

**GEM Terminal Ind. Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2022 and 2021 and  
Independent Auditors' Review Report**

## 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 June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the six months then ended, and 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 June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the six months ended June 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

August 10, 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)

ASSETS	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,261,349	23	\$ 1,185,190	21	\$ 877,441	16
Financial assets at fair value through other comprehensive income - current (Note 8)	523	-	14,586	-	9,294	-
Notes receivable (Note 9)	193,875	4	188,673	3	175,311	3
Accounts receivable, net (Note 9)	841,580	16	1,130,767	20	1,298,175	24
Other receivables	2,413	-	3,262	-	2,451	-
Current tax assets	1,707	-	1,513	-	-	-
Inventories (Note 10)	1,185,893	22	1,228,373	22	1,230,362	22
Other financial assets - current (Note 11)	21,429	-	46,776	1	41,698	1
Other current assets	92,192	2	85,728	2	123,937	2
Total current assets	<u>3,600,961</u>	<u>67</u>	<u>3,884,868</u>	<u>69</u>	<u>3,758,669</u>	<u>68</u>
<b>NONCURRENT ASSETS</b>						
Property, plant and equipment (Note 13)	1,567,829	29	1,568,294	28	1,596,905	29
Right-of-use assets (Note 14)	69,364	1	68,023	1	67,073	1
Deferred tax assets	100,957	2	88,725	2	84,833	2
Other financial assets - noncurrent (Note 11)	7,020	-	7,482	-	5,681	-
Other noncurrent assets (Note 26)	36,652	1	7,898	-	7,531	-
Total noncurrent assets	<u>1,781,822</u>	<u>33</u>	<u>1,740,422</u>	<u>31</u>	<u>1,762,023</u>	<u>32</u>
<b>TOTAL</b>	<u>\$ 5,382,783</u>	<u>100</u>	<u>\$ 5,625,290</u>	<u>100</u>	<u>\$ 5,520,692</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 17)	\$ 1,274,380	24	\$ 1,325,234	23	\$ 902,665	16
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)	232,722	4	259,666	5	385,745	7
Accounts payable (Note 15)	266,725	5	430,357	8	531,007	10
Dividends payable (Note 19)	49,770	1	-	-	-	-
Other payables (Note 16)	155,095	3	201,464	4	200,506	4
Current tax liabilities	14,140	-	14,579	-	34,493	1
Lease liabilities - current (Note 14)	1,393	-	1,333	-	714	-
Long-term borrowings - current portion (Note 17)	298,057	6	400,807	7	456,807	8
Other current liabilities	26,758	-	16,497	-	20,450	-
Total current liabilities	<u>2,319,040</u>	<u>43</u>	<u>2,699,951</u>	<u>48</u>	<u>2,582,387</u>	<u>47</u>
<b>NONCURRENT LIABILITIES</b>						
Long-term borrowings (Note 17)	565,220	11	439,998	8	573,277	10
Deferred tax liabilities	68,968	1	75,969	1	62,798	1
Lease liabilities - noncurrent (Note 14)	1,118	-	1,470	-	-	-
Net defined benefit liabilities	1,331	-	2,076	-	8,924	-
Total noncurrent liabilities	<u>636,637</u>	<u>12</u>	<u>519,513</u>	<u>9</u>	<u>644,999</u>	<u>11</u>
Total liabilities	<u>2,955,677</u>	<u>55</u>	<u>3,219,464</u>	<u>57</u>	<u>3,227,386</u>	<u>58</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>						
Ordinary shares	1,692,000	32	1,692,000	30	1,692,000	31
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	72,691	1	216,553	4	120,453	2
Total retained earnings	597,101	11	645,155	12	549,055	10
Other equity	(90,251)	(2)	(159,585)	(3)	(176,005)	(3)
Treasury stock	(43,059)	(1)	(43,059)	(1)	(43,059)	(1)
Total equity	<u>2,427,106</u>	<u>45</u>	<u>2,405,826</u>	<u>43</u>	<u>2,293,306</u>	<u>42</u>
<b>TOTAL</b>	<u>\$ 5,382,783</u>	<u>100</u>	<u>\$ 5,625,290</u>	<u>100</u>	<u>\$ 5,520,692</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 June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20)	\$ 809,716	100	\$ 1,267,006	100	\$ 1,650,361	100	\$ 2,199,869	100
OPERATING COSTS (Notes 10 and 21)	<u>768,777</u>	<u>95</u>	<u>963,600</u>	<u>76</u>	<u>1,517,717</u>	<u>92</u>	<u>1,718,797</u>	<u>78</u>
GROSS PROFIT	<u>40,939</u>	<u>5</u>	<u>303,406</u>	<u>24</u>	<u>132,644</u>	<u>8</u>	<u>481,072</u>	<u>22</u>
OPERATING EXPENSES (Note 21)								
Marketing	34,721	4	47,117	4	64,270	4	87,660	4
General and administrative	50,926	6	55,082	4	99,591	6	102,664	5
Research and development	4,337	1	4,541	-	8,042	-	12,760	-
Expected credit loss (reversed) (Note 9)	<u>(1,430)</u>	<u>-</u>	<u>867</u>	<u>-</u>	<u>(533)</u>	<u>-</u>	<u>1,043</u>	<u>-</u>
Total operating expenses	<u>88,554</u>	<u>11</u>	<u>107,607</u>	<u>8</u>	<u>171,370</u>	<u>10</u>	<u>204,127</u>	<u>9</u>
GAIN (LOSS) FROM OPERATIONS	<u>(47,615)</u>	<u>(6)</u>	<u>195,799</u>	<u>16</u>	<u>(38,726)</u>	<u>(2)</u>	<u>276,945</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	980	-	1,053	-	1,657	-	2,358	-
Other income	1,480	-	830	-	2,932	-	1,693	-
Other gains and losses	49,162	6	(24,466)	(2)	59,837	4	(19,800)	(1)
Finance costs	<u>(12,579)</u>	<u>(1)</u>	<u>(9,843)</u>	<u>(1)</u>	<u>(24,293)</u>	<u>(2)</u>	<u>(19,717)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>39,043</u>	<u>5</u>	<u>(32,426)</u>	<u>(3)</u>	<u>40,133</u>	<u>2</u>	<u>(35,466)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	(8,572)	(1)	163,373	13	1,407	-	241,479	11
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	<u>(5,571)</u>	<u>(1)</u>	<u>73,434</u>	<u>6</u>	<u>(1,269)</u>	<u>-</u>	<u>94,376</u>	<u>5</u>
NET PROFIT (LOSS)	<u>(3,001)</u>	<u>-</u>	<u>89,939</u>	<u>7</u>	<u>2,676</u>	<u>-</u>	<u>147,103</u>	<u>6</u>
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	(2,066)	-	129	-	(2,419)	-	1,013	-

