

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2021 and 2020 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of March 31, 2021 and 2020 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 11, 2021

### Notice to Readers

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

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

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

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 984,523	19	\$ 972,961	19	\$ 1,103,730	23
Financial assets at fair value through profit or loss - current (Note 7)	1,867	-	-	-	21	-
Financial assets at fair value through other comprehensive income - current (Note 8)	11,178	-	33,681	1	95,235	2
Notes receivable (Note 9)	198,009	4	209,405	4	163,763	3
Accounts receivable, net (Note 9)	1,002,373	19	1,105,222	21	633,553	13
Other receivables	3,149	-	3,841	-	12,103	-
Current tax assets	176	-	57	-	1,045	-
Inventories (Note 10)	1,063,341	20	865,505	17	790,819	16
Other financial assets - current (Notes 11 and 27)	41,710	1	72,799	1	58,350	1
Other current assets	107,024	2	107,863	2	95,035	2
Total current assets	3,413,350	65	3,371,334	65	2,953,654	60
<b>NONCURRENT ASSETS</b>						
Property, plant and equipment (Notes 13, 27 and 28)	1,634,745	32	1,642,172	32	1,707,573	35
Right-of-use assets (Notes 14, 26 and 27)	68,716	1	68,657	1	72,112	2
Deferred tax assets (Note 4)	85,388	2	95,755	2	142,656	3
Prepayments for equipment (Note 28)	-	-	8,488	-	9,928	-
Other financial assets - noncurrent (Notes 11 and 27)	5,737	-	2,566	-	2,594	-
Other noncurrent assets	8,351	-	9,030	-	6,472	-
Total noncurrent assets	1,802,937	35	1,826,668	35	1,941,335	40
<b>TOTAL</b>	<b>\$ 5,216,287</b>	<b>100</b>	<b>\$ 5,198,002</b>	<b>100</b>	<b>\$ 4,894,989</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 17)	\$ 823,385	16	\$ 723,111	14	\$ 1,067,161	22
Short-term bills payable (Note 17)	50,000	1	50,000	1	50,000	1
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	199	-
Notes payable (Note 15)	339,133	6	326,231	6	130,902	3
Accounts payable (Note 15)	467,763	9	621,837	12	182,677	4
Other payables (Note 16)	191,878	4	196,606	4	129,524	2
Current tax liabilities (Note 22)	16,829	-	17,784	-	-	-
Lease liabilities - current (Notes 14 and 26)	712	-	720	-	703	-
Long-term borrowings - current portion (Note 17)	357,473	7	381,842	8	588,045	12
Other current liabilities	18,071	-	10,924	-	18,378	-
Total current liabilities	2,265,244	43	2,329,055	45	2,167,589	44
<b>NONCURRENT LIABILITIES</b>						
Long-term borrowings (Note 17)	683,360	13	680,805	13	488,750	10
Deferred tax liabilities (Note 4)	31,469	1	24,859	1	120,205	3
Lease liabilities - noncurrent (Notes 14 and 26)	-	-	709	-	709	-
Net defined benefit liabilities (Note 4)	9,274	-	9,668	-	18,361	-
Total noncurrent liabilities	724,103	14	716,041	14	628,025	13
Total liabilities	2,989,347	57	3,045,096	59	2,795,614	57
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>						
Ordinary shares	1,692,000	33	1,692,000	32	1,692,000	35
Capital surplus	271,315	5	271,315	5	271,315	5
Retained earnings						
Legal reserve	343,170	6	343,170	7	343,170	7
Special reserve	85,432	2	85,432	2	40,765	1
Unappropriated earnings (accumulated deficits)	30,347	1	(27,126)	(1)	(55,755)	(1)
Total retained earnings	458,949	9	401,476	8	328,180	7
Other equity	(152,265)	(3)	(168,826)	(3)	(192,120)	(4)
Treasury stock	(43,059)	(1)	(43,059)	(1)	-	-
Total equity	2,226,940	43	2,152,906	41	2,099,375	43
<b>TOTAL</b>	<b>\$ 5,216,287</b>	<b>100</b>	<b>\$ 5,198,002</b>	<b>100</b>	<b>\$ 4,894,989</b>	<b>100</b>

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 Net Loss Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20)	\$ 932,863	100	\$ 489,098	100
OPERATING COSTS (Notes 10 and 21)	<u>755,197</u>	<u>81</u>	<u>537,393</u>	<u>110</u>
GROSS PROFIT (LOSS)	<u>177,666</u>	<u>19</u>	<u>(48,295)</u>	<u>(10)</u>
OPERATING EXPENSES (Note 21)				
Marketing	40,543	4	23,253	5
General and administrative	47,582	5	47,011	9
Research and development	8,219	1	4,938	1
Expected credit loss (reversed) (Note 9)	<u>176</u>	<u>-</u>	<u>(1,631)</u>	<u>-</u>
Total operating expenses	<u>96,520</u>	<u>10</u>	<u>73,571</u>	<u>15</u>
GAIN (LOSS) FROM OPERATIONS	<u>81,146</u>	<u>9</u>	<u>(121,866)</u>	<u>(25)</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Interest income	1,305	-	1,332	-
Other income	863	-	1,916	1
Other gains and losses	4,666	-	(4,275)	(1)
Finance costs	<u>(9,874)</u>	<u>(1)</u>	<u>(12,146)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(3,040)</u>	<u>(1)</u>	<u>(13,173)</u>	<u>(2)</u>
PROFIT (LOSS) BEFORE INCOME TAX	78,106	8	(135,039)	(27)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	<u>20,942</u>	<u>2</u>	<u>(44,409)</u>	<u>(9)</u>
NET INCOME (LOSS)	<u>57,164</u>	<u>6</u>	<u>(90,630)</u>	<u>(18)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	884	-	(21,207)	(5)

