281	20	Note 3
	GEM VN	Affiliate	Sales	380,531	48	120 days after monthly closing	Note 1	Note 2	149,841	59	Note 3
	The Company	The Ultimate Parent Company	Sales	102,764	13	120 days after monthly closing	Note 1	Note 2	27,626	11	Note 3

Note 1: The sales price of finished goods was not significantly different from those to third parties, except for the stated sales price of finished goods, there were no comparable transactions with third parties.

Note 2: The sales payment terms of intercompany sales are not significantly different from those to third parties.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	GEM VN	Subsidiary	\$ 324,963	5.35	\$ -	\$ -	\$ -	\$ -
GEM Suzhou	Global HK	Affiliate	193,850	3.34	-	-	63,769	-
Global HK	GEM VN	Affiliate	149,841	3.37	-	-	51,371	-

Note 1: It included accounts receivable and other receivables.

Note 2: The computation of turnover rate didn't include other receivables.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,230,366	\$ (62,115)	\$ (63,302)	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	241,295	(54,589)	(54,627)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading	23,282	23,282	750,000	100	119,183	2,873	2,873	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	108,369	2,815	2,926	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,275,504	(62,054)	(62,054)	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	9,085	(104)	19	Notes 1 and 2
GEM Cayman	GEM VN	Vietnam	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production; production and processing of copper cores, copper alloys and copper bars	386,780	386,780	386,780	100	247,451	(26,099)	(54,413)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Notes 1 and 3)	Carrying Amount as of September 30, 2022 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 758,706	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ (55,330)	100	\$ (52,996)	\$ 920,855	\$ 81,641	
GEM Suzhou	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	1,122,294	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	741,320	-	-	741,320	(15,857)	100	(9,157)	1,345,888	753,650	Note4

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$ 1,193,450	\$ 1,800,509 (US\$56,700 thousand)	\$ 1,452,751

Note 1: The amount was recognized based on the reviewed financial statements.

Note 2: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the maximum amount that can be invested in companies located in mainland China is 60% of the Company's net value.

Note 3: It was eliminated on consolidation.

Note 4: GEM Suzhou appropriated the earnings of RMB15,242 thousand to Taiwan in May 2022.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