(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 June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 49	-	\$ (31)	-	\$ 131	-	\$ (152)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(27,049)	(4)	(24,756)	(2)	73,552	4	(7,824)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,136)	-	1,085	-	(2,890)	-	260	-
Other comprehensive income (loss) for the period, net of income tax	(30,202)	(4)	(23,573)	(2)	68,374	4	(6,703)	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>\$ (33,203)</b>	<b>(4)</b>	<b>\$ 66,366</b>	<b>5</b>	<b>\$ 71,050</b>	<b>4</b>	<b>\$ 140,400</b>	<b>6</b>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ (3,001)	-	\$ 89,939	7	\$ 2,676	-	\$ 147,103	7
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ (33,203)	(4)	\$ 66,366	5	\$ 71,050	4	\$ 140,400	6
<b>EARNINGS (NET LOSS) PER SHARE (Note 23)</b>								
Basic	\$ (0.02)		\$ 0.54		\$ 0.02		\$ 0.89	
Diluted	\$ (0.02)		\$ 0.54		\$ 0.02		\$ 0.89	

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					
	Ordinary Shares	Capital Surplus	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	Total Equity
			Legal Reserve	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 profit for the six months ended June 30, 2022	-	-	-	-	2,676	2,676	-	-	-	-	-	2,676
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	(2,288)	70,662	-	68,374	-	68,374
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	2,676	2,676	(2,288)	70,662	-	68,374	-	71,050
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(960)	(960)	960	-	-	960	-	-
BALANCE AT JUNE 30, 2022	\$ 1,692,000	\$ 271,315	\$ 364,825	\$ 159,585	\$ 72,691	\$ 597,101	\$ (25)	\$ (94,383)	\$ 4,157	\$ (90,251)	\$ (43,059)	\$ 2,427,106
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 profit for the six months ended June 30, 2021	-	-	-	-	147,103	147,103	-	-	-	-	-	147,103
Other comprehensive income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	861	(7,564)	-	(6,703)	-	(6,703)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	147,103	147,103	861	(7,564)	-	(6,703)	-	140,400
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	476	476	(476)	-	-	(476)	-	-
BALANCE AT JUNE 30, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 120,453	\$ 549,055	\$ 361	\$ (182,276)	\$ 5,910	\$ (176,005)	\$ (43,059)	\$ 2,293,306

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)

	<b>Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,407	\$ 241,479
Adjustments for:		
Depreciation expense	124,698	122,201
Amortization expense	1,995	1,771
Expected credit loss recognized (reversed)	(533)	1,043
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	3,173	10,080
Finance costs	24,293	19,717
Interest income	(1,657)	(2,358)
Dividend income	(55)	(39)
Net loss on disposal of property, plant and equipment	2,722	4,419
Write-down of inventories	43,857	1,015
Other non-cash items	5,257	(393)
Changes in operating assets and liabilities		
Notes receivable	(5,202)	34,094
Accounts receivable	289,468	(193,966)
Other receivables	861	1,364
Inventories	(2,414)	(365,906)
Other current assets	(6,464)	(16,074)
Financial liabilities held for trading	(3,187)	(10,080)
Notes payable	(26,944)	59,514
Accounts payable	(163,632)	(90,830)
Other payables	(36,495)	20,293
Other current liabilities	9,822	9,634
Net defined benefit liabilities	(9,081)	(9,925)
Cash generated from (used in) operations	251,889	(162,947)
Interest received	1,645	2,384
Income tax paid	(22,613)	(28,495)
Net cash generated from (used in) operating activities	<u>230,921</u>	<u>(189,058)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(24,614)	(393,517)
Proceeds from sale of financial assets at fair value through other comprehensive income	36,388	418,954
Payments for property, plant and equipment	(105,138)	(89,076)
Proceeds from disposal of property, plant and equipment	152	587
Decrease in other financial assets	25,809	27,986
Increase in other noncurrent assets	(727)	(184)
Dividend received	55	39
Net cash used in investing activities	<u>(68,075)</u>	<u>(35,211)</u>

(Continued)

# GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Six Months Ended June 30</u>	
	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 1,489,117	\$ 1,332,940
Decrease in short-term borrowings	(1,572,660)	(1,150,183)
Increase in short-term bills payable	150,000	300,000
Decrease in short-term bills payable	(200,000)	(300,000)
Increase in long-term borrowings	280,000	50,000
Repayment of long-term borrowings	(257,528)	(82,562)
Repayment of the principal portion of lease liabilities	(292)	(697)
Interest paid	<u>(25,105)</u>	<u>(20,733)</u>
Net cash generated from (used in) financing activities	<u>(136,468)</u>	<u>128,765</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>49,781</u>	<u>(16)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	76,159	(95,520)
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>\$ 1,261,349</u>	<u>\$ 877,441</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 SIX MONTHS ENDED JUNE 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 August 10, 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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

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

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Cash on hand	\$ 2,803	\$ 2,428	\$ 2,262
Checking accounts and demand deposits	995,826	1,159,539	800,398
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>262,720</u>	<u>23,223</u>	<u>74,781</u>
	<u>\$ 1,261,349</u>	<u>\$ 1,185,190</u>	<u>\$ 877,441</u>

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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Time deposits (%)	0.48-1.60	0.10-0.17	0.12-0.30

- 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

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

Outstanding copper futures not under hedge accounting were as follows:

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

## 8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ -	\$ 11,690	\$ 7,090
Overseas listed shares	<u>523</u>	<u>2,896</u>	<u>2,204</u>
	<u>\$ 523</u>	<u>\$ 14,586</u>	<u>\$ 9,294</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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
<hr/> <b>Notes receivable</b> <hr/>			
Notes receivable - operating	\$ <u>193,875</u>	\$ <u>188,673</u>	\$ <u>175,311</u>

(Continued)

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 851,991	\$ 1,141,459	\$ 1,307,797
Less: Allowance for impairment loss	<u>10,411</u>	<u>10,692</u>	<u>9,622</u>
	<u>\$ 841,580</u>	<u>\$ 1,130,767</u>	<u>\$ 1,298,175</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>
			(Concluded)

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, the customer's 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.

