

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

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of GEM Terminal Ind. Co., Ltd. as of and for the year ended December 31, 2021 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been included in the consolidated financial statements of GEM Terminal Ind. Co., Ltd. and its subsidiaries. Consequently, GEM Terminal Ind. Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

GEM Terminal Ind. Co., Ltd.

By

Su, Tun-Li
Chairman

March 23, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is as follows:

Occurrence of revenue from specific customers

The operating revenue from specific customers of the Group for the year ended December 31, 2021 shows significant growth over the past year. In addition, based on the ROC GAAS, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

Refer to Note 4 to the consolidated financial statements for the related accounting policy on revenue recognition.

The main audit procedures that we performed to address the occurrence of the revenue from specific customers were as follows:

1. We obtained an understanding and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.
2. We selected samples and verified the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked and confirmed that the payer is the same as the buyer.

Other Matter

We have also audited the parent company only financial statements of GEM Terminal Ind. Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jia-Ling Chiang and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,185,190	21	\$ 972,961	19
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	14,586	-	33,681	1
Notes receivable (Notes 4 and 9)	188,673	3	209,405	4
Accounts receivable, net (Notes 4 and 9)	1,130,767	20	1,105,222	21
Other receivables	3,262	-	3,841	-
Current tax assets (Note 22)	1,513	-	57	-
Inventories (Notes 4, 5 and 10)	1,228,373	22	865,505	17
Other financial assets - current (Notes 11 and 27)	46,776	1	72,799	1
Other current assets	<u>85,728</u>	<u>2</u>	<u>107,863</u>	<u>2</u>
Total current assets	<u>3,884,868</u>	<u>69</u>	<u>3,371,334</u>	<u>65</u>
NONCURRENT ASSETS				
Property, plant and equipment (Notes 4, 13, 27 and 28)	1,568,294	28	1,642,172	32
Right-of-use assets (Notes 4, 14, 26 and 27)	68,023	1	68,657	1
Deferred tax assets (Notes 4 and 22)	88,725	2	95,755	2
Prepayments for equipment	-	-	8,488	-
Other financial assets - noncurrent	7,482	-	2,566	-
Other noncurrent assets	<u>7,898</u>	<u>-</u>	<u>9,030</u>	<u>-</u>
Total noncurrent assets	<u>1,740,422</u>	<u>31</u>	<u>1,826,668</u>	<u>35</u>
TOTAL	<u>\$ 5,625,290</u>	<u>100</u>	<u>\$ 5,198,002</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 1,325,234	23	\$ 723,111	14
Short-term bills payable (Note 17)	50,000	1	50,000	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	14	-	-	-
Notes payable (Note 15)	259,666	5	326,231	6
Accounts payable (Note 15)	430,357	8	621,837	12
Other payables (Notes 16 and 18)	201,464	4	196,606	4
Current tax liabilities (Note 22)	14,579	-	17,784	-
Lease liabilities - current (Notes 4, 14 and 26)	1,333	-	720	-
Long-term borrowings - current portion (Note 17)	400,807	7	381,842	8
Other current liabilities	<u>16,497</u>	<u>-</u>	<u>10,924</u>	<u>-</u>
Total current liabilities	<u>2,699,951</u>	<u>48</u>	<u>2,329,055</u>	<u>45</u>
NONCURRENT LIABILITIES				
Long-term borrowings (Note 17)	439,998	8	680,805	13
Deferred tax liabilities (Notes 4 and 22)	75,969	1	24,859	1
Lease liabilities - noncurrent (Notes 4, 14 and 26)	1,470	-	709	-
Net defined benefit liabilities (Notes 4 and 18)	<u>2,076</u>	<u>-</u>	<u>9,668</u>	<u>-</u>
Total noncurrent liabilities	<u>519,513</u>	<u>9</u>	<u>716,041</u>	<u>14</u>
Total liabilities	<u>3,219,464</u>	<u>57</u>	<u>3,045,096</u>	<u>59</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Ordinary shares	<u>1,692,000</u>	<u>30</u>	<u>1,692,000</u>	<u>32</u>
Capital surplus	<u>271,315</u>	<u>5</u>	<u>271,315</u>	<u>5</u>
Retained earnings				
Legal reserve	343,170	6	343,170	7
Special reserve	85,432	2	85,432	2
Unappropriated earnings (accumulated deficit)	<u>216,553</u>	<u>4</u>	<u>(27,126)</u>	<u>(1)</u>
Total retained earnings	<u>645,155</u>	<u>12</u>	<u>401,476</u>	<u>8</u>
Other equity	<u>(159,585)</u>	<u>(3)</u>	<u>(168,826)</u>	<u>(3)</u>
Treasury shares	<u>(43,059)</u>	<u>(1)</u>	<u>(43,059)</u>	<u>(1)</u>
Total equity	<u>2,405,826</u>	<u>43</u>	<u>2,152,906</u>	<u>41</u>
TOTAL	<u>\$ 5,625,290</u>	<u>100</u>	<u>\$ 5,198,002</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)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4 and 20)	\$ 4,315,078	100	\$ 3,454,386	100
OPERATING COSTS (Notes 10 and 21)	<u>3,465,537</u>	<u>80</u>	<u>3,078,080</u>	<u>89</u>
GROSS PROFIT	<u>849,541</u>	<u>20</u>	<u>376,306</u>	<u>11</u>
OPERATING EXPENSES (Notes 9, 21 and 26)				
Marketing	166,680	4	136,212	4
General and administrative	215,297	5	183,630	5
Research and development	21,189	1	22,360	1
Expected credit loss	<u>2,540</u>	<u>-</u>	<u>426</u>	<u>-</u>
Total operating expenses	<u>405,706</u>	<u>10</u>	<u>342,628</u>	<u>10</u>
GAIN FROM OPERATIONS	<u>443,835</u>	<u>10</u>	<u>33,678</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	4,027	-	5,070	-
Other income	3,738	-	10,931	-
Other gains and losses	(24,788)	-	(60,912)	(2)
Finance costs	<u>(43,755)</u>	<u>(1)</u>	<u>(44,586)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(60,778)</u>	<u>(1)</u>	<u>(89,497)</u>	<u>(3)</u>
PROFIT (LOSS) BEFORE INCOME TAX	383,057	9	(55,819)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	<u>139,931</u>	<u>3</u>	<u>(13,323)</u>	<u>(1)</u>
NET PROFIT (LOSS)	<u>243,126</u>	<u>6</u>	<u>(42,496)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 18, 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(2,191)	-	(1,439)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,981	-	24,366	1

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 337	-	\$ (5,007)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	9,391	-	(29,768)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>276</u>	<u>-</u>	<u>3,048</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>9,794</u>	<u>-</u>	<u>(8,800)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 252,920</u>	<u>6</u>	<u>\$ (51,296)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 243,126</u>	<u>6</u>	<u>\$ (42,496)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 252,920</u>	<u>6</u>	<u>\$ (51,296)</u>	<u>(1)</u>
EARNINGS (NET LOSS) PER SHARE (Note 23)				
Basic	<u>\$ 1.47</u>		<u>\$ (0.25)</u>	
Diluted	<u>\$ 1.46</u>		<u>\$ (0.25)</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company						Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Retained Earnings		Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	Treasury Shares	Total Equity
				Special Reserve	Unappropriated Earnings (Accumulated Deficit)							
BALANCE AT JANUARY 1, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 44,667	\$ 428,602	\$ (3,725)	\$ (147,992)	\$ 7,061	\$ (144,656)	\$ -	\$ 2,247,261
Appropriation of 2019 earnings Special reserve	-	-	-	44,667	(44,667)	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2020	-	-	-	-	(42,496)	(42,496)	-	-	-	-	-	(42,496)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	19,071	(26,720)	(1,151)	(8,800)	-	(8,800)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(42,496)	(42,496)	19,071	(26,720)	(1,151)	(8,800)	-	(51,296)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	15,370	15,370	(15,370)	-	-	(15,370)	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	(43,059)	(43,059)
BALANCE AT DECEMBER 31, 2020	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 year ended December 31, 2021	-	-	-	-	243,126	243,126	-	-	-	-	-	243,126
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	1,880	9,667	(1,753)	9,794	-	9,794
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	243,126	243,126	1,880	9,667	(1,753)	9,794	-	252,920
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	553	553	(553)	-	-	(553)	-	-
BALANCE AT DECEMBER 31, 2021	\$ 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