Investee Company	Counterparty	Transaction Type	Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	\$ 47,160	120 days after monthly closing	No significant difference with those to third parties	\$ 244	-	\$ 2,723	
		Purchase	156	120 days after monthly closing	No significant difference with those to third parties	-	-	6	
	GEM Dongguan	Disposal of property, plant, and equipment	3,992	120 days after monthly closing	No comparable transactions with those in the market	-	-	2,293	
		Sales	1,522	120 days after monthly closing	No significant difference with those to third parties	367	-	244	
		Purchase	161	120 days after monthly closing	No significant difference with those to third parties	(157)	-	(815)	
Global HK	GEM Suzhou	Sales	273,160	120 days after monthly closing	No significant difference with those to third parties	51,281	20	12,532	
		Purchase	513,776	120 days after monthly closing	No significant difference with those to third parties	(190,640)	77	4,203	
		Purchase of property plant, and equipment	4,749	120 days after monthly closing	No comparable transactions with those in the market	(3,210)	22	361	
Genius HK	GEM Dongguan	Sales	450,115	120 days after monthly closing	No significant difference with those to third parties	53,142	29	7,921	
		Purchase	331,201	120 days after monthly closing	No significant difference with those to third parties	(79,248)	63	-	
		Purchase of property plant, and equipment	540	120 days after monthly closing	No comparable transactions with those in the market	(561)	1	1	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Term	
0	The Company	Global HK	1	Sales	\$ 1,146	Payment term of 4 months	-
		Global HK	1	Accounts receivable	1,234	Payment term of 4 months	-
		GEM Suzhou	1	Sales	47,160	Payment term of 4 months	2
		GEM Suzhou	1	Accounts receivable	244	Payment term of 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	3,992	Payment term of 4 months	-
		GEM Suzhou	1	Other income	14	Payment term of 4 months	-
		GEM VN	1	Sales	62,317	Payment term of 4 months	3
		GEM VN	1	Accounts receivable	4,551	Payment term of 4 months	-
		GEM VN	1	Disposal of property, plant and equipment	168	Payment term of 4 months	-
		GEM VN	1	Interest income	4,691	Annual Interest rate of 2.1%-2.9%	-
		GEM VN	1	Other receivables	320,412	According to working, capital conditions to change payment deeding	6
		GEM Dongguan	1	Sales	1,522	Payment term of 4 months	-
		GEM Dongguan	1	Accounts receivable	367	Payment term of 4 months	-
		Genius HK	1	Sales	2,588	Payment term of 4 months	-
		Genius HK	1	Accounts receivable	119	Payment term of 4 months	-
		Genius HK	1	Interest income	1,249	Annual Interest rate of 1.87%	-
		Genius HK	1	Other receivables	63,845	According to working, capital conditions to change payment deeding	1
1	GEM Dongguan	The Company	2	Sales	161	Payment term of 4 months	-
		The Company	2	Accounts receivable	157	Payment term of 4 months	-
		Genius HK	3	Sales	331,201	Payment term of 4 months	15
		Genius HK	3	Accounts receivable	79,248	Payment term of 4 months	2
		Genius HK	3	Disposal of property, plant and equipment	540	Payment term of 4 months	-
		Genius HK	3	Other receivables	561	According to working, capital conditions to change payment deeding	-
		GEM Suzhou	3	Sales	147,153	Payment term of 4 months	7
		GEM Suzhou	3	Accounts receivable	83,872	Payment term of 4 months	2
		GEM Suzhou	3	Disposal of property, plant and equipment	2,646	Payment term of 4 months	-
		GEM Suzhou	3	Other income	159	Payment term of 4 months	-
2	Genius HK	The Company	2	Sales	119,678	Payment term of 4 months	5
		The Company	2	Accounts receivable	61,842	Payment term of 4 months	1
		The Company	2	Other receivables	13,992	According to working, capital conditions to change payment deeding	-
		GEM Dongguan	3	Sales	450,115	Payment term of 4 months	20
		GEM Dongguan	3	Accounts receivable	53,142	Payment term of 4 months	1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
2	Genius HK	GEM Dongguan	3	Other receivables	\$ 404	According to working, capital conditions to change payment deeding	-
		GEM VN	3	Sales	2,376	Payment term of 4 months	-
		GEM VN	3	Accounts receivable	2,516	Payment term of 4 months	-
3	Global HK	The Company	2	Sales	102,764	Payment term of 4 months	5
		The Company	2	Accounts receivable	27,626	Payment term of 4 months	1
		GEM VN	3	Sales	380,531	Payment term of 4 months	17
		GEM VN	3	Accounts receivable	149,841	Payment term of 4 months	3
		GEM Suzhou	3	Sales	273,160	Payment term of 4 months	12
		GEM Suzhou	3	Accounts receivable	51,281	Payment term of 4 months	1
4	GEM Suzhou	The Company	2	Sales	156	Payment term of 4 months	-
		Global HK	3	Sales	513,776	Payment term of 4 months	23
		Global HK	3	Accounts receivable	190,640	Payment term of 4 months	4
		Global HK	3	Other income	403	Payment term of 4 months	-
		Global HK	3	Disposal of property, plant and equipment	4,796	Payment term of 4 months	-
		Global HK	3	Other receivables	3,210	According to working, capital conditions to change payment deeding	-
		GEM Dongguan	3	Sales	541,002	Payment term of 4 months	24
		GEM Dongguan	3	Accounts receivable	19,428	Payment term of 4 months	-
		GEM Dongguan	3	Disposal of property, plant and equipment	1,245	Payment term of 4 months	-
5	Vibo	GEM VN	3	Interest income	518	Annual Interest rate of 2.4%	-
		GEM VN	3	Other receivables	32,024	According to working, capital conditions to change payment deeding	1
6	GEM VN	The Company	2	Sales	27,312	Payment term of 4 months	1
		The Company	2	Accounts receivable	5,411	Payment term of 4 months	-
		Genius HK	3	Sales	445,298	Payment term of 4 months	20
		Genius HK	3	Accounts receivable	45,314	Payment term of 4 months	1
		Global HK	3	Sales	268,494	Payment term of 4 months	12
		Global HK	3	Accounts receivable	51,067	Payment term of 4 months	1

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary.

2) Subsidiary to parent.

3) Subsidiary to subsidiary.

TABLE 9**GEM TERMINAL IND. CO., LTD.****INFORMATION OF MAJOR STOCKHOLDERS
SEPTEMBER 30, 2022**

Name of The Major Stockholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
Tsung-Fu Investment Co., Ltd.	31,467,914	18.60
Ting-Yao Investment Co., Ltd.	23,483,792	13.88
Cheng-Feng Investment Co., Ltd.	20,278,409	11.98
You Feng Investment Co., Ltd.	13,983,236	8.26

Note: The information of major stockholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares (including treasury stock) held by stockholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.