June 30, 2022

	<b>Not Past Due</b>	<b>Past Due 1 to 60 Days</b>	<b>Past Due 61 to 180 Days</b>	<b>Past Due Over 180 Days</b>	<b>Total</b>
Expected credit loss rate (%)	0-0.6	0.5-10	20-55	70-100	
Gross carrying amount	\$ 1,005,206	\$ 35,438	\$ 122	\$ 5,100	\$ 1,045,866
Loss allowance (Lifetime ECLs)	<u>(3,839)</u>	<u>(1,892)</u>	<u>(59)</u>	<u>(4,621)</u>	<u>(10,411)</u>
Amortized cost	<u>\$ 1,001,367</u>	<u>\$ 33,546</u>	<u>\$ 63</u>	<u>\$ 479</u>	<u>\$ 1,035,455</u>

December 31, 2021

	<b>Not Past Due</b>	<b>Past Due 1 to 60 Days</b>	<b>Past Due 61 to 180 Days</b>	<b>Past Due Over 180 Days</b>	<b>Total</b>
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>

June 30, 2021

	<b>Not Past Due</b>	<b>Past Due 1 to 60 Days</b>	<b>Past Due 61 to 180 Days</b>	<b>Past Due Over 180 Days</b>	<b>Total</b>
Expected credit loss rate (%)	0-0.6	2-10	20-55	100	
Gross carrying amount	\$ 1,448,022	\$ 32,074	\$ 654	\$ 2,358	\$ 1,483,108
Loss allowance (Lifetime ECLs)	<u>(5,272)</u>	<u>(1,750)</u>	<u>(242)</u>	<u>(2,358)</u>	<u>(9,622)</u>
Amortized cost	<u>\$ 1,442,750</u>	<u>\$ 30,324</u>	<u>\$ 412</u>	<u>\$ -</u>	<u>\$ 1,473,486</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 10,692	\$ 9,225
Loss allowance recognized (reversed)	(533)	1,043
Foreign exchange gains and losses	<u>252</u>	<u>(30)</u>
Balance at June 30	<u>\$ 10,411</u>	<u>\$ 10,238</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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Group A	<u>\$ 121,518</u>	<u>\$ 157,870</u>	<u>\$ 126,131</u>

## 10. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	\$ 477,328	\$ 369,002	\$ 382,193
Work in process	148,799	235,550	242,826
Raw materials	473,360	540,630	536,593
Supplies	<u>86,406</u>	<u>83,191</u>	<u>68,750</u>
	<u>\$ 1,185,893</u>	<u>\$ 1,228,373</u>	<u>\$ 1,230,362</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Write-down of inventories	\$ 48,355	\$ 3,626	\$ 43,857	\$ 1,015
Recognition (reversal) of provisions	(236)	(1,341)	436	(104)
Others	<u>93</u>	<u>(18)</u>	<u>16</u>	<u>(142)</u>
	<u>\$ 48,212</u>	<u>\$ 2,267</u>	<u>\$ 44,309</u>	<u>\$ 769</u>

## 11. OTHER FINANCIAL ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Pledged time deposits	\$ 8,765	\$ 31,222	\$ 24,667
Refundable deposits	<u>19,684</u>	<u>23,036</u>	<u>22,712</u>
	<u>\$ 28,449</u>	<u>\$ 54,258</u>	<u>\$ 47,379</u>
Current	\$ 21,429	\$ 46,776	\$ 41,698
Noncurrent	<u>7,020</u>	<u>7,482</u>	<u>5,681</u>
	<u>\$ 28,449</u>	<u>\$ 54,258</u>	<u>\$ 47,379</u>

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

	June 30, 2022	December 31, 2021	June 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 (%)		
			June 30, 2022	December 31, 2021	June 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:

Six months ended June 30, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2022	\$ 146,218	\$ 1,027,855	\$ 1,670,589	\$ 49,197	\$ 766,301	\$ 64,137	\$ 3,724,297
Additions	-	465	23,377	1,150	20,445	28,975	74,412
Disposal	-	(1,369)	(21,745)	(693)	(41,124)	-	(64,931)
Effect of foreign currency exchange differences	-	26,719	73,699	823	22,129	8,780	132,150
Balance at June 30, 2022	<u>\$ 146,218</u>	<u>\$ 1,053,670</u>	<u>\$ 1,745,920</u>	<u>\$ 50,477</u>	<u>\$ 767,751</u>	<u>\$ 101,892</u>	<u>\$ 3,865,928</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ (575,359)	\$ (1,050,483)	\$ (33,910)	\$ (496,251)	\$ -	\$ (2,156,003)
Depreciation expenses	-	(20,486)	(57,544)	(1,387)	(43,942)	-	(123,359)
Disposal	-	1,362	19,741	691	40,263	-	62,057
Effect of foreign currency exchange differences	-	(11,422)	(54,755)	(619)	(13,998)	-	(80,794)
Balance at June 30, 2022	\$ -	\$ (605,905)	\$ (1,143,041)	\$ (35,225)	\$ (513,928)	\$ -	\$ (2,298,099)
Carrying amounts at December 31, 2021 and January 1, 2022	\$ 146,218	\$ 452,496	\$ 620,106	\$ 15,287	\$ 270,050	\$ 64,137	\$ 1,568,294
Carrying amounts at June 30, 2022	\$ 146,218	\$ 447,765	\$ 602,879	\$ 15,252	\$ 253,823	\$ 101,892	\$ 1,567,829

(Concluded)

### Six months ended June 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	-	2,954	74,815	343	39,054	(25,816)	91,350
Disposal	-	(4,115)	(46,882)	(1,979)	(30,078)	-	(83,054)
Effect of foreign currency exchange differences	-	(2,630)	(12,636)	(80)	(282)	(121)	(15,749)
Balance at June 30, 2021	\$ 146,218	\$ 1,023,320	\$ 1,623,586	\$ 48,922	\$ 781,840	\$ 73,861	\$ 3,697,747
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ (539,767)	\$ (1,009,265)	\$ (33,980)	\$ (480,016)	\$ -	\$ (2,063,028)
Depreciation expenses	-	(20,804)	(50,184)	(1,339)	(48,573)	-	(120,900)
Disposal	-	4,028	43,098	1,963	28,959	-	78,048
Effect of foreign currency exchange differences	-	1,118	2,514	59	1,347	-	5,038
Balance at June 30, 2021	\$ -	\$ (555,425)	\$ (1,013,837)	\$ (33,297)	\$ (498,283)	\$ -	\$ (2,100,842)
Carrying amounts at June 30, 2021	\$ 146,218	\$ 467,895	\$ 609,749	\$ 15,625	\$ 283,557	\$ 73,861	\$ 1,596,905