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)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 383,057	\$ (55,819)
Adjustments for:		
Depreciation expense	242,064	250,488
Amortization expense	3,562	2,933
Expected credit loss recognized	2,540	426
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	10,989	4,631
Finance costs	43,755	44,586
Interest income	(4,027)	(5,070)
Dividend income	(292)	(2,753)
Net loss on disposal of property, plant and equipment	10,034	6,354
Write-down of inventories	19,096	1,683
Other non-cash items	280	1,087
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	3,800
Notes receivable	20,732	(19,727)
Accounts receivable	(28,097)	(161,440)
Other receivables	582	15,296
Inventories	(382,200)	84,276
Other current assets	22,135	3,959
Financial liabilities held for trading	(10,975)	(7,057)
Notes payable	(66,565)	199,527
Accounts payable	(191,480)	242,531
Other payables	17,664	22,091
Other current liabilities	5,500	7,506
Net defined benefit liabilities	(10,627)	(5,836)
Cash generated from operations	<u>87,727</u>	<u>633,472</u>
Interest received	4,024	5,748
Income tax paid	<u>(85,305)</u>	<u>(88,577)</u>
Net cash generated from operating activities	<u>6,446</u>	<u>550,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(476,462)	(2,121,129)
Proceeds from sale of financial assets at fair value through other comprehensive income	497,579	2,158,981
Payments for property, plant and equipment	(183,300)	(166,247)
Proceeds from disposal of property, plant and equipment	1,141	1,049
Decrease in other financial assets	21,107	103,390

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2021	2020
Increase in other noncurrent assets	\$ (2,419)	\$ (4,899)
Dividends received	<u>292</u>	<u>2,753</u>
Net cash used in investing activities	<u>(142,062)</u>	<u>(26,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	3,490,470	1,206,171
Decrease in short-term borrowings	(2,888,085)	(1,556,201)
Increase in short-term bills payable	600,000	50,000
Decrease in short-term bills payable	(600,000)	(100,000)
Increase in long-term borrowings	110,000	480,000
Repayment of long-term borrowings	(331,846)	(706,269)
Repayment of the principal portion of lease liabilities	(789)	(1,541)
Payments for buy-back of treasury shares	-	(43,059)
Interest paid	<u>(45,166)</u>	<u>(46,663)</u>
Net cash generated from (used in) financing activities	<u>334,584</u>	<u>(717,562)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>13,261</u>	<u>(7,587)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,229	(200,608)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>972,961</u>	<u>1,173,569</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,185,190</u>	<u>\$ 972,961</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 YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 March 23, 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 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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 4: 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 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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that 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. Classification of current and noncurrent assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

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

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting the consolidated financial statements, the functional currencies of the entities in the Group (including subsidiaries operating in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories are stated at the lower of cost and net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

g. Property, plant, and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis

of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities of 3 months or less, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost.

The Group always recognizes lifetime ECLs for notes receivable and accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2) Equity instruments

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the following situation, the financial liabilities held by the Group are measured at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 25.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of terminals. Sales of terminals are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

k. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

When the Group is as a lessee, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost and are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method over the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the year in which they are incurred.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan.

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act of the ROC, an additional tax on unappropriated earnings is provided in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and loss carryforwards can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised if the revisions affect only that year or in the year of the revisions and future years if the revisions affect both current and future years.

Key sources of estimation uncertainty - Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience of product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 2,428	\$ 2,655
Checking accounts and demand deposits	1,159,539	895,307
Cash equivalents		
Time deposits with original maturities of 3 months or less	<u>23,223</u>	<u>74,999</u>
	<u>\$ 1,185,190</u>	<u>\$ 972,961</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Time deposits (%)	0.1-0.17	0.15-0.30

- 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 LIABILITIES AT FVTPL - CURRENT

As of December 31, 2021, the financial liabilities at FVTPL were copper futures held for trading. The copper futures which did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting were as follows:

	Futures Month	Lots	Contract Amount (In thousands)
Copper futures			
Refined copper - Sell	2022.03	2	US\$ 223

8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	<u>December 31</u>	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic listed shares	\$ 11,690	\$ 2,178
Overseas listed shares	<u>2,896</u>	<u>31,503</u>
	<u>\$ 14,586</u>	<u>\$ 33,681</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

	<u>December 31</u>	
	2021	2020
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 188,673</u>	<u>\$ 209,405</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 1,141,459	\$ 1,113,831
Less: Allowance for impairment loss	<u>10,692</u>	<u>8,609</u>
	<u>\$ 1,130,767</u>	<u>\$ 1,105,222</u>
<u>Overdue receivables</u>		
At amortized cost		
Gross carrying amount	\$ -	\$ 616
Less: Allowance for impairment loss	<u>-</u>	<u>616</u>
	<u>\$ -</u>	<u>\$ -</u>

a. Notes and accounts receivable

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

The Group measures the loss allowance for the notes receivable and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses are estimated using a provision matrix prepared by reference to the past default experience of the customers, 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.

December 31, 2021

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	0.5-10	20-50	30-55	100	
Gross carrying amount	\$ 1,271,216	\$ 54,359	\$ 1,144	\$ 1,512	\$ 1,901	\$ 1,330,132
Loss allowance (Lifetime ECLs)	<u>(5,047)</u>	<u>(2,607)</u>	<u>(365)</u>	<u>(772)</u>	<u>(1,901)</u>	<u>(10,692)</u>
Amortized cost	<u>\$ 1,266,169</u>	<u>\$ 51,752</u>	<u>\$ 779</u>	<u>\$ 740</u>	<u>\$ -</u>	<u>\$ 1,319,440</u>

December 31, 2020

	Not Past Due	Past Due 1 to 60 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	100	
Gross carrying amount	\$ 1,298,119	\$ 22,802	\$ 2,315	\$ 1,323,236
Loss allowance (Lifetime ECLs)	<u>(4,990)</u>	<u>(1,304)</u>	<u>(2,315)</u>	<u>(8,609)</u>
Amortized cost	<u>\$ 1,293,129</u>	<u>\$ 21,498</u>	<u>\$ -</u>	<u>\$ 1,314,627</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 9,225	\$ 8,801
Loss allowance recognized	2,540	426
Amounts written off	(1,085)	-
Foreign exchange gains and losses	<u>12</u>	<u>(2)</u>
Balance at December 31	<u>\$ 10,692</u>	<u>\$ 9,225</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 period were as follows:

	December 31	
	2021	2020
Group A	<u>\$ 157,870</u>	<u>\$ 141,316</u>

10. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 369,002	\$ 219,953
Work in process	235,550	241,027
Raw materials	540,630	336,394
Supplies	<u>83,191</u>	<u>68,131</u>
	<u>\$ 1,228,373</u>	<u>\$ 865,505</u>

All operating costs recognized in 2021 and 2020 were the cost of inventories, which included the following items:

	For the Year Ended December 31	
	2021	2020
Write-down of inventories	\$ 19,096	\$ 1,683
Recognition of provisions	72	193
Others	<u>73</u>	<u>732</u>
	<u>\$ 19,241</u>	<u>\$ 2,608</u>

11. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	\$ -	\$ 50,000
Pledged time deposits	31,222	17,220
Refundable deposits	<u>23,036</u>	<u>8,145</u>
	<u>\$ 54,258</u>	<u>\$ 75,365</u>
Current	\$ 46,776	\$ 72,799
Noncurrent	<u>7,482</u>	<u>2,566</u>
	<u>\$ 54,258</u>	<u>\$ 75,365</u>

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

	<u>December 31</u>	
	2021	2020
Time deposits (%)	1.35-4.90	0.40-6.30

- 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	<u>Percentage of Ownership (%)</u>	
			December 31, 2021	December 31, 2020
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 4	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Note 3	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	Note 3	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

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.

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

For the year ended December 31, 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	-	6,399	137,570	1,296	71,919	(35,959)	181,225
Disposal	-	(7,984)	(72,486)	(2,850)	(82,968)	-	(166,288)
Effect of foreign currency exchange differences	-	2,329	(2,784)	113	4,204	298	4,160
Balance at December 31, 2021	<u>\$ 146,218</u>	<u>\$ 1,027,855</u>	<u>\$ 1,670,589</u>	<u>\$ 49,197</u>	<u>\$ 766,301</u>	<u>\$ 64,137</u>	<u>\$ 3,724,297</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ (539,767)	\$ (1,009,265)	\$ (33,980)	\$ (480,016)	\$ -	\$ (2,063,028)
Depreciation expenses	-	(41,482)	(100,944)	(2,646)	(94,269)	-	(239,341)
Disposal	-	7,764	64,950	2,824	79,575	-	155,113
Effect of foreign currency exchange differences	-	(1,874)	(5,224)	(108)	(1,541)	-	(8,747)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (575,359)</u>	<u>\$ (1,050,483)</u>	<u>\$ (33,910)</u>	<u>\$ (496,251)</u>	<u>\$ -</u>	<u>\$ (2,156,003)</u>
Carry amounts at December 31, 2021	<u>\$ 146,218</u>	<u>\$ 452,496</u>	<u>\$ 620,106</u>	<u>\$ 15,287</u>	<u>\$ 270,050</u>	<u>\$ 64,137</u>	<u>\$ 1,568,294</u>

For the year ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 146,218	\$ 1,031,745	\$ 1,565,359	\$ 58,204	\$ 788,539	\$ 119,307	\$ 3,709,372
Additions	-	11,739	95,887	1,312	71,806	(18,238)	162,506
Disposal	-	(3,085)	(80,662)	(8,487)	(80,738)	-	(172,972)
Effect of foreign currency exchange differences	-	(13,288)	27,705	(391)	(6,461)	(1,271)	6,294
Balance at December 31, 2020	<u>\$ 146,218</u>	<u>\$ 1,027,111</u>	<u>\$ 1,608,289</u>	<u>\$ 50,638</u>	<u>\$ 773,146</u>	<u>\$ 99,798</u>	<u>\$ 3,705,200</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ (501,245)	\$ (930,808)	\$ (39,748)	\$ (462,101)	\$ -	\$ (1,933,902)
Depreciation expenses	-	(42,183)	(103,056)	(2,895)	(99,715)	-	(247,849)
Disposal	-	2,819	75,521	8,462	78,767	-	165,569
Effect of foreign currency exchange differences	-	842	(50,922)	201	3,033	-	(46,846)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ (539,767)</u>	<u>\$ (1,009,265)</u>	<u>\$ (33,980)</u>	<u>\$ (480,016)</u>	<u>\$ -</u>	<u>\$ (2,063,028)</u>
Carrying amounts at December 31, 2020	<u>\$ 146,218</u>	<u>\$ 487,344</u>	<u>\$ 599,024</u>	<u>\$ 16,658</u>	<u>\$ 293,130</u>	<u>\$ 99,798</u>	<u>\$ 1,642,172</u>

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

Buildings

Factory facilities	5-50 years
Building facilities	5-20 years
Main building of the factory	19-50 years
Main building of the office	20-55 years

(Continued)

Machinery and equipment	5-10 years
Transportation equipment	5-12 years
Others	3-10 years
	(Concluded)

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

d. Reconciliation of the additions and the cash paid stated in the statements of cash flows was as follows:

	For the Year Ended December 31	
	2021	2020
Additions to property, plant and equipment	\$ 181,225	\$ 162,506
Capitalized interest	(2,028)	(1,531)
Decrease in prepayments for equipment	(8,488)	(838)
Decrease in payables for purchase of equipment	<u>12,591</u>	<u>6,110</u>
Cash paid	<u>\$ 183,300</u>	<u>\$ 166,247</u>

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	\$ 62,841	\$ 64,747
Buildings	3,128	3,910
Transportation equipment	<u>2,054</u>	<u>-</u>
	<u>\$ 68,023</u>	<u>\$ 68,657</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 2,175</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,836	\$ 1,871
Buildings	766	768
Transportation equipment	<u>121</u>	<u>-</u>
	<u>\$ 2,723</u>	<u>\$ 2,639</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Carrying amount		
Current	\$ <u>1,333</u>	\$ <u>720</u>
Noncurrent	\$ <u>1,470</u>	\$ <u>709</u>
Range of discount rate for lease liabilities (%)		
Buildings	1.59	1.59
Transportation equipment	1.57	-

c. Material leasing activities and terms

The Company leases buildings for the use as office with lease term of 1 year, and also leases transportation equipment with lease terms of 3 years. 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 December 31, 2021, partial land lease of \$8,405 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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Expenses relating to low-value assets leases	\$ <u>171</u>	\$ <u>176</u>
Total cash outflow for leases	\$ <u>983</u>	\$ <u>1,835</u>

The Group has elected to apply the recognition exemption for leases of certain office equipment qualifying as low-value asset 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, and therefore, no interest was charged on the outstanding accounts payable.

16. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Payable for salaries and bonuses	\$ 55,259	\$ 43,208
Payable for purchase of equipment	36,810	49,401
Payable for freight	17,005	20,169
Payable for service fees	16,318	15,124
Payable for employees' compensation and remuneration to directors	12,914	-
Payable for pension	9,254	10,025
Payable for processing fees	7,957	4,769
Payable for taxes	5,179	1,630
Payable for utilities expense	4,038	3,504
Others	<u>36,730</u>	<u>48,776</u>
	<u>\$ 201,464</u>	<u>\$ 196,606</u>

Other payables-others were payables for labor health insurance and interest, etc.