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (121)	-	\$ 3,398	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	16,932	2	(40,016)	(8)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(825)</u>	<u>-</u>	<u>569</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>16,870</u>	<u>2</u>	<u>(57,256)</u>	<u>(12)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 74,034</u>	<u>8</u>	<u>\$ (147,886)</u>	<u>(30)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 57,164</u>	<u>6</u>	<u>\$ (90,630)</u>	<u>(19)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 74,034</u>	<u>8</u>	<u>\$ (147,886)</u>	<u>(30)</u>
NET LOSS PER SHARE (Note 23)				
Basic	<u>\$ 0.34</u>		<u>\$ (0.54)</u>	
Diluted	<u>\$ 0.34</u>		<u>\$ (0.54)</u>	

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

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company										
	Retained Earnings					Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	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	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (27,126)	\$ 401,476	\$ (24)	\$ (174,712)	\$ 5,910	\$ (43,052)	\$ 2,152,906
Net income for the three months ended March 31, 2021	-	-	-	-	57,164	57,164	-	-	-	-	57,164
Other comprehensive income for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	763	16,107	-	-	16,870
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	57,164	57,164	763	16,107	-	-	74,034
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	309	309	(309)	-	-	-	-
BALANCE AT MARCH 31, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 30,347	\$ 458,949	\$ 430	\$ (158,605)	\$ 5,910	\$ (43,052)	\$ 2,226,940
BALANCE AT JANUARY 1, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 44,667	\$ 428,602	\$ (3,725)	\$ (147,922)	\$ 7,061	\$ (144,656)	\$ 2,247,261
Net loss for the three months ended March 31, 2020	-	-	-	-	(90,630)	(90,630)	-	-	-	-	(90,630)
Other comprehensive loss for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(17,809)	(39,447)	-	-	(57,256)
Total comprehensive loss for the three months ended March 31, 2020	-	-	-	-	(90,630)	(90,630)	(17,809)	(39,447)	-	-	(147,886)
Disposal of investments in equity instruments designated as at fair value through other comprehensive loss	-	-	-	-	(9,792)	(9,792)	9,792	-	-	-	-
BALANCE AT MARCH 31, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ (55,755)	\$ 328,180	\$ (11,742)	\$ (187,439)	\$ 7,061	\$ (192,120)	\$ 2,095,375

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

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	\$ 78,106	\$ (135,039)
Adjustments for:		
Depreciation expense	60,971	63,981
Amortization expense	890	629
Expected credit loss recognized (reversed)	176	(1,631)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	2,235	7,606
Finance costs	9,874	12,146
Interest income	(1,305)	(1,332)
Loss on disposal of property, plant and equipment and fire loss, net	1,350	926
Write-down (reversal) of inventories	(2,611)	62,477
Other non-cash items	1,481	13,242
Changes in operating assets and liabilities		
Notes receivable	11,396	25,915
Accounts receivable	102,625	312,334
Other receivables	708	7,209
Inventories	(195,328)	97,869
Other current assets	839	16,787
Financial liabilities held for trading	(4,102)	(6,076)
Notes payable	12,902	4,198
Accounts payable	(154,074)	(196,629)
Other payables	12,957	(20,999)
Other current liabilities	5,908	8,774
Net defined benefit liabilities	(9,574)	(4,884)
Cash generated from (used in) operations	(64,576)	267,503
Interest received	1,289	1,835
Income tax paid	(5,940)	(23,334)
Net cash generated from (used in) operating activities	<u>(69,227)</u>	<u>246,004</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(305,271)	(373,518)
Proceeds from sale of financial assets at fair value through other comprehensive income	328,715	304,780
Payments for property, plant and equipment	(45,797)	(41,027)
Proceeds from disposal of property, plant and equipment	79	-
Decrease in other financial assets	27,918	117,811
Increase in other noncurrent assets	(184)	-
Net cash generated from investing activities	<u>5,460</u>	<u>8,046</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 743,410	\$ 539,847
Decrease in short-term borrowings	(650,398)	(563,333)
Increase in short-term bills payable	50,000	50,000
Decrease in short-term bills payable	(50,000)	(100,000)
Increase in long-term borrowings	-	50,000
Repayment of long-term borrowings	(21,824)	(263,522)
Repayment of the principal portion of lease liabilities	(697)	(1,658)
Interest paid	<u>(10,504)</u>	<u>(12,551)</u>
Net cash generated from (used in) financing activities	<u>59,987</u>	<u>(301,217)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>15,342</u>	<u>(22,672)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,562	(69,839)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>972,961</u>	<u>1,173,569</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 984,523</u>	<u>\$ 1,103,730</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 THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 the following products: series terminals, plug inserts, housing and electronic connectors for AC and DC power cords; electric and motor parts terminal; electric and communication terminal; optical communication passive devices; and lead frames.

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 reported to the board of directors for issue on May 11, 2021.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

- 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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: 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.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendments clarify that for a liability to be classified as noncurrent, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as noncurrent regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- a) accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- b) the Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- c) not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) the Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
  - b) the Group chose the accounting policy from options permitted by the standards;
  - c) the accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
  - d) the accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
  - e) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were reported to the board of directors, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of preparation

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

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The basis of preparation applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020.