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 expenses 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	3-10 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 was follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Additions to property, plant and equipment	\$ 74,412	\$ 91,350
Capitalized interest	(1,028)	(1,032)
Decrease in prepayments for equipment	-	(8,488)
Decrease in payables for purchase of equipment	1,754	7,246
Increase in prepayment for land (under other noncurrent assets)	<u>30,000</u>	<u>-</u>
Cash paid	<u>\$ 105,138</u>	<u>\$ 89,076</u>

#### 14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Carrying amount			
Land	\$ 64,412	\$ 62,841	\$ 63,561
Buildings	3,260	3,128	3,512
Transportation equipment	<u>1,692</u>	<u>2,054</u>	<u>-</u>
	<u>\$ 69,364</u>	<u>\$ 68,023</u>	<u>\$ 67,073</u>

  

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Depreciation charge for right-of-use assets				
Land	\$ 478	\$ 458	\$ 941	\$ 918
Buildings	18	192	36	383
Transport equipment	<u>180</u>	<u>-</u>	<u>362</u>	<u>-</u>
	<u>\$ 676</u>	<u>\$ 650</u>	<u>\$ 1,339</u>	<u>\$ 1,301</u>

b. Lease liabilities

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Carrying amount			
Current	<u>\$ 1,393</u>	<u>\$ 1,333</u>	<u>\$ 714</u>
Noncurrent	<u>\$ 1,118</u>	<u>\$ 1,470</u>	<u>\$ -</u>
Range of discount rate for lease liabilities (%)			
Buildings	1.59	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 but have extension options at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

As of June 30, 2022, partial land lease of \$8,640 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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term leases	\$ 279	\$ -	\$ 502	\$ -
Expenses relating to low-value assets leases	\$ 51	\$ 44	\$ 86	\$ 88
Total cash outflow for leases			\$ 1,065	\$ 808

The Group has elected to apply the recognition exemption for low-value lease or short-term 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

	June 30, 2022	December 31, 2021	June 30, 2021
Payable for salaries and bonuses	\$ 36,786	\$ 55,259	\$ 41,566
Payable for purchase of equipment	35,056	36,810	42,155
Payable for employees' compensation and remuneration to directors	13,055	12,914	5,560
Payable for freight	12,717	17,005	16,510
Payable for service fees	8,461	16,318	13,665
Payable for utilities fees	4,880	4,038	4,160
Payable for tax	3,051	5,179	3,746
Payable for processing fees	2,161	7,957	6,934

(Continued)

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Payable for pension	\$ 912	\$ 9,254	\$ 869
Others	<u>38,016</u>	<u>36,730</u>	<u>65,341</u>
	<u>\$ 155,095</u>	<u>\$ 201,464</u>	<u>\$ 200,506</u> (Concluded)

## 17. BORROWINGS

### a. Short-term borrowings

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Unsecured bank loans	\$ 900,564	\$ 795,075	\$ 258,574
Secured bank loans (Note 27)	<u>373,816</u>	<u>530,159</u>	<u>644,091</u>
	<u>\$ 1,274,380</u>	<u>\$ 1,325,234</u>	<u>\$ 902,665</u>
Unsecured bank loans annual interest rates (%)	1.25-4.10	1.15-4.10	1.15-2.30
Secured bank loans annual interest rates (%)	2.12-4.00	1.74-4.48	1.74-4.48

### b. Short-term bills payable

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Commercial papers China Bills Finance Corporation	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Annual interest rates (%)	-	1.34	1.40

### c. Long-term borrowings

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Unsecured bank loans	\$ 552,167	\$ 485,250	\$ 630,084
Secured bank loans (Note 27)	<u>311,110</u>	<u>355,555</u>	<u>400,000</u>
	863,277	840,805	1,030,084
Less: Current portion	<u>298,057</u>	<u>400,807</u>	<u>456,807</u>
	<u>\$ 565,220</u>	<u>\$ 439,998</u>	<u>\$ 573,277</u>
Unsecured bank loans annual interest rates (%)	1.74-2.23	1.34-1.85	1.34-1.85
Secured bank loans annual interest rates (%)	2.06	1.85	1.85
Unsecured bank loans expiration period	2022.11-2025.04	2022.05-2024.11	2021.07-2024.05
Secured bank loans expiration period	2025.07	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 June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$84 thousand, \$109 thousand, 167 thousand and \$\$218 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

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
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	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
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 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 deficit. 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 was approved by the stockholders' meeting held on July 27, 2021.

The appropriation of earnings for 2021 which was approved by the stockholders' meeting held on June 23, 2022 was as follows:

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

The cash dividends were recognized under dividends payable as of June 30, 2022.

d. Other equity items

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

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (165,045)	\$ (174,712)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>70,662</u>	<u>(7,564)</u>
Balance at June 30	<u>\$ (94,383)</u>	<u>\$ (182,276)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 1,303	\$ (24)
Recognized for the period		
Unrealized gain (loss) - equity instruments	(2,288)	861
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal	<u>960</u>	<u>(476)</u>
Balance at June 30	<u>\$ (25)</u>	<u>\$ 361</u>

e. Treasury stock

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

The treasury shares 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**

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 809,716</u>	<u>\$ 1,267,006</u>	<u>\$ 1,650,361</u>	<u>\$ 2,199,869</u>

a. Contract balances

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ 193,875	\$ 188,673	\$ 175,311	\$ 209,405
Accounts receivable, net	<u>841,580</u>	<u>1,130,767</u>	<u>1,298,175</u>	<u>1,105,222</u>
	<u>\$ 1,035,455</u>	<u>\$ 1,319,440</u>	<u>\$ 1,473,486</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 BEFORE INCOME TAX

Profit before income tax included following items:

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	\$ 980	\$ 1,053	\$ 1,657	\$ 2,358