17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unsecured bank borrowings	\$ 795,075	\$ 294,300
Secured bank borrowings (Note 27)	<u>530,159</u>	<u>428,811</u>
	<u>\$ 1,325,234</u>	<u>\$ 723,111</u>
Unsecured bank loans annual interest rates (%)	1.15-4.10	1.10-1.87
Secured bank loans annual interest rates (%)	1.74-4.48	1.74-4.48

b. Short-term bills payable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Commercial papers		
China Bills Finance Corporation	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Annual interest rates (%)	1.34	1.40

c. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unsecured bank loans	\$ 485,250	\$ 655,583
Secured bank loans (Note 27)	<u>355,555</u>	<u>407,064</u>
	840,805	1,062,647

(Continued)

	December 31	
	2021	2020
Less: Current portion	<u>\$ 400,807</u>	<u>\$ 381,842</u>
	<u>\$ 439,998</u>	<u>\$ 680,805</u>
Unsecured bank loans annual interest rates (%)	1.34-1.85	1.34-1.81
Secured bank loans annual interest rates (%)	1.85	1.85-2.20
Unsecured bank loans expiration period	2022.05-2024.11	2021.07-2023.10
Secured bank loans expiration period	2025.07	2021.02-2025.07 (Concluded)

Under the loan agreements with certain banks, the Group should maintain certain financial ratios based on their reviewed semiannual and audited annual consolidated financial statements. As of December 31, 2021 and 2020, the financial ratios of the Group were in compliance with the requirements stated in the loan agreements.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

- 1) The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.
- 2) GEM Dongguan, GEM Suzhou and GEM Vietnam of the Group make contributions in accordance with the local regulations, which are defined contribution plan.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 70,206	\$ 72,217
Fair value of plan assets	<u>(59,794)</u>	<u>(53,369)</u>
Deficit	10,412	18,848
Classified under other payables	<u>(8,336)</u>	<u>(9,180)</u>
Net defined benefit liabilities	<u>\$ 2,076</u>	<u>\$ 9,668</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	<u>\$ 68,293</u>	<u>\$ (45,048)</u>	<u>\$ 23,245</u>
Service cost			
Current service cost	427	-	427
Net interest expense (income)	<u>692</u>	<u>(459)</u>	<u>233</u>
Recognized in profit or loss	<u>1,119</u>	<u>(459)</u>	<u>660</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,366)	(1,366)
Actuarial loss - change in financial assumptions	2,867	-	2,867
Actuarial gain - experience adjustments	<u>(62)</u>	<u>-</u>	<u>(62)</u>
Recognized in other comprehensive income	<u>2,805</u>	<u>(1,366)</u>	<u>1,439</u>
Contributions from the employer	<u>-</u>	<u>(6,496)</u>	<u>(6,496)</u>
Balance at December 31, 2020	<u>72,217</u>	<u>(53,369)</u>	<u>18,848</u>
Service cost			
Current service cost	347	-	347
Net interest expense (income)	<u>361</u>	<u>(271)</u>	<u>90</u>
Recognized in profit or loss	<u>708</u>	<u>(271)</u>	<u>437</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(674)	(674)
Actuarial gain - change in financial assumptions	(645)	-	(645)
Actuarial loss - experience adjustments	<u>3,510</u>	<u>-</u>	<u>3,510</u>
Recognized in other comprehensive income	<u>2,865</u>	<u>(674)</u>	<u>2,191</u>
Contributions from the employer	<u>-</u>	<u>(11,064)</u>	<u>(11,064)</u>
Benefit payment			
Plan assets	<u>(5,584)</u>	<u>5,584</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 70,206</u>	<u>\$ (59,794)</u>	<u>\$ 10,412</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	2021	2020
Discount rate (%)	0.7	0.5
Expected rate of salary increase (%)	1.2	1.2

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (787)</u>	<u>\$ (999)</u>
0.25% decrease	<u>\$ 808</u>	<u>\$ 1,028</u>
Expected rate of salary increase		
1% increase	<u>\$ 3,315</u>	<u>\$ 4,223</u>
1% decrease	<u>\$ (3,043)</u>	<u>\$ (3,841)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2021	2020
The expected contributions to the plan for the next year	<u>\$ 10,051</u>	<u>\$ 11,055</u>
The average duration of the defined benefit obligation	7.6 years	8.5 years

19. EQUITY

a. Ordinary shares

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>
Shares authorized	<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>
Shares issued	<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	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Issuance of ordinary shares	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</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.

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 shareholders' long-term interests. Thus, the Company adopted residual dividend policy as its shareholder dividends' policy. The Company's profit may be distributed in the form of cash and/or shares. 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 share 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 shareholders held their regular meeting to resolve the amendments to the Articles on July 27, 2021. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amended, the special reserve is appropriated from the prior unappropriated earnings.

The offsetting of deficit for 2020 and 2019 and the appropriation of earnings to the special reserve of \$44,667 thousand for 2019 were approved in the shareholders' meetings on July 27, 2021 and June 18, 2020, respectively.

The appropriation of earnings for 2021, which were proposed by the Company's board of directors on March 23, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ <u>21,655</u>
Special reserve	\$ <u>74,154</u>
Cash dividends	\$ <u>49,770</u>
Cash dividends per share (NT\$)	\$ <u>0.3</u>

The above appropriation for cash dividends has been resolved by the Company's board of directors, the other proposed appropriations will be resolved by the shareholders in their meeting to be held in June, 2022.

d. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (174,712)	\$ (147,992)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	<u>9,667</u>	<u>(26,720)</u>
Balance at December 31	<u>\$ (165,045)</u>	<u>\$ (174,712)</u>

2) Unrealized loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (24)	\$ (3,725)
Recognized for the year		
Unrealized gain - equity instruments	1,880	19,071

(Continued)

	<u>For the Year Ended December 31</u>	
	2021	2020
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	\$ <u>(553)</u>	\$ <u>(15,370)</u>
Balance at December 31	\$ <u>1,303</u>	\$ <u>(24)</u> (Concluded)

3) Remeasurement of defined benefit plans

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 5,910	\$ 7,061
Remeasurement	<u>(1,753)</u>	<u>(1,151)</u>
Balance at December 31	\$ <u>4,157</u>	\$ <u>5,910</u>

e. Treasury shares

	<u>For the Year Ended December 31</u>	
	2021	2020
Number of shares at January 1 (In thousand shares)	3,301	-
Increase during the year (In thousand shares)	<u>-</u>	<u>3,301</u>
Number of shares at December 31, (In thousand shares)	<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

	<u>For the Year Ended December 31</u>		
	2021	2020	
Revenue from contracts with customers			
Revenue from sale of goods	\$ <u>4,315,078</u>	\$ <u>3,454,386</u>	
a. Contract balances			
	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	\$ 188,673	\$ 209,405	\$ 189,678
Accounts receivable, net	<u>1,130,767</u>	<u>1,105,222</u>	<u>944,206</u>
	<u>\$ 1,319,440</u>	<u>\$ 1,314,627</u>	<u>\$ 1,133,884</u>

b. Disaggregation of revenue

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

21. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax included following items:

a. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits	\$ <u>4,027</u>	\$ <u>5,070</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Dividend income	\$ 292	\$ 2,753
Others	<u>3,446</u>	<u>8,178</u>
	<u>\$ 3,738</u>	<u>\$ 10,931</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2021	2020
Foreign exchange losses, net	\$ (1,156)	\$ (42,898)
Loss on disposal of property, plant and equipment, net	(10,034)	(6,354)
Loss on financial instruments at FVTPL, net	(10,989)	(4,631)
Others	<u>(2,609)</u>	<u>(7,029)</u>
	<u>\$ (24,788)</u>	<u>\$ (60,912)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest expense of borrowings	\$ 45,704	\$ 46,094
Interest on lease liabilities	79	23
Less: Amounts included in the cost of qualifying assets	<u>2,028</u>	<u>1,531</u>
	<u>\$ 43,755</u>	<u>\$ 44,586</u>
Capitalization rate (%)	1.47-5.40	1.50-5.40