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

d. Other significant accounting policy

Except for the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2020.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 2,533	\$ 2,655	\$ 2,409
Checking accounts and demand deposits	856,617	895,307	1,089,545
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>125,373</u>	<u>74,999</u>	<u>11,776</u>
	<u>\$ 984,523</u>	<u>\$ 972,961</u>	<u>\$ 1,103,730</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits (%)	0.13-0.30	0.15-0.30	1.72-2.20

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

#### 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivatives (not under hedge accounting)			
Copper futures	\$ 1,867	\$ -	\$ -
Foreign exchange forward contracts	<u>-</u>	<u>-</u>	<u>21</u>
	<u>\$ 1,867</u>	<u>\$ -</u>	<u>\$ 21</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199</u>

- a. At March 31, 2021, outstanding copper futures not under hedge accounting were as follows:

	Futures Month	Lots	Contract Amount (In Thousands)
Copper futures			
Refined copper - Sell	2021.05	22	US\$ 2,316
Refined copper - Sell	2021.07	5	US\$ 448

- b. At March 31, 2020, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD/CNY	2020.08	US\$5,000/CNY\$ 35,496

#### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – CURRENT

	March 31, 2021	December 31, 2020	March 31, 2020
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 8,365	\$ 2,178	\$ 13,616
Overseas listed shares	<u>2,813</u>	<u>31,503</u>	<u>81,619</u>
	<u>\$ 11,178</u>	<u>\$ 33,681</u>	<u>\$ 95,235</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.

For the three months ended March 31, 2021 and 2020, the Group sold its shares in order to manage credit concentration risk. The sold shares had a fair value of \$328,715 thousand and \$304,780 thousand and the Group transferred a gain of \$284 thousand and a loss of \$12,896 thousand from other equity to retained earnings.

## 9. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 198,009</u>	<u>\$ 209,405</u>	<u>\$ 163,763</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,011,206	\$ 1,113,831	\$ 640,057
Less: Allowance for impairment loss	<u>8,833</u>	<u>8,609</u>	<u>6,504</u>
	<u>\$ 1,002,373</u>	<u>\$ 1,105,222</u>	<u>\$ 633,553</u>
<u>Overdue receivables</u>			
At amortized cost			
Gross carrying amount	\$ 616	\$ 616	\$ 616
Less: Allowance for impairment loss	<u>616</u>	<u>616</u>	<u>616</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

### a. Notes and accounts receivable

The average 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 debtor and an analysis of the debtor's current financial position. 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.

March 31, 2021

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-55	50-100	
Gross carrying amount	\$ 1,170,169	\$ 36,435	\$ 284	\$ 2,327	\$ 1,209,215
Loss allowance (Lifetime ECL)	<u>(4,147)</u>	<u>(2,208)</u>	<u>(153)</u>	<u>(2,325)</u>	<u>(8,833)</u>
Amortized cost	<u>\$ 1,166,022</u>	<u>\$ 34,227</u>	<u>\$ 131</u>	<u>\$ 2</u>	<u>\$ 1,200,382</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 ECL)	<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>

March 31, 2020

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-65	100	
Gross carrying amount	\$ 774,104	\$ 27,330	\$ 352	\$ 2,034	\$ 803,820
Loss allowance (Lifetime ECL)	<u>(2,578)</u>	<u>(1,766)</u>	<u>(126)</u>	<u>(2,034)</u>	<u>(6,504)</u>
Amortized cost	<u>\$ 771,526</u>	<u>\$ 25,564</u>	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 797,316</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 9,225	\$ 8,801
Loss allowance recognized (reversed)	176	(1,631)
Foreign exchange gains and losses	<u>48</u>	<u>(50)</u>
Balance at March 31	<u>\$ 9,449</u>	<u>\$ 7,120</u>

b. Credit risk of notes and accounts receivable

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

economic or other conditions.

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

	March 31, 2021	December 31, 2020	March 31, 2020
Group A	<u>\$ 133,472</u>	<u>\$ 141,316</u>	<u>\$ 89,986</u>

## 10. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Work in process	\$ 308,354	\$ 241,027	\$ 248,843
Finished goods	295,009	219,953	208,099
Raw materials	392,084	336,394	265,830
Supplies	<u>67,894</u>	<u>68,131</u>	<u>68,047</u>
	<u>\$ 1,063,341</u>	<u>\$ 865,505</u>	<u>\$ 790,819</u>

All operating costs recognized for the three months ended March 31, 2021 and 2020 were the cost of inventories, which included the following items:

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Write-down (reversal) of inventories	\$ (2,611)	\$ 62,477
Recognition of provisions	1,237	6,286
Others	<u>(124)</u>	<u>28</u>
	<u>\$ (1,498)</u>	<u>\$ 68,791</u>

## 11. OTHER FINANCIAL ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits with original maturities of more than 3 months	\$ -	\$ 50,000	\$ 36,392
Pledged time deposits	18,103	17,220	14,702
Refundable deposits	<u>29,344</u>	<u>8,145</u>	<u>9,850</u>
	<u>\$ 47,447</u>	<u>\$ 75,365</u>	<u>\$ 60,944</u>
Current	\$ 41,710	\$ 72,799	\$ 58,350
Noncurrent	<u>5,737</u>	<u>2,566</u>	<u>2,594</u>
	<u>\$ 47,447</u>	<u>\$ 75,365</u>	<u>\$ 60,944</u>

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Time deposits (%)	1.35-6.30	0.40-6.30	1.35-7.00

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

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

## 12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			March 31, 2021	December 31, 2020	March 31, 2020
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 4	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	Note 3	100	100	100

Note 1: International investments.