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gains (losses), net	\$ 53,113	\$ (11,824)	\$ 67,858	\$ (3,030)
Loss on disposal of property, plant and equipment, net	(1,219)	(3,069)	(2,722)	(4,419)
Loss on financial instruments at FVTPL, net	(1,292)	(7,845)	(3,173)	(10,080)
Others	(1,440)	(1,728)	(2,126)	(2,271)
	\$ 49,162	\$ (24,466)	\$ 59,837	\$ (19,800)

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest expense of borrowings	\$ 13,056	\$ 10,367	\$ 25,136	\$ 20,744
Interest on lease liabilities	89	2	185	5
Less: Amounts included in the cost of qualifying assets	566	526	1,028	1,032
	\$ 12,579	\$ 9,843	\$ 24,293	\$ 19,717
Capitalization rate (%)	1.62-4.44	1.58-4.68	1.47-4.80	1.47-5.40

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 60,366	\$ 60,580	\$ 123,359	\$ 120,900
Right-of-use assets	676	650	1,339	1,301
Other assets	972	881	1,995	1,771
	\$ 62,014	\$ 62,111	\$ 126,693	\$ 123,972

Other assets were long-term prepayments for computer software, etc.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 52,646	\$ 52,390	\$ 108,011	\$ 104,384
Operating expenses	<u>8,396</u>	<u>8,840</u>	<u>16,687</u>	<u>17,817</u>
	<u>\$ 61,042</u>	<u>\$ 61,230</u>	<u>\$ 124,698</u>	<u>\$ 122,201</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 972</u>	<u>\$ 881</u>	<u>\$ 1,995</u>	<u>\$ 1,771</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 7,263	\$ 6,978	\$ 13,994	\$ 13,689
Defined benefit plans	<u>84</u>	<u>109</u>	<u>167</u>	<u>218</u>
	7,347	7,087	14,161	13,907
Short-term employee benefits	<u>118,028</u>	<u>127,210</u>	<u>216,354</u>	<u>240,415</u>
	<u>\$ 125,375</u>	<u>\$ 134,297</u>	<u>\$ 230,515</u>	<u>\$ 254,322</u>
An analysis by function				
Operating costs	\$ 89,419	\$ 95,456	\$ 159,625	\$ 179,859
Operating expenses	<u>35,956</u>	<u>38,841</u>	<u>70,890</u>	<u>74,463</u>
	<u>\$ 125,375</u>	<u>\$ 134,297</u>	<u>\$ 230,515</u>	<u>\$ 254,322</u>

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 six months ended June 30, 2022 and 2021, the compensation of employees and the remuneration of directors were accrued as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Employees' compensation (%)	5.27	3.33	3.07	3.27
Remuneration of directors (%)	3.55	0.50	0.77	0.74
Employees' compensation	\$ (213)	\$ 3,397	\$ 113	\$ 4,510
Remuneration of directors	<u>\$ (143)</u>	<u>\$ 525</u>	<u>\$ 28</u>	<u>\$ 1,050</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. Income tax recognized in profit or loss

The major components of income tax expense (benefit) are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 21,482	\$ 40,760	\$ 27,871	\$ 45,651
Adjustments for prior periods	<u>(5,756)</u>	<u>(394)</u>	<u>(5,756)</u>	<u>(394)</u>
	<u>15,726</u>	<u>40,366</u>	<u>22,115</u>	<u>45,257</u>
Deferred tax				
In respect of the current period	<u>(21,297)</u>	<u>33,068</u>	<u>(23,384)</u>	<u>49,119</u>
	<u>\$ (5,571)</u>	<u>\$ 73,434</u>	<u>\$ (1,269)</u>	<u>\$ 94,376</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ 47	\$ (29)	\$ 135	\$ (4)
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>(47)</u>	<u>29</u>	<u>(135)</u>	<u>4</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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Deferred tax				
In respect of the current period				
Translation of foreign operations	\$ (1,136)	\$ 1,085	\$ (2,890)	\$ 260
Fair value changes of financial assets at FVTOCI	<u>49</u>	<u>(31)</u>	<u>131</u>	<u>(152)</u>
	<u>\$ (1,087)</u>	<u>\$ 1,054</u>	<u>\$ (2,759)</u>	<u>\$ 108</u>

d. Income tax assessments

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

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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net profit (loss) used in the computation of diluted net profit (loss) per share	<u>\$ (3,001)</u>	<u>\$ 89,939</u>	<u>\$ 2,676</u>	<u>\$ 147,103</u>

Weighted average number of ordinary shares outstanding (in thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 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	<u>-</u>	<u>108</u>	<u>191</u>	<u>143</u>

(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>165,899</u>	<u>166,007</u>	<u>166,090</u>	<u>166,042</u> (Concluded)

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

June 30, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Overseas listed shares	\$ <u>523</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>523</u>

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	<u>2,896</u>	<u>-</u>	<u>-</u>	<u>2,896</u>
	<u>\$ 14,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,586</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Copper futures	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 7,090	\$ -	\$ -	\$ 7,090
Overseas listed shares	<u>2,204</u>	<u>-</u>	<u>-</u>	<u>2,204</u>
	<u>\$ 9,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,294</u>

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

## c. Categories of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,327,666	\$ 2,562,150	\$ 2,400,757
Financial assets at FVTOCI			
Equity instruments	523	14,586	9,294
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,792,199	3,107,526	3,100,007
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.

	<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>
USD	\$ 6,106	\$ 2,105
HKD	494	680

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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Fair value interest rate risk			
Financial assets	\$ 271,485	\$ 54,445	\$ 99,448
Financial liabilities	857,584	950,639	681,703
Cash flow interest rate risk			
Financial assets	995,696	1,159,409	800,268
Financial liabilities	1,282,584	1,268,203	1,301,760

### 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 six months ended June 30, 2022 and 2021 would decrease/increase \$1,434 thousand and \$2,507 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 six months ended June 30, 2022 and 2021 would increase/decrease by \$5 thousand and \$93 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.