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 239,341	\$ 247,849
Right-of-use assets	2,723	2,639
Other assets	<u>3,562</u>	<u>2,933</u>
	<u>\$ 245,626</u>	<u>\$ 253,421</u>

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

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 207,099	\$ 213,078
Operating expenses	<u>34,965</u>	<u>37,410</u>
	<u>\$ 242,064</u>	<u>\$ 250,488</u>
An analysis of amortization by function		
Operating costs	\$ -	\$ 2
Operating expenses	<u>3,562</u>	<u>2,931</u>
	<u>\$ 3,562</u>	<u>\$ 2,933</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 18)		
Defined contribution plans	\$ 27,239	\$ 10,127
Defined benefit plans	<u>437</u>	<u>660</u>
	27,676	10,787
Short-term employee benefits	<u>490,259</u>	<u>451,538</u>
	<u>\$ 517,935</u>	<u>\$ 462,325</u>
An analysis by function		
Operating costs	\$ 358,166	\$ 332,102
Operating expenses	<u>159,769</u>	<u>130,223</u>
	<u>\$ 517,935</u>	<u>\$ 462,325</u>

g. Employees' compensation and remuneration of directors

According to the amendments to the Articles in July 2021, the Company accrued compensation of employees and remuneration of directors at rates 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 years ended December 31, 2020 and 2019, the Company incurred a net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued for those years. The employees' compensation and the remuneration of directors for the year ended December 31, 2021 which were approved to be paid in cash by the Company's board of directors on March 23, 2022 were

as follows:

	For the Year Ended December 31, 2021
<u>Accrual rate</u>	
Employees' compensation (%)	4.00
Remuneration of directors (%)	1.00
<u>Amount</u>	
Employees' compensation	<u>\$ 10,331</u>
Remuneration of directors	<u>\$ 2,583</u>

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 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) recognized in profit or loss:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax		
In respect of the current year	\$ 81,173	\$ 92,956
Adjustments for prior years	<u>(529)</u>	<u>8,905</u>
	<u>80,644</u>	<u>101,861</u>
Deferred tax		
In respect of the current year	59,287	(116,991)
Adjustments for prior years	<u>-</u>	<u>1,807</u>
	<u>59,287</u>	<u>(115,184)</u>
	<u>\$ 139,931</u>	<u>\$ (13,323)</u>

A reconciliation of accounting profit (loss) and income tax expense (benefit) was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit(loss) before income tax	<u>\$ 383,057</u>	<u>\$ (55,819)</u>
Income tax (benefit) calculated at the statutory rate	\$ 86,660	\$ (24,225)
Nondeductible expenses in determining taxable income	1,171	997

(Continued)

	For the Year Ended December 31	
	2021	2020
Deferred tax effect of earnings of subsidiaries	\$ 58,209	\$ (7,777)
Tax-exempt income	-	(32)
Unrecognized loss carryforwards and investment tax credits	(5,833)	6,764
Adjustments for prior years	(529)	10,712
Nondeductible withholding tax	<u>253</u>	<u>238</u>
	<u>\$ 139,931</u>	<u>\$ (13,323)</u>

(Concluded)

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

	For the Year Ended December 31	
	2021	2020
Current tax		
Disposal of investments in equity instruments designated as at FVTOCI	\$ 38	\$ (5,494)
Deferred tax		
Disposal of investments in equity instruments designated as at FVTOCI	<u>(38)</u>	<u>5,494</u>
	<u>\$ -</u>	<u>\$ -</u>

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

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ 276	\$ 3,048
Remeasurement of defined benefit plans	438	288
Fair value changes of financial assets at FVTOCI	<u>(101)</u>	<u>(5,295)</u>
	<u>\$ 613</u>	<u>\$ (1,959)</u>

d. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 1,513</u>	<u>\$ 57</u>
Current tax liabilities		
Income tax payable	<u>\$ 14,579</u>	<u>\$ 17,784</u>

e. Deferred tax assets and liabilities

The movements of net of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Balance, End of Year
<u>Deferred Tax Assets (Liabilities)</u>						
Temporary differences						
Unrealized deferred profits	\$ 28,843	\$ (2,684)	\$ -	\$ -	\$ (276)	\$ 25,883
Defined benefit obligations	3,770	(2,126)	438	-	-	2,082
Earnings and translation of foreign operations	19,184	(58,209)	276	-	286	(38,463)
Property, plant and equipment	10,979	2,561	-	-	308	13,848
Unrealized loss on inventories	4,634	4,142	-	-	(93)	8,683
Land value increment tax	(7,398)	-	-	-	-	(7,398)
Others	<u>1,587</u>	<u>(5,209)</u>	<u>(101)</u>	<u>(38)</u>	<u>343</u>	<u>(3,418)</u>
	61,599	(61,525)	613	(38)	568	1,217
Loss carryforwards	<u>9,297</u>	<u>2,238</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>11,539</u>
	<u>\$ 70,896</u>	<u>\$ (59,287)</u>	<u>\$ 613</u>	<u>\$ (38)</u>	<u>\$ 572</u>	<u>\$ 12,756</u>

For the year ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Balance, End of Year
<u>Deferred Tax Assets (Liabilities)</u>						
Temporary differences						
Unrealized deferred profits	\$ 32,586	\$ (3,045)	\$ -	\$ -	\$ (698)	\$ 28,843
Defined benefit obligations	4,649	(1,167)	288	-	-	3,770
Earnings and translation of foreign operations	(145,680)	160,747	3,048	-	1,069	19,184
Property, plant and equipment	7,866	3,056	-	-	57	10,979
Unrealized loss on inventories	5,000	(147)	-	-	(219)	4,634
Land value increment tax	(7,398)	-	-	-	-	(7,398)
Others	<u>2,846</u>	<u>(1,525)</u>	<u>(5,295)</u>	<u>5,494</u>	<u>67</u>	<u>1,587</u>
	(100,131)	157,919	(1,959)	5,494	276	61,599
Loss carryforwards	<u>52,222</u>	<u>(42,735)</u>	<u>-</u>	<u>-</u>	<u>(190)</u>	<u>9,297</u>
	<u>\$ (47,909)</u>	<u>\$ 115,184</u>	<u>\$ (1,959)</u>	<u>\$ 5,494</u>	<u>\$ 86</u>	<u>\$ 70,896</u>

f. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Expiry in 2025	<u>\$ -</u>	<u>\$ 16,335</u>

g. Information about unused loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
\$ 3,674	2026
<u>55,860</u>	2031
<u>\$ 59,534</u>	

- h. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the tax of taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were \$186,511 thousand and \$181,140 thousand, respectively.

- i. Income tax assessments

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

GEM Dongguan, GEM Suzhou and GEM VN had completed the filing of their income tax returns through 2020 with the tax authorities.