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 in substance, 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:

Three months ended March 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	-	2,124	46,855	183	28,505	(31,277)	46,390
Disposal	-	(4,115)	(9,819)	(745)	(13,374)	-	(28,053)
Effect of foreign currency exchange differences	-	7,281	5,092	222	7,433	362	20,390
Balance at March 31, 2021	<u>\$ 146,218</u>	<u>\$ 1,032,401</u>	<u>\$ 1,650,417</u>	<u>\$ 50,298</u>	<u>\$ 795,710</u>	<u>\$ 68,883</u>	<u>\$ 3,743,927</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ (539,767)	\$ (1,009,265)	\$ (33,980)	\$ (480,016)	\$ -	\$ (2,063,028)
Depreciation expenses	-	(10,422)	(25,097)	(693)	(24,108)	-	(60,320)
Disposal	-	4,028	8,937	740	12,919	-	26,624
Effect of foreign currency exchange differences	-	(2,654)	(6,296)	(160)	(3,348)	-	(12,458)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ (548,815)</u>	<u>\$ (1,031,721)</u>	<u>\$ (34,093)</u>	<u>\$ (494,553)</u>	<u>\$ -</u>	<u>\$ (2,109,182)</u>
Carrying amounts at December 31, 2020 and January 1, 2021	<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>
Carrying amounts at March 31, 2021	<u>\$ 146,218</u>	<u>\$ 483,586</u>	<u>\$ 618,696</u>	<u>\$ 16,205</u>	<u>\$ 301,157</u>	<u>\$ 68,883</u>	<u>\$ 1,634,745</u>

Three months ended March 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	-	1,098	12,085	1,124	4,703	452	19,462
Disposal	-	(320)	(2,576)	(995)	(12,947)	-	(16,838)
Effect of foreign currency exchange differences	-	(12,522)	(25,602)	(479)	(14,358)	(2,579)	(55,540)
Balance at March 31, 2020	<u>\$ 146,218</u>	<u>\$ 1,020,001</u>	<u>\$ 1,549,266</u>	<u>\$ 57,854</u>	<u>\$ 765,937</u>	<u>\$ 117,180</u>	<u>\$ 3,656,456</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ (501,245)	\$ (930,808)	\$ (39,748)	\$ (462,101)	\$ -	\$ (1,933,902)
Depreciation expenses	-	(10,649)	(26,200)	(759)	(25,709)	-	(63,317)
Disposal	-	175	2,169	989	12,579	-	15,912
Effect of foreign currency exchange differences	-	6,498	14,535	389	11,002	-	32,424
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ (505,221)</u>	<u>\$ (940,304)</u>	<u>\$ (39,129)</u>	<u>\$ (464,229)</u>	<u>\$ -</u>	<u>\$ (1,948,883)</u>
Carrying amounts at March 31, 2020	<u>\$ 146,218</u>	<u>\$ 514,780</u>	<u>\$ 608,962</u>	<u>\$ 18,725</u>	<u>\$ 301,708</u>	<u>\$ 117,180</u>	<u>\$ 1,707,573</u>

b. Estimated useful lives

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Factory facilities	5-50 years
Building facilities	5-50 years
Main building of the factory	19-50 years
Main building of the office	20-55 years
Machinery and equipment	5-10 years
Transportation equipment	4-12 years
Others	3-20 years

- c. Refer to Note 27 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.
- d. Investing activities affecting both cash and non-cash items

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to property, plant and equipment	\$ 46,390	\$ 19,462
Capitalized interest	(506)	(257)
Increase (decrease) in prepayments for equipment	(8,488)	602
Decrease in payables for purchase of equipment	<u>8,401</u>	<u>21,220</u>
Cash paid	<u>\$ 45,797</u>	<u>\$ 41,027</u>

#### 14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Carrying amount			
Land	\$ 64,945	\$ 64,747	\$ 67,458
Buildings	<u>3,771</u>	<u>3,910</u>	<u>4,654</u>
	<u>\$ 68,716</u>	<u>\$ 68,657</u>	<u>\$ 72,112</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Depreciation charge for right-of-use assets		
Land	\$ 460	\$ 473
Buildings	<u>191</u>	<u>191</u>
	<u>\$ 651</u>	<u>\$ 664</u>

- b. Lease liabilities

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Carrying amount			
Current	<u>\$ 712</u>	<u>\$ 720</u>	<u>\$ 703</u>
Noncurrent	<u>\$ -</u>	<u>\$ 709</u>	<u>\$ 709</u>
Range of discount rate for lease liabilities (%)			
Buildings	1.59	1.59	1.59

c. Material leasing activities and terms

The Company leases buildings for the use as office with lease term of 1 year. 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 March 31, 2021, partial land lease of \$8,547 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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to low-value assets leases	<u>\$ 44</u>	<u>\$ 44</u>
Total cash outflow for leases	<u>\$ 764</u>	<u>\$ 1,702</u>