June 30, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>4 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 1,701	\$ 364,999	\$ 403,106	\$ 103,219
Variable interest rate liabilities	146,087	150,789	536,286	473,607
Lease liabilities	800	239	636	1,272
Financial guarantee contracts	6,343	9,522	848	-
Non-interest bearing	<u>330,072</u>	<u>224,471</u>	<u>147,749</u>	<u>-</u>
	<u>\$ 485,003</u>	<u>\$ 750,020</u>	<u>\$ 1,088,625</u>	<u>\$ 578,098</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>4 Months to 1 Year</b>	<b>1-5 Years</b>
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>

June 30, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 150,324	\$ 5,236	\$ 491,217	\$ 50,311
Variable interest rate liabilities	54,541	163,114	575,659	534,770
Lease liabilities	-	-	720	-
Financial guarantee contracts	14,582	20,977	3,017	-
Non-interest bearing	<u>512,692</u>	<u>405,416</u>	<u>197,941</u>	<u>-</u>
	<u>\$ 732,139</u>	<u>\$ 594,743</u>	<u>\$ 1,268,554</u>	<u>\$ 585,081</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:

	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>June 30, 2021</b>
Transferred but not derecognized (Note 1)	\$ 65,287	\$ 65,384	\$ 53,446
Transferred and derecognized (Note 2)	<u>16,713</u>	<u>28,163</u>	<u>38,576</u>
	<u>\$ 82,000</u>	<u>\$ 93,547</u>	<u>\$ 92,022</u>
Maturity date	2022.07-2022.10	2022.01-2022.05	2021.07-2021.10

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 has 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 six months ended June 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, Bo-Chen	Key management personnel
Su, Hong-Yue-Chi	Other related parties

b. Remuneration of key management personnel

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 2,570	\$ 2,373	\$ 5,975	\$ 4,662
Post-employment benefits	<u>65</u>	<u>27</u>	<u>130</u>	<u>54</u>
	<u>\$ 2,635</u>	<u>\$ 2,400</u>	<u>\$ 6,105</u>	<u>\$ 4,716</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

The Company leased its Taipei office from its related party Su, Tun-Li. The rental of \$720 thousand was determined based on negotiations and paid according to contract terms. The rental was similar to the market rate, and the payment term was not significantly different from that of non-related parties.

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. As of June 30, 2022, \$30,000 thousand has been paid and recognized under other noncurrent assets. 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 Group's related parties for the loans of the Group were as follows:

Guarantor	June 30, 2022	December 31, 2021	June 30, 2021
Su, Tun-Li	\$ 871,292	\$ 934,497	\$ 800,880
Su, Chung-Hong	791,292	804,497	744,880
Su, Bo-Chen	<u>          -</u>	<u>          -</u>	<u>        6,000</u>
	<u>\$ 1,662,584</u>	<u>\$ 1,738,994</u>	<u>\$ 1,551,760</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:

	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment	\$ 408,455	\$ 411,883	\$ 422,594
Pledged deposits (under other financial assets)	8,765	31,222	24,667
Right-of-use assets	<u>29,761</u>	<u>29,186</u>	<u>29,497</u>
	<u>\$ 446,981</u>	<u>\$ 472,291</u>	<u>\$ 476,758</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of June 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 \$165,214 thousand.

- b. The unrecognized amount of contracts for the Group's purchases of raw materials was \$40,021 thousand.
- c. Unused letters of credit for purchases of raw materials and equipment amounted to \$12,878 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>June 30, 2022</u>				
Financial assets				
Monetary items				
USD	\$ 27,518	29.725	(USD:NTD)	\$ 817,984
USD	21,444	6.6948	(USD:RMB)	637,408
USD	18,692	7.8451	(USD:HKD)	555,609
USD	6,833	23,369	(USD:VND)	203,111
HKD	773	3.789	(HKD:NTD)	2,929
HKD	27,136	0.8534	(HKD:RMB)	102,818
HKD	1,227	0.1275	(HKD:USD)	<u>4,649</u>
				<u>\$ 2,324,508</u>
Financial liabilities				
Monetary items				
USD	1,999	29.725	(USD:NTD)	\$ 59,431
USD	5,115	6.6948	(USD:RMB)	152,045
USD	17,729	7.8451	(USD:HKD)	526,996
USD	29,100	23,369	(USD:VND)	865,003
HKD	16,023	3.789	(HKD:NTD)	60,710
HKD	69	0.8534	(HKD:RMB)	<u>262</u>
				<u>\$ 1,664,447</u>
<u>December 31, 2021</u>				
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>

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>		<b>NTD (In Thousands)</b>
<b>Financial liabilities</b>				
<b>Monetary items</b>				
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/> June 30, 2021 <hr/>				
<b>Financial assets</b>				
<b>Monetary items</b>				
USD	21,119	27.86	(USD:NTD)	\$ 588,377
USD	18,293	6.464	(USD:RMB)	509,655
USD	24,233	7.7648	(USD:HKD)	675,152
USD	8,174	23,082	(USD:VND)	227,736
HKD	348	3.588	(HKD:NTD)	1,248
HKD	25,782	0.8325	(HKD:RMB)	92,508
HKD	958	0.1288	(HKD:USD)	<u>3,437</u>
				<u>\$ 2,098,113</u>
<b>Financial liabilities</b>				
<b>Monetary items</b>				
USD	2,658	27.86	(USD:NTD)	\$ 74,053
USD	5,395	6.464	(USD:RMB)	150,318
USD	23,428	7.7648	(USD:HKD)	652,704
USD	32,782	23,082	(USD:VND)	913,301
HKD	8,132	3.588	(HKD:NTD)	<u>29,177</u>
				<u>\$ 1,819,553</u>
				(Concluded)

For the three and six months ended June 30, 2022 and 2021, realized and unrealized foreign exchange were net gain \$53,113 thousand, net loss \$11,824 thousand, net gain \$67,858 thousand and net loss \$3,030 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 and b. investees:

- 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 six months ended June 30, 2022, net loss of futures contracts was \$3,173 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 focuses on the type of goods or services delivered or provided.