23. NET PROFIT (LOSS) PER SHARE

Due to the net losses incurred for the year ended December 31, 2020, there is no dilutive effect on the computation of diluted 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 year - attributable to owners of the Company

	<u>For the Year Ended December 31</u>	
	2021	2020
Net profit (loss) used in the computation of basic net profit (loss) per share	<u>\$ 243,126</u>	<u>\$ (42,496)</u>

Weighted average number of ordinary shares outstanding (in thousands)

	<u>For the Year Ended December 31</u>	
	2021	2020
Weighted average number of ordinary shares in computation of basic net profit (loss) per share	165,899	168,378
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>325</u>	<u>-</u>
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>166,224</u>	<u>168,378</u>

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

24. CAPITAL MANAGEMENT

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

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

25. FINANCIAL INSTRUMENTS

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

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

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

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>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 2,178	\$ -	\$ -	\$ 2,178
Overseas listed shares	<u>31,503</u>	<u>-</u>	<u>-</u>	<u>31,503</u>
	<u>\$ 33,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,681</u>

There were no transfers between Level 1 and Level 2 in 2021 and 2020.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Measured at amortized cost (Note 1)	\$ 2,562,150	\$ 2,366,794
Financial assets at FVTOCI		
Equity instruments	14,586	33,681
Financial liabilities		
Measured at amortized cost (Note 2)	3,107,526	2,980,432
Financial liabilities at FVTPL		
Held for trading	14	-

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	For the Year Ended December 31	
	2021	2020
USD	\$ 3,062	\$ (38)
HKD	592	682

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:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Fair value interest rate risk		
Financial assets	\$ 54,445	\$ 142,219
Financial liabilities	950,639	638,380
Cash flow interest rate risk		
Financial assets	1,159,409	895,185
Financial liabilities	1,268,203	1,198,807

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 year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease/increase by \$1,088 thousand and \$3,036 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 years ended December 31, 2021 and 2020 would increase/decrease by \$146 thousand and \$337 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. At the end of the reporting period, 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.

a) 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.

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-5 Years
<u>December 31, 2021</u>				
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>
<u>December 31, 2020</u>				
Fixed interest rate liabilities	\$ 190,565	\$ 3,491	\$ 354,791	\$ 101,068
Variable interest rate liabilities	7,006	20,241	607,306	595,146
Lease liabilities	-	720	-	720
Financial guarantee contracts	13,022	13,790	25,210	-
Non-interest bearing	<u>614,025</u>	<u>430,128</u>	<u>99,346</u>	<u>-</u>
	<u>\$ 824,618</u>	<u>\$ 468,370</u>	<u>\$ 1,086,653</u>	<u>\$ 696,934</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.

b) Liquidity risk table for derivative financial instruments

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

**3 Months to
1 Year**

December 31, 2021

Net settled Copper Futures	\$ <u>(14)</u>
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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:

	December 31	
	2021	2020
Transferred but not derecognized (Note 1)	\$ 65,384	\$ 95,591
Transferred and derecognized (Note 2)	<u>28,163</u>	<u>52,022</u>
	<u>\$ 93,547</u>	<u>\$ 147,613</u>
Maturity date	2022.01-2022.05	2021.01-2021.05

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; however, 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; however, 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 years ended December 31, 2021 and 2020, 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

Related Party Name	Relationship with the Group
Su, Tun-Li	Key management personnel
Su, Chung-Hong	Key management personnel
Su, Bo-Chen	Key management personnel

b. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 11,440	\$ 10,386
Post-employment benefits	<u>171</u>	<u>191</u>
	<u>\$ 11,611</u>	<u>\$ 10,577</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 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.

The interest expenses of the lease arrangement for the years ended December 31, 2021 and 2020 were \$11 thousand and \$23 thousand, respectively. The balance of lease liabilities as of December 31, 2021 and 2020 were \$720 thousand and \$1,429 thousand, respectively.

d. Guarantees

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

Guarantor	December 31	
	2021	2020
Su, Tun-Li	\$ 934,497	\$ 772,935
Su, Chung-Hong	804,497	738,172
Su, Bo-Chen	<u>-</u>	<u>62,000</u>
	<u>\$ 1,738,994</u>	<u>\$ 1,573,107</u>

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Property, plant and equipment	\$ 411,883	\$ 557,756
Pledged deposits (under other financial assets)	31,222	17,220
Right-of-use assets	<u>29,186</u>	<u>30,037</u>
	<u>\$ 472,291</u>	<u>\$ 605,013</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2021, the Group's significant contingent liabilities and unrecognized commitments were as follows:

- a. The amount of contracts for the Group's purchases of property, plant and equipment was \$39,839 thousand.
- b. The amount of contracts for the Group's purchases of raw materials was \$49,145 thousand.
- c. Unused letters of credit for purchases of raw materials and equipment amounted to \$27,578 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>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>
Financial liabilities				
Monetary items				
USD	1,664	27.68	(USD:NTD)	\$ 46,059
USD	2,108	6.372	(USD:RMB)	58,344
USD	14,343	7.7994	(USD:HKD)	397,011
USD	28,703	22,933	(USD:VND)	794,487
HKD	21,102	3.549	(HKD:NTD)	74,888
HKD	450	0.817	(HKD:RMB)	<u>1,597</u>
				<u>\$ 1,372,386</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	\$ 15,589	28.1	(USD:NTD)	\$ 438,038
USD	11,225	6.5046	(USD:RMB)	315,419
USD	12,384	7.7517	(USD:HKD)	347,983
USD	5,261	23,166	(USD:VND)	147,844
HKD	1,036	3.625	(HKD:NTD)	3,754
HKD	33,079	0.8391	(HKD:RMB)	119,911
HKD	957	0.129	(HKD:USD)	<u>3,470</u>
				<u>\$ 1,376,419</u>
Financial liabilities				
Monetary items				
USD	1,498	28.1	(USD:NTD)	\$ 42,102
USD	4,272	6.5046	(USD:RMB)	120,037
USD	11,383	7.7517	(USD:HKD)	319,848
USD	27,442	23,166	(USD:VND)	771,115
HKD	15,872	3.625	(HKD:NTD)	57,538
HKD	398	0.8391	(HKD:RMB)	<u>1,443</u>
				<u>\$ 1,312,083</u> (Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$1,156 thousand and \$42,898 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 prices 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 year ended December 31, 2021, net loss of futures contracts was \$10,989 thousand.
 - 10) Inter-company business relationship and material transactions and its amount: Table 8.
 - 11) 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 year, 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 year: Table 7.
 - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 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 year and the purposes: None.
 - 5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: Table 1.
 - 6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Tables 7 and 8.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: 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
- a. 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
For the Year ended December 31, 2021							
Revenue from external customers	\$ 556,387	\$ 1,819,820	\$ 1,936,274	\$ 2,597	\$ -	\$ -	\$ 4,315,078
Inter-segment revenue	<u>240,629</u>	<u>415,458</u>	<u>2,108,890</u>	<u>1,174,783</u>	<u>-</u>	<u>(3,939,760)</u>	<u>-</u>
Segment revenue	<u>\$ 797,016</u>	<u>\$ 2,235,278</u>	<u>\$ 4,045,164</u>	<u>\$ 1,177,380</u>	<u>\$ -</u>	<u>\$ (3,939,760)</u>	<u>\$ 4,315,078</u>
Segment income (loss)	<u>\$ (14,437)</u>	<u>\$ 184,365</u>	<u>\$ 210,594</u>	<u>\$ 20,680</u>	<u>\$ (1,289)</u>	<u>\$ 43,922</u>	\$ 443,835
Interest income							4,027
Other income							3,738
Other gains and losses							(24,788)
Finance costs							<u>(43,755)</u>
Consolidated loss before income tax							383,057
Income tax							<u>(139,931)</u>
Consolidated net profit							<u>\$ 243,126</u>
December 31, 2021							
Segment assets	<u>\$ 4,075,714</u>	<u>\$ 1,510,073</u>	<u>\$ 2,704,867</u>	<u>\$ 1,064,614</u>	<u>\$ 58,949</u>	<u>\$ (3,788,927)</u>	<u>\$ 5,625,290</u>
Segment liabilities	<u>\$ 1,669,888</u>	<u>\$ 445,538</u>	<u>\$ 1,293,646</u>	<u>\$ 806,884</u>	<u>\$ 29,889</u>	<u>\$ (1,026,381)</u>	<u>\$ 3,219,464</u>
For the Year ended December 31, 2020							
Revenue from external customers	\$ 427,405	\$ 1,425,453	\$ 1,598,998	\$ 2,530	\$ -	\$ -	\$ 3,454,386
Inter-segment revenue	<u>146,314</u>	<u>425,805</u>	<u>1,569,016</u>	<u>762,568</u>	<u>111,347</u>	<u>(3,015,050)</u>	<u>-</u>
Segment revenue	<u>\$ 573,719</u>	<u>\$ 1,851,258</u>	<u>\$ 3,168,014</u>	<u>\$ 765,098</u>	<u>\$ 111,347</u>	<u>\$ (3,015,050)</u>	<u>\$ 3,454,386</u>
Segment income (loss)	<u>\$ (43,667)</u>	<u>\$ (4,974)</u>	<u>\$ 49,456</u>	<u>\$ (5,763)</u>	<u>\$ (1,209)</u>	<u>\$ 39,835</u>	\$ 33,678
Interest income							5,070
Other income							10,931
Other gains and losses							(60,912)
Finance costs							<u>(44,586)</u>