The Group's leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

## 16. OTHER PAYABLES

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Payable for purchase of equipment	\$ 41,000	\$ 49,401	\$ 34,291
Payable for salaries and bonuses	39,441	43,208	32,974
Payable for freight	15,944	20,169	11,407
Payable for service fees	12,447	15,124	6,675
Payable for utilities expense	4,481	3,504	7,449
Payable for employees' compensation and remuneration to directors and supervisors	1,638	-	-
Payable for processing fees	2,881	4,769	2,397
Payable for tax	2,290	1,630	4,258
Payable for pension	843	10,025	821
Others	<u>70,913</u>	<u>48,776</u>	<u>29,252</u>
	<u>\$ 191,878</u>	<u>\$ 196,606</u>	<u>\$ 129,524</u>

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

## 17. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured borrowings	\$ 289,761	\$ 294,300	\$ 467,161
Secured borrowings (Note 27)	<u>533,624</u>	<u>428,811</u>	<u>600,000</u>
	<u>\$ 823,385</u>	<u>\$ 723,111</u>	<u>\$ 1,067,161</u>

The annual interest rates of short-term borrowings were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured borrowings (%)	1.20-2.30	1.10-1.87	1.20-3.17
Secured borrowings (%)	1.74-4.48	1.74-4.48	1.60-4.48

### b. Short-term bills payable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Commercial papers			
China Bills Finance Corporation	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Annual interest rates (%)	1.40	1.40	1.55

### c. Long-term borrowings

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured borrowings	\$ 640,833	\$ 655,583	\$ 1,046,416
Secured borrowings (Note 27)	<u>400,000</u>	<u>407,064</u>	<u>30,379</u>
	1,040,833	1,062,647	1,076,795
Less: Current portion	<u>357,473</u>	<u>381,842</u>	<u>588,045</u>
	<u>\$ 683,360</u>	<u>\$ 680,805</u>	<u>\$ 488,750</u>

The annual interest rates of long-term borrowings were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured borrowings (%)	1.34-1.81	1.34-1.81	1.42-1.97
Secured borrowings (%)	1.85	1.85-2.20	3.50-3.80

The maturity dates of long-term borrowings were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured borrowings	2021.07 - 2023.12	2021.07 - 2023.10	2020.05 - 2022.12
Secured borrowings	2025.07	2021.02 - 2025.07	2021.02

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

## 18. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2021 and 2020, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$109 thousand and \$229 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

## 19. EQUITY

### a. Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>
Shares issued	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>

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

### b. Capital surplus

Items	March 31, 2021	December 31, 2020	March 31, 2020
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation (the "Articles"), 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 stockholders' meeting for the distribution of stock dividends and bonuses to stockholders.

In addition, as stipulated in the Articles, the board of directors is authorized under Article 240 of the Company Act to resolve the distribution of dividends and bonuses in cash or under Article 241 of the Company Act to resolve the distribution of the dividends and bonuses in whole or in part of the legal reserve and capital surplus, and a report of such distribution shall be submitted to the shareholders in their meeting.

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

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

The board of directors of the Company proposed to amend the Articles on May 11, 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 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 offset of deficit for 2020 and 2019, and appropriation of earnings to the special reserve of \$44,667 thousand for 2019 were approved in the board of director's meeting on March 25, 2021 and the stockholders' meeting on June 18, 2020, respectively.

The offset of deficit for 2020 are subject to the resolution of the stockholders' meeting to be held on June 23, 2021.

d. Other equity items

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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (174,712)	\$ (147,992)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>16,107</u>	<u>(39,447)</u>
Balance at March 31	<u>\$ (158,605)</u>	<u>\$ (187,439)</u>

2) Unrealized loss on financial assets at FVTOCI

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (24)	\$ (3,725)
Recognized for the period		
Unrealized gain (loss) - equity instruments	763	(17,809)
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal	<u>(309)</u>	<u>9,792</u>
Balance at March 31	<u>\$ 430</u>	<u>\$ (11,742)</u>

e. Treasury stock

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Number of shares at the beginning and the end of period (in thousands)	<u>3,301</u>	<u>-</u>

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

**20. OPERATING REVENUE**

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 932,863</u>	<u>\$ 489,098</u>

a. Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Notes receivable	\$ 198,009	\$ 209,405	\$ 163,763	\$ 189,678
Accounts receivable, net	<u>1,002,373</u>	<u>1,105,222</u>	<u>633,553</u>	<u>944,206</u>
	<u>\$ 1,200,382</u>	<u>\$ 1,314,627</u>	<u>\$ 797,316</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

Loss before income tax included following items:

a. Interest income

	For the Three Months Ended March 31	
	2021	2020
Bank deposits	<u>\$ 1,305</u>	<u>\$ 1,332</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2021	2020
Foreign exchange gains (losses), net	\$ 8,794	\$ 4,380
Loss on disposal of property, plant and equipment, net	(1,350)	(926)
Loss on financial instruments at FVTPL, net	(2,235)	(7,606)
Others	<u>(543)</u>	<u>(123)</u>
	<u>\$ 4,666</u>	<u>\$ (4,275)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2021	2020
Interest expense of borrowings	\$ 10,377	\$ 12,398
Interest on lease liabilities	3	5
Less: Amounts included in the cost of qualifying assets	<u>506</u>	<u>257</u>
	<u>\$ 9,874</u>	<u>\$ 12,146</u>
Capitalization rate (%)	1.47-5.40	1.63-4.92

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 60,320	\$ 63,317
Right-of-use assets	651	664
Other assets	<u>890</u>	<u>629</u>
	<u><b>\$ 61,861</b></u>	<u><b>\$ 64,610</b></u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating costs	\$ 51,994	\$ 54,483
Operating expenses	<u>8,977</u>	<u>9,498</u>
	<u><b>\$ 60,971</b></u>	<u><b>\$ 63,981</b></u>
An analysis of amortization by function		
Operating expenses	<u><b>\$ 890</b></u>	<u><b>\$ 629</b></u>

e. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Post-employment benefits (Note 18)	\$ 6,711	\$ 3,786
Defined contribution plans	<u>109</u>	<u>229</u>
Defined benefit plans	6,820	4,015
Short-term employee benefits	<u>113,205</u>	<u>96,520</u>
	<u><b>\$ 120,025</b></u>	<u><b>\$ 100,535</b></u>
An analysis of employee benefits expense by function		
Operating costs	\$ 84,403	\$ 69,795
Operating expenses	<u>35,622</u>	<u>30,740</u>
	<u><b>\$ 120,025</b></u>	<u><b>\$ 100,535</b></u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 3% of net profit before income tax, employees' compensation and remuneration of directors and supervisors and the remuneration of directors and supervisors at \$2,100 thousand. 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 and supervisors for the three months ended March 31, 2021 were accrued as follows:

	Accrual rate (%)	Amount
Employees' compensation	3.10	<u>\$ 1,113</u>
Remuneration of directors and supervisors		<u>\$ 525</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 and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 22. INCOME TAX

### a. Income tax recognized in profit or loss

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

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current period	<u>\$ 4,891</u>	<u>\$ 23,340</u>
Deferred tax		
In respect of the current period	16,051	(68,462)
Adjustments for prior periods	<u>-</u>	<u>713</u>
	<u>16,051</u>	<u>(67,749)</u>
	<u>\$ 20,942</u>	<u>\$ (44,409)</u>

### b. Income tax benefit recognized directly in equity

	For the Three Months Ended March 31	
	2021	2020
Current tax		
Disposal of investments in equity instruments designated as at FVTOCI	\$ 25	\$ -
Deferred tax		
Disposal of investments in equity instruments designated as at FVTOCI	<u>-</u>	<u>3,104</u>
	<u>\$ 25</u>	<u>\$ 3,104</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax		
In respect of the current period		
Translations of foreign operations	\$ (825)	\$ 569
Fair Value changes of financial assets at FVTOCI	<u>(121)</u>	<u>3,398</u>
	<u>\$ (946)</u>	<u>\$ 3,967</u>

d. Income tax assessments

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

GEM Dongguan and GEM Suzhou had completed the filing of their income tax returns through 2019 with the tax authorities.

### 23. NET PROFIT (LOSS) PER SHARE

Due to the net loss incurred for the three months ended March 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 period - attributable to owners of the Company

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Net profit (loss) used in the computation of diluted net profit (loss) per share	<u>\$ 57,164</u>	<u>\$ (90,630)</u>

Weighted average number of ordinary shares outstanding (in thousands)

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares in computation of basic net profit (loss) per share	165,899	169,200
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>29</u>	<u>-</u>
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>165,928</u>	<u>169,200</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group 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

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments				
Copper futures	\$ <u>1,867</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,867</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 8,365	\$ -	\$ -	\$ 8,365
Overseas listed shares	<u>2,813</u>	<u>-</u>	<u>-</u>	<u>2,813</u>
	<u>\$ 11,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,178</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>

March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 21	\$ -	\$ 21
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 13,616	\$ -	\$ -	\$ 13,616
Overseas listed shares	81,619	-	-	81,619
	<u>\$ 95,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,235</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	\$ -	\$ 199	\$ -	\$ 199

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2021 and 2020.

The derivatives - foreign exchange forward contracts above have been determined in accordance with discounted cash flow approach, which are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,235,501	\$ 2,366,794	\$ 1,974,093
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	1,867	-	21
Financial assets at FVTOCI			
Equity instruments	11,178	33,681	95,235
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,912,992	2,980,432	2,637,059
Financial liabilities at FVTPL			
Held for trading	-	-	199

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which 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 reported to the Group's management personnel monthly 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 and foreign exchange forward contracts at the end of the reporting period. A positive (negative) number below indicates an increase (decrease) in pre-tax profit for a 1% weakening of the functional currency against the relevant currency.

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
USD	\$ (678)	\$ (1,220)
HKD	614	1,041

b) Interest rate risk

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

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Fair value interest rate risk			
Financial assets	\$ 143,476	\$ 142,219	\$ 62,870
Financial liabilities	605,574	638,380	876,481

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
Cash flow interest rate risk			
Financial assets	\$ 856,495	\$ 895,185	\$ 1,089,413
Financial liabilities	1,309,356	1,198,807	1,318,887
			(Concluded)

#### 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 liability outstanding at the end of the reporting period was outstanding for the whole period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2021 and 2020 would decrease/increase \$1,132 thousand and \$574 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 three months ended March 31, 2021 and 2020 would increase/decrease by \$112 thousand and \$952 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.

March 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 150,495	\$ 89,090	\$ 277,649	\$ 100,624
Variable interest rate liabilities	2,387	64,310	675,908	596,483
Lease liabilities	-	-	720	-
Financial guarantee contracts	24,868	29,043	-	-
Non-interest bearing	<u>500,436</u>	<u>422,620</u>	<u>74,646</u>	<u>-</u>
	<u>\$ 678,186</u>	<u>\$ 605,063</u>	<u>\$ 1,028,923</u>	<u>\$ 697,107</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 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>

March 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 151,172	\$ 319,453	\$ 316,243	\$ 102,424
Variable interest rate liabilities	37,189	163,279	744,191	393,236
Lease liabilities	-	-	720	720
Financial guarantee contracts	4,418	11,980	-	-
Non-interest bearing	<u>241,986</u>	<u>164,592</u>	<u>33,334</u>	<u>1,718</u>
	<u>\$ 434,765</u>	<u>\$ 659,304</u>	<u>\$ 1,094,488</u>	<u>\$ 498,098</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 tables for derivative financial instruments

The following tables detail 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.