Each entity of the Group is considered a 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, results from operations, segment assets and liabilities by reportable segments:

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>For the six months ended June 30, 2022</u>							
Revenue from external customers	\$ 271,527	\$ 671,195	\$ 703,899	\$ 3,740	\$ -	\$ -	\$ 1,650,361
Inter-segment revenue	<u>101,860</u>	<u>165,665</u>	<u>775,957</u>	<u>454,497</u>	<u>-</u>	<u>(1,497,979)</u>	<u>-</u>
Segment revenue	<u>\$ 373,387</u>	<u>\$ 836,860</u>	<u>\$ 1,479,856</u>	<u>\$ 458,237</u>	<u>\$ -</u>	<u>\$(1,497,979)</u>	<u>\$ 1,650,361</u>
Segment income (loss)	<u>\$(7,231)</u>	<u>\$(4,727)</u>	<u>\$ 2,247</u>	<u>\$(14,541)</u>	<u>\$(636)</u>	<u>\$(13,838)</u>	<u>\$ (38,726)</u>
Interest income							1,657
Other income							2,932
Other gains and losses							59,837
Finance costs							<u>(24,293)</u>
Consolidated income before income tax							1,407
Income tax							<u>1,269</u>
Consolidated net income							<u>\$ 2,676</u>
<u>June 30, 2022</u>							
Segment assets	<u>\$ 4,126,480</u>	<u>\$ 1,335,026</u>	<u>\$ 2,532,686</u>	<u>\$ 1,126,206</u>	<u>\$ 63,093</u>	<u>\$(3,800,708)</u>	<u>\$ 5,382,783</u>
Segment liabilities	<u>\$ 1,699,374</u>	<u>\$ 237,647</u>	<u>\$ 1,142,453</u>	<u>\$ 884,041</u>	<u>\$ 24,911</u>	<u>\$(1,032,749)</u>	<u>\$ 2,955,677</u>

(Continued)

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>For the six months ended June 30, 2021</u>							
Revenue from external customers	\$ 277,643	\$ 945,612	\$ 975,731	\$ 883	\$ -	\$ -	\$ 2,199,869
Inter-segment revenue	<u>109,998</u>	<u>194,853</u>	<u>1,174,184</u>	<u>673,502</u>	<u>-</u>	<u>(2,152,537)</u>	<u>-</u>
Segment revenue	<u>\$ 387,641</u>	<u>\$ 1,140,465</u>	<u>\$ 2,149,915</u>	<u>\$ 674,385</u>	<u>\$ -</u>	<u>\$(2,152,537)</u>	<u>\$ 2,199,869</u>
Segment income (loss)	<u>\$ (2,397)</u>	<u>\$ 129,448</u>	<u>\$ 121,190</u>	<u>\$ 32,554</u>	<u>\$ (749)</u>	<u>\$ (3,101)</u>	\$ 276,945
Interest income							2,358
Other income							1,693
Other gains and losses							(19,800)
Finance costs							<u>(19,717)</u>
Consolidated income before income tax							241,479
Income tax							<u>(94,376)</u>
Consolidated net income							<u>\$ 147,103</u>
<u>June 30, 2021</u>							
Segment assets	<u>\$ 3,878,300</u>	<u>\$ 1,450,613</u>	<u>\$ 2,860,772</u>	<u>\$ 1,204,547</u>	<u>\$ 59,608</u>	<u>\$(3,933,148)</u>	<u>\$ 5,520,692</u>
Segment liabilities	<u>\$ 1,584,993</u>	<u>\$ 440,404</u>	<u>\$ 1,511,905</u>	<u>\$ 941,875</u>	<u>\$ 20,294</u>	<u>\$(1,272,085)</u>	<u>\$ 3,227,386</u>

(Concluded)

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 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	\$ 356,700	\$ 356,700	\$ 267,525	2.1-2.3	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 485,421	\$ 970,842	Note 1
0	The Company	GEM Suzhou	Other receivables - related parties	Yes	84,066	-	-	-	Short-term financing	-	Business development	-	-	-	485,421	970,842	Note 1
0	The Company	Genius HK	Other receivables - related parties	Yes	294,800	208,075	59,450	1.87	Short-term financing	-	Business development	-	-	-	485,421	970,842	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	29,725	29,725	29,725	2.4	Short-term financing	-	Business development	-	-	-	471,852	943,704	Note 1

Note 1: Under the Company's and the subsidiaries' "Operational Procedures for Lending 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\$29.725.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
 JUNE 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	June 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
GEM Suzhou	<u>Stock</u>							
	Yantai Changyu Pioneer Wine Co., Ltd.	-	Financial assets at FVTOCI - current	3,000	\$ 396	-	\$ 396	
	Bank of Beijing	-	Financial assets at FVTOCI - current	3,000	60	-	60	
	Bank of Communications	-	Financial assets at FVTOCI - current	3,000	<u>67</u>	-	<u>67</u>	
					<u>\$ 523</u>		<u>\$ 523</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 SIX MONTHS ENDED JUNE 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	\$ 408,215	28	120 days after monthly closing	Note 1	Note 2	\$ 21,309	3	Note 3
	Global HK	Affiliate	Sales	393,542	27	120 days after monthly closing	Note 1	Note 2	315,446	41	Note 3
GEM VN	Genius HK	Affiliate	Sales	307,029	67	120 days after monthly closing	Note 1	Note 2	99,012	68	Note 3
	Global HK	Affiliate	Sales	128,472	28	120 days after monthly closing	Note 1	Note 2	44,571	31	Note 3
Genius HK	GEM Dongguan	Affiliate	Sales	307,232	55	120 days after monthly closing	Note 1	Note 2	100,422	39	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	236,957	29	120 days after monthly closing	Note 1	Note 2	102,141	20	Note 3
Global HK	GEM Suzhou	Affiliate	Sales	130,960	25	120 days after monthly closing	Note 1	Note 2	45,926	12	Note 3
	GEM VN	Affiliate	Sales	285,343	54	120 days after monthly closing	Note 1	Note 2	234,166	63	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 NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 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	\$ 321,074	3.01	\$ -	-	\$ -	\$ -
GEM Suzhou	Global HK	Affiliate	318,660	2.94	-	-	65,361	-
Global HK	GEM VN	Affiliate	234,166	2.96	-	-	41,466	-
GEM Dongguan	Genius HK	Affiliate	102,141	4.42	-	-	57,590	-
Genius HK	GEM Dongguan	Affiliate	100,823	8.36	-	-	71,862	-

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 SIX MONTHS ENDED JUNE 30, 2022  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of June 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 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	\$ 2,305,386	\$ 38,604	\$ 37,846	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	211,169	(72,991)	(73,167)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading	23,282	23,282	750,000	100	109,186	1,841	1,841	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	100,539	1,844	1,922	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,359,260	38,913	38,913	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,328	(255)	(171)	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	218,996	(28,187)	(72,815)	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 SIX MONTHS ENDED JUNE 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 June 30, 2022	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Notes 1 and 3)	Carrying Amount as of June 30, 2022 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of June 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.	\$ 752,421	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ 3,522	100	\$ 3,327	\$ 971,051	\$ 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.	1,112,997	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	741,320	-	-	741,320	17,025	100	35,326	1,379,853	753,650	Note 4