(Continued)

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
Consolidated loss before income tax							\$ (55,819)
Income tax							<u>13,323</u>
Consolidated net loss							<u>\$ (42,496)</u>
<u>December 31, 2020</u>							
Segment assets	\$ 3,713,092	\$ 1,297,414	\$ 2,620,721	\$ 1,026,692	\$ 131,089	\$ (3,591,006)	\$ 5,198,002
Segment liabilities	\$ 1,560,186	\$ 379,721	\$ 1,350,620	\$ 794,435	\$ 76,374	\$ (1,116,240)	\$ 3,045,096

(Concluded)

b. Revenue from major products

The following is an analysis of the Group's revenue from its major product:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Terminals	\$ 4,304,933	\$ 3,439,966
Others	<u>10,145</u>	<u>14,420</u>
	<u>\$ 4,315,078</u>	<u>\$ 3,454,386</u>

c. Geographical information

The Group's revenue from external customers by location of customers and information about its noncurrent assets by location of assets are detailed below:

	<u>Revenue from External Customers</u>		<u>Noncurrent Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Taiwan	\$ 293,168	\$ 216,893	\$ 252,994	\$ 279,802
China	3,789,521	3,056,890	907,771	941,175
Vietnam	75,856	73,904	483,450	507,370
Others	<u>156,533</u>	<u>106,699</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,315,078</u>	<u>\$ 3,454,386</u>	<u>\$ 1,644,215</u>	<u>\$ 1,728,347</u>

Noncurrent assets exclude financial assets - noncurrent and deferred income tax assets.

d. Information about major customers

No group contributed 10% or more of the Group's consolidated operating revenue for the year ended December 31, 2021. Revenue from a single group accounting for at least 10% of the Group's consolidated operating revenue for the year ended December 31, 2020 was as follow:

	<u>For the Year Ended December 31, 2020</u>	
	<u>Amount</u>	<u>%</u>
Group A	<u>\$ 357,942</u>	<u>10</u>

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	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 (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 356,625	\$ 221,440	\$ 221,440	1.9-2.3	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 481,165	\$ 962,330	
0	The Company	Vibo	Other receivables - related parties	Yes	71,325	-	-	-	Short-term financing	-	Business development	-	-	-	481,165	962,330	
0	The Company	GEM Suzhou	Other receivables - related parties	Yes	85,590	83,040	-	-	Short-term financing	-	Business development	-	-	-	481,165	962,330	
0	The Company	Genius HK	Other receivables - related parties	Yes	139,800	138,400	138,400	1.87	Short-term financing	-	Business development	-	-	-	481,165	962,330	
1	Vibo	GEM VN	Other receivables - related parties	Yes	98,350	27,680	27,680	2.3	Short-term financing	-	Business development	-	-	-	466,505	933,011	

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

Note 2: The exchange rate was US\$1: NT\$27.68.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Shares</u>							
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	15,000	\$ 975	-	\$ 975	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	6,160	-	6,160	
	China Airlines Ltd.	-	Financial assets at FVTOCI - current	51,000	1,364	-	1,364	
	EVA Airways Corporation	-	Financial assets at FVTOCI - current	52,000	1,417	-	1,417	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	766	-	766	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	16,000	1,008	-	1,008	
					<u>11,690</u>		<u>11,690</u>	
GEM Suzhou	<u>Shares</u>							
	Yantai Changyu Pioneer Wine Co., Ltd.	-	Financial assets at FVTOCI - current	12,000	1,661	-	1,661	
	Shanghai Pudong Development Bank	-	Financial assets at FVTOCI - current	15,000	556	-	556	
	Jiangxi copper Co., Ltd.	-	Financial assets at FVTOCI - current	7,000	679	-	679	
					<u>2,896</u>		<u>2,896</u>	
					<u>\$ 14,586</u>		<u>\$ 14,586</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 YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	GEM VN	Subsidiary	Sales	\$ 149,707	19	120 days after monthly closing	Note 1	Note 2	\$ 26,526	18	Note 3
GEM Suzhou	GEM Dongguan	Affiliate	Sales	1,109,756	28	120 days after monthly closing	Note 1	Note 2	188,218	22	Note 3
	Global HK	Affiliate	Sales	1,031,714	26	120 days after monthly closing	Note 1	Note 2	219,116	25	Note 3
GEM VN	Genius HK	Affiliate	Sales	715,945	61	120 days after monthly closing	Note 1	Note 2	32,892	81	Note 3
	Global HK	Affiliate	Sales	399,135	34	120 days after monthly closing	Note 1	Note 2	5,024	12	Note 3
Genius HK	The Company	Subsidiary	Sales	173,092	12	120 days after monthly closing	Note 1	Note 2	60,137	24	Note 3
	GEM Dongguan	Affiliate	Sales	727,305	51	120 days after monthly closing	Note 1	Note 2	46,572	19	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	677,024	30	120 days after monthly closing	Note 1	Note 2	112,400	19	Note 3
	GEM Suzhou	Affiliate	Sales	232,944	10	120 days after monthly closing	Note 1	Note 2	96,603	16	Note 3
Global HK	The Company	Subsidiary	Sales	161,615	11	120 days after monthly closing	Note 1	Note 2	43,632	19	Note 3
	GEM Suzhou	Affiliate	Sales	424,182	29	120 days after monthly closing	Note 1	Note 2	5,058	2	Note 3
	GEM VN	Affiliate	Sales	837,472	57	120 days after monthly closing	Note 1	Note 2	151,611	67	Note 3

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

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Genius HK	Subsidiary	\$ 141,416	2.08	\$ -	-	\$ 103,800	\$ -
	GEM VN	Subsidiary	250,194	4.47	-	-	78,203	-
GEM Suzhou	GEM Dongguan	Affiliate	188,728	6.16	-	-	181,718	-
	Global HK	Affiliate	221,011	7.40	-	-	152,334	-
GEM Dongguan	Genius HK	Affiliate	112,738	6.08	-	-	34,398	-
Global HK	GEM VN	Affiliate	151,611	11.04	-	-	148,904	-

Note 1: It included accounts receivable and other receivables.