	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>March 31, 2021</u>		
Net settled		
Copper Futures	<u>\$ 3,367</u>	<u>\$ (1,500)</u>
<u>March 31, 2020</u>		
Gross settled		
Foreign Exchange Forward Contracts	\$ -	\$ 151,072
Inflows	-	<u>(151,125)</u>
Outflows	<u>\$ -</u>	<u>\$ (53)</u>

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 were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Transferred but not derecognized (Note1)	\$ 43,725	\$ 95,591	\$ 32,758
Transferred and derecognized (Note2)	<u>53,911</u>	<u>52,022</u>	<u>16,398</u>
	<u>\$ 97,636</u>	<u>\$ 147,613</u>	<u>\$ 49,156</u>
Maturity date	2021.04 - 2021.07	2021.01 - 2021.05	2020.04 - 2020.07

Note 1: If the bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group has not transferred the significant risks and rewards relating to these banker's acceptance bills, and the Group continued to recognize these bills as collateral.

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

For the three months ended March 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

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Su, Tun-Jen	Key management personnel
Su, Tun-Yi	Related party in substance
Su, Tun-Li	Key management personnel
Su, Chung-Hong	Key management personnel
Su, Bo-Chen	Key management personnel

### b. Remuneration of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 5,247	\$ 2,501
Post-employment benefits	<u>27</u>	<u>48</u>
	<u>\$ 5,274</u>	<u>\$ 2,549</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. Rental amount 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 three months ended March 31, 2021 and 2020 were \$3 thousand and \$5 thousand, respectively. The balance of lease liabilities as of March 31, 2021, December 31, 2020 and March 31, 2020 were \$712 thousand, \$1,429 thousand and \$1,412 thousand, respectively.

### d. Guarantees

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Su, Tun-Li	\$ 804,678	\$ 772,935	\$ 1,002,197
Su, Chung-Hong	798,268	738,172	575,186
Su, Bo-Chen	<u>42,000</u>	<u>62,000</u>	<u>347,179</u>
	<u>\$ 1,644,946</u>	<u>\$ 1,573,107</u>	<u>\$ 1,924,562</u>

## 27. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

	March 31, 2021	December 31, 2020	March 31, 2020
Property, plant and equipment	\$ 432,242	\$ 557,756	\$ 463,039
Pledged deposits (under other financial assets)	18,103	17,220	14,702
Right-of-use assets	<u>30,135</u>	<u>30,037</u>	<u>21,688</u>
	<u>\$ 480,480</u>	<u>\$ 605,013</u>	<u>\$ 499,429</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of March 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 \$9,877 thousand.
- b. The amount of contracts for the Group's purchases of raw materials was \$139,318 thousand.
- c. Unused letters of credit for purchases of raw materials and equipment amounted to \$15,282 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>March 31, 2021</u>				
Financial assets				
Monetary items				
USD	\$ 17,083	28.53	(USD:NTD)	\$ 487,388
USD	8,528	6.5692	(USD:RMB)	243,294
USD	14,311	7.7738	(USD:HKD)	408,305
USD	4,946	23,139	(USD:VND)	141,112
HKD	1,438	3.67	(HKD:NTD)	5,276
HKD	28,960	0.8450	(HKD:RMB)	106,283
HKD	958	0.1286	(HKD:USD)	<u>3,515</u>
				<u>\$ 1,395,173</u>

(Continued)

	Foreign Currency (In Thousands)		Exchange Rate		NTD (In Thousands)
<b>Financial liabilities</b>					
<b>Monetary items</b>					
USD	\$ 1,587		28.53	(USD:NTD)	\$ 45,280
USD	4,390		6.5692	(USD:RMB)	125,249
USD	13,339		7.7738	(USD:HKD)	380,551
USD	27,930		23,139	(USD:VND)	796,855
HKD	14,164		3.67	(HKD:NTD)	51,980
HKD	468		0.8450	(HKD:RMB)	<u>1,718</u>
					<u>\$ 1,401,633</u>
<hr/> <b>December 31, 2020</b> <hr/>					
<b>Financial assets</b>					
<b>Monetary items</b>					
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>
<b>Financial liabilities</b>					
<b>Monetary items</b>					
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>
<hr/> <b>March 31, 2020</b> <hr/>					
<b>Financial assets</b>					
<b>Monetary items</b>					
USD	12,911		30.225	(USD:NTD)	\$ 390,245
USD	9,310		7.1017	(USD:RMB)	281,391
USD	13,105		7.754	(USD:HKD)	396,096
USD	4,425		23,687	(USD:VND)	133,745
HKD	19,499		3.898	(HKD:NTD)	76,007
HKD	20,406		0.9159	(HKD:RMB)	79,544
HKD	952		0.129	(HKD:USD)	<u>3,711</u>
					<u>\$ 1,360,739</u>
<b>Financial liabilities</b>					
<b>Monetary items</b>					
USD	762		30.225	(USD:NTD)	\$ 23,032
USD	6,968		7.1017	(USD:RMB)	210,604
USD	11,230		7.754	(USD:HKD)	339,442

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
USD	\$ 24,826	23,687	(USD:VND)	\$ 750,378
HKD	14,142	3,898	(HKD:NTD)	<u>55,127</u>
				<u>\$ 1,378,583</u> (Concluded)

For the three months ended March 31, 2021 and 2020, realized and unrealized net foreign exchange gains were \$8,794 thousand and \$4,380 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 three months ended March 31, 2021, net loss of futures contracts was \$2,235 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.

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

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7.
  - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Tables 3 and 7.
  - 3) The amount of property transactions and the amount of the resultant gains or losses: Table 7.
  - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
  - 5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
  - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: Tables 7 and 8.
- d. Information of major stockholders : List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Table 9.

### **31. SEGMENT INFORMATION**

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided.

Each entity of the Group is considered a separate operating segment by the chief operating decision maker (CODM). For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

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

The Group's reportable segments were as follows:

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

## Segment revenues and results

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

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>For the three months ended March 31, 2021</u>							
Revenue from external customers	\$ 120,270	\$ 387,040	\$ 425,188	\$ 365	\$ -	\$ -	\$ 932,863
Inter-segment revenue	<u>74,871</u>	<u>66,690</u>	<u>464,622</u>	<u>295,529</u>	<u>-</u>	<u>(901,712)</u>	<u>-</u>
Segment revenue	<u>\$ 195,141</u>	<u>\$ 453,730</u>	<u>\$ 889,810</u>	<u>\$ 295,894</u>	<u>\$ -</u>	<u>\$ (901,712)</u>	<u>\$ 932,863</u>
Segment income (loss)	<u>\$ (6,154)</u>	<u>\$ 38,538</u>	<u>\$ 22,157</u>	<u>\$ 18,433</u>	<u>\$ (425)</u>	<u>\$ 8,597</u>	\$ 81,146
Interest income							1,305
Other income							863
Other gains and losses							4,666
Finance costs							<u>(9,874)</u>
Consolidated income before income tax							78,106
Income tax							<u>(20,942)</u>
Consolidated net income							<u>\$ 57,164</u>
<u>March 31, 2021</u>							
Segment assets	<u>\$ 3,735,962</u>	<u>\$ 1,255,104</u>	<u>\$ 2,488,855</u>	<u>\$ 1,074,149</u>	<u>\$ 61,192</u>	<u>\$ (3,398,975)</u>	<u>\$ 5,216,287</u>
Segment liabilities	<u>\$ 1,509,022</u>	<u>\$ 303,374</u>	<u>\$ 1,196,967</u>	<u>\$ 819,313</u>	<u>\$ 7,240</u>	<u>\$ (846,569)</u>	<u>\$ 2,989,347</u>
<u>For the three months ended March 31, 2020</u>							
Revenue from external customers	\$ 96,031	\$ 194,883	\$ 197,460	\$ 724	\$ -	\$ -	\$ 489,098
Inter-segment revenue	<u>20,059</u>	<u>123,662</u>	<u>181,602</u>	<u>165,719</u>	<u>44,383</u>	<u>(535,425)</u>	<u>-</u>
Segment revenue	<u>\$ 116,090</u>	<u>\$ 318,545</u>	<u>\$ 379,062</u>	<u>\$ 166,443</u>	<u>\$ 44,383</u>	<u>\$ (535,425)</u>	<u>\$ 489,098</u>
Segment income (loss)	<u>\$ (20,646)</u>	<u>\$ (35,404)</u>	<u>\$ (78,608)</u>	<u>\$ (8,339)</u>	<u>\$ (510)</u>	<u>\$ 21,641</u>	\$ (121,866)
Interest income							1,332
Other income							1,916
Other gains and losses							(4,275)
Finance costs							<u>(12,146)</u>
Consolidated loss before income tax							(135,039)
Income tax							<u>44,409</u>
Consolidated net loss							<u>\$ (90,630)</u>
<u>March 31, 2020</u>							
Segment assets	<u>\$ 3,790,962</u>	<u>\$ 1,128,728</u>	<u>\$ 2,338,754</u>	<u>\$ 1,002,969</u>	<u>\$ 235,300</u>	<u>\$ (3,601,724)</u>	<u>\$ 4,894,989</u>
Segment liabilities	<u>\$ 1,691,587</u>	<u>\$ 240,033</u>	<u>\$ 644,284</u>	<u>\$ 774,168</u>	<u>\$ 233,712</u>	<u>\$ (788,170)</u>	<u>\$ 2,795,614</u>

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

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 2)	Actual Amount Borrowed (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 356,625	\$ 356,625	\$ 213,975	1.8~2.25	Short-term financing	\$ -	Business development	\$ -	-	\$ 445,388	\$ 890,776	Note 1	
0	The Company	Vibo	Other receivables - related parties	Yes	71,325	71,325	-	-	Short-term financing	-	Business development	-	-	445,388	890,776	Note 1	
0	The Company	GEM Suzhou	Other receivables - related parties	Yes	85,590	85,590	-	-	Short-term financing	-	Business development	-	-	445,388	890,776	Note 1	
1	Vibo	GEM VN	Other receivables - related parties	Yes	98,530	28,530	28,530	2.25	Short-term financing	-	Business development	-	-	426,504	853,008	Note 1	

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

Note 2: The exchange rate was US\$1 : NT\$28.53.

Note 3: It was eliminated on consolidation.

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

## MARKETABLE SECURITIES HELD

MARCH 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	Shares	March 31, 2021		Note
					Carrying