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 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	\$1,685,408 (US\$56,700 thousand)	\$1,456,264

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 SIX MONTHS ENDED JUNE 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	\$ 39,020	120 days after monthly closing	No significant difference with those to third parties	\$ 5,692	3	\$ 6,877	
		Purchase	157	120 days after monthly closing	No significant difference with those to third parties	(159)	-	(1,171)	
		Disposal of property, plant, and equipment	1,060	120 days after monthly closing	No comparable transactions with those in the market	-	-	712	
	GEM Dongguan	Sales	1,165	120 days after monthly closing	No significant difference with those to third parties	262	-	1,042	
		Purchase	14	120 days after monthly closing	No significant difference with those to third parties	-	-	(153)	
Global HK	GEM Suzhou	Sales	130,960	120 days after monthly closing	No significant difference with those to third parties	45,926	12	11,691	
		Purchase	393,542	120 days after monthly closing	No significant difference with those to third parties	(315,446)	6	(2,540)	
		Purchase of property plant, and equipment	2,853	120 days after monthly closing	No comparable transactions with those in the market	(3,214)	11	138	
Genius HK	GEM Dongguan	Sales	307,232	120 days after monthly closing	No significant difference with those to third parties	100,422	39	22,994	
		Purchase	236,957	120 days after monthly closing	No significant difference with those to third parties	(102,141)	82	(554)	

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
 FOR THE SIX MONTHS ENDED JUNE 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	1,155	Payment term of 4 months	-
		GEM Suzhou	(1)	Other income	14	Payment term of 4 months	-
		GEM Suzhou	(1)	Sales	39,020	Payment term of 4 months	2
		GEM Suzhou	(1)	Accounts receivable	5,692	Payment term of 4 months	-
		GEM Suzhou	(1)	Disposal of property, plant and equipment	1,060	Payment term of 4 months	-
		GEM VN	(1)	Sales	58,052	Payment term of 4 months	4
		GEM VN	(1)	Accounts receivable	50,648	Payment term of 4 months	1
		GEM VN	(1)	Disposal of property, plant and equipment	168	Payment term of 4 months	-
		GEM VN	(1)	Interest income	2,831	Annual Interest rate of 2.1%-2.3%	-
		GEM VN	(1)	Other receivables	270,426	According to working, capital conditions to change payment deeding	5
		GEM Dongguan	(1)	Sales	1,165	Payment term of 4 months	-
		GEM Dongguan	(1)	Accounts receivable	262	Payment term of 4 months	-
		Genius HK	(1)	Sales	2,477	Payment term of 4 months	-
		Genius HK	(1)	Accounts receivable	2,559	Payment term of 4 months	-
		Genius HK	(1)	Interest income	947	Annual Interest rate of 1.87%	-
		Genius HK	(1)	Other receivables	59,484	According to working, capital conditions to change payment deeding	1
1	GEM Dongguan	The Company	(2)	Sales	14	Payment term of 4 months	-
		Genius HK	(3)	Sales	236,957	Payment term of 4 months	14
		Genius HK	(3)	Accounts receivable	102,141	Payment term of 4 months	2
		GEM Suzhou	(3)	Sales	93,670	Payment term of 4 months	6
		GEM Suzhou	(3)	Accounts receivable	87,517	Payment term of 4 months	2
		GEM Suzhou	(3)	Other income	139	Payment term of 4 months	-
		GEM Suzhou	(3)	Other receivables	3,099	Payment term of 4 months	-
		GEM Suzhou	(3)	Disposal of property, plant and equipment	2,646	Payment term of 4 months	-
2	Genius HK	The Company	(2)	Sales	70,156	Payment term of 4 months	4
		The Company	(2)	Accounts receivable	51,652	Payment term of 4 months	1
		The Company	(2)	Other receivables	9,058	Payment term of 4 months	-
		GEM Dongguan	(3)	Sales	307,232	Payment term of 4 months	19
		GEM Dongguan	(3)	Accounts receivable	100,422	Payment term of 4 months	2
		GEM Dongguan	(3)	Other receivables	401	Payment term of 4 months	-
		GEM VN	(3)	Sales	1,825	Payment term of 4 months	-
		GEM VN	(3)	Accounts receivable	1,831	Payment term of 4 months	-

(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)	Term	
3	Global HK	The Company	(2)	Sales	\$ 82,242	Payment term of 4 months	5
		The Company	(2)	Accounts receivable	58,183	Payment term of 4 months	1
		GEM VN	(3)	Sales	285,343	Payment term of 4 months	17
		GEM VN	(3)	Accounts receivable	234,166	Payment term of 4 months	4
		GEM Suzhou	(3)	Sales	130,960	Payment term of 4 months	8
		GEM Suzhou	(3)	Accounts receivable	45,926	Payment term of 4 months	1
4	GEM Suzhou	The Company	(2)	Sales	157	Payment term of 4 months	-
		The Company	(2)	Accounts receivable	159	Payment term of 4 months	-
		Global HK	(3)	Sales	393,542	Payment term of 4 months	24
		Global HK	(3)	Accounts receivable	315,446	Payment term of 4 months	6
		Global HK	(3)	Other income	241	Payment term of 4 months	-
		Global HK	(3)	Disposal of property, plant and equipment	2,853	Payment term of 4 months	-
		Global HK	(3)	Other receivables	3,214	Payment term of 4 months	-
		GEM Dongguan	(3)	Sales	408,215	Payment term of 4 months	25
		GEM Dongguan	(3)	Accounts receivable	21,309	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	332	Annual Interest rate of 2.4%	-
		GEM VN	(3)	Other receivables	29,797	According to working, capital conditions to change payment deeding	1
6	GEM VN	The Company	(2)	Sales	18,996	Payment term of 4 months	1
		The Company	(2)	Accounts receivable	1,025	Payment term of 4 months	-
		Genius HK	(3)	Sales	307,029	Payment term of 4 months	19
		Genius HK	(3)	Accounts receivable	99,012	Payment term of 4 months	2
		Global HK	(3)	Sales	128,472	Payment term of 4 months	8
		Global HK	(3)	Accounts receivable	44,571	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. AND SUBSIDIARIES****INFORMATION OF MAJOR STOCKHOLDERS  
JUNE 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.