Note 2: The computation of turnover rate did not include other receivables.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,264,002	\$ 239,780	\$ 239,194	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	271,647	46,432	46,462	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading.	23,282	23,282	750,000	100	99,234	7,717	7,717	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	92,381	7,714	7,790	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,332,527	240,078	240,078	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	7,954	(215)	(42)	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	277,513	26,715	46,711	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 YEAR ENDED DECEMBER 31, 2021

(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, 2021	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Notes 1 and 3)	Carrying Amount as of December 31, 2021 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2021	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.	\$ 736,157	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 370,489	\$ -	\$ -	\$ 370,489	\$ 136,025	100	\$ 143,021	\$ 948,279	\$ 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.	1,088,939	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	56,788	-	-	56,788	133,848	100	121,415	1,383,352	684,532	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$ 427,277	\$ 1,569,456 (US\$56,700 thousand)	\$ 1,443,496

Note 1: The amount was recognized based on the audited 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.

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 YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	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	\$ 83,906	120 days after monthly closing	No significant difference with those to third parties	\$ 7,750	4	\$ 11,707	
		Purchase	47	120 days after monthly closing	No significant difference with those to third parties	(10)	-	-	
		Disposal of property, plant and equipment	11,278	120 days after monthly closing	No comparable transactions with those in the market	556	-	5,276	
	GEM Dongguan	Sales	4,749	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
		Purchase	54	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
Global HK	GEM Suzhou	Sales	424,182	120 days after monthly closing	No significant difference with those to third parties	5,058	2	(2,502)	
		Purchase	1,031,714	120 days after monthly closing	No significant difference with those to third parties	(219,116)	22	1,015	
		Purchase of property, plant and equipment	26,154	120 days after monthly closing	No comparable transactions with those in the market	(1,895)	78	381	
Genius HK	GEM Dongguan	Sales	727,305	120 days after monthly closing	No significant difference with those to third parties	46,572	19	(4,087)	
		Purchase	677,024	120 days after monthly closing	No significant difference with those to third parties	(112,400)	18	38	
		Purchase of property, plant and equipment	9,270	120 days after monthly closing	No comparable transactions with those in the market	(338)	12	339	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (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)	Terms	
0	The Company	Global HK	1	Disposal of property, plant and equipment	\$ 22,459	Payment term of 4 months	1
		GEM Suzhou	1	Sales	83,906	Payment term of 4 months	2
		GEM Suzhou	1	Accounts receivable	7,750	Payment term of 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	11,278	Payment term of 4 months	-
		GEM Suzhou	1	Other receivables	556	Payment term of 4 months	-
		GEM VN	1	Sales	149,707	Payment term of 4 months	3
		GEM VN	1	Accounts receivable	26,526	Payment term of 4 months	-
		GEM VN	1	Disposal of property, plant and equipment	10,536	Payment term of 4 months	-
		GEM VN	1	Other receivables	21	Payment term of 4 months	-
		GEM VN	1	Interest income	4,656	Annual interest rate of 1.8%-2.3%	-
		GEM VN	1	Other receivables	223,647	According to working capital conditions to change payment deeding	4
		Vibo	1	Interest income	255	Annual Interest rates are 1.9%	-
		GEM Dongguan	1	Sales	4,749	Payment term of 4 months	-
		Genius HK	1	Sales	2,267	Payment term of 4 months	-
		Genius HK	1	Accounts receivable	1,598	Payment term of 4 months	-
		Genius HK	1	Interest income	1,418	Annual Interest rates are 1.87%	-
		Genius HK	1	Other receivables	139,818	According to working capital conditions to change payment deeding	2
1	GEM Dongguan	The Company	2	Sales	54	Payment term of 4 months	-
		Genius HK	3	Sales	677,024	Payment term of 4 months	16
		Genius HK	3	Accounts receivable	112,400	Payment term of 4 months	2
		Genius HK	3	Disposal of property, plant and equipment	9,270	Payment term of 4 months	-
		Genius HK	3	Other income	66	Payment term of 4 months	-
		Genius HK	3	Other receivables	338	Payment term of 4 months	-
		GEM Suzhou	3	Sales	232,944	Payment term of 4 months	5
		GEM Suzhou	3	Accounts receivable	96,603	Payment term of 4 months	2
		GEM Suzhou	3	Disposal of property, plant and equipment	1,992	Payment term of 4 months	-
		GEM Suzhou	3	Other income	75	Payment term of 4 months	-
		GEM Suzhou	3	Other receivables	2,271	Payment term of 4 months	-
2	Genius HK	The Company	2	Sales	173,092	Payment term of 4 months	4
		The Company	2	Accounts receivable	60,137	Payment term of 4 months	1
		The Company	2	Other receivables	14,765	Payment term of 4 months	-
		GEM Dongguan	3	Sales	727,305	Payment term of 4 months	17
		GEM Dongguan	3	Accounts receivable	46,572	Payment term of 4 months	1
		GEM Dongguan	3	Other receivables	391	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)	Terms	
		GEM VN	3	Sales	\$ 9,368	Payment term of 4 months	-
		GEM VN	3	Accounts receivable	184	Payment term of 4 months	-
3	Global HK	The Company	2	Sales	161,615	Payment term of 4 months	4
		The Company	2	Accounts receivable	43,632	Payment term of 4 months	1
		GEM VN	3	Sales	837,472	Payment term of 4 months	19
		GEM VN	3	Accounts receivable	151,611	Payment term of 4 months	3
		GEM Suzhou	3	Sales	424,182	Payment term of 4 months	10
		GEM Suzhou	3	Accounts receivable	5,058	Payment term of 4 months	-
4	GEM Suzhou	The Company	2	Sales	47	Payment term of 4 months	-
		The Company	2	Accounts receivable	10	Payment term of 4 months	-
		Global HK	3	Sales	1,031,714	Payment term of 4 months	24
		Global HK	3	Accounts receivable	219,116	Payment term of 4 months	4
		Global HK	3	Other income	723	Payment term of 4 months	-
		Global HK	3	Disposal of property, plant and equipment	26,154	Payment term of 4 months	1
		Global HK	3	Other receivables	1,895	Payment term of 4 months	-
		GEM Dongguan	3	Sales	1,109,756	Payment term of 4 months	26
		GEM Dongguan	3	Accounts receivable	188,218	Payment term of 4 months	3
		GEM Dongguan	3	Disposal of property, plant and equipment	2,072	Payment term of 4 months	-
		GEM Dongguan	3	Other receivables	510	Payment term of 4 months	-
5	Vibo	GEM VN	3	Interest income	999	Annual interest rate of 2.25%-2.80%	-
		GEM VN	3	Other receivables	28,053	According to working capital conditions to change payment deeding	-
6	GEM VN	The Company	2	Sales	59,703	Payment term of 4 months	1
		The Company	2	Accounts receivable	2,404	Payment term of 4 months	-
		Genius HK	3	Sales	715,945	Payment term of 4 months	17
		Genius HK	3	Accounts receivable	32,892	Payment term of 4 months	1
		Global HK	3	Sales	399,135	Payment term of 4 months	9
		Global HK	3	Accounts receivable	5,024	Payment term of 4 months	-

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary.

2) Subsidiary to parent.

3) Subsidiary to subsidiary.

(Concluded)

TABLE 9**GEM TERMINAL IND. CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	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 shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares (including treasury shares) held by shareholders 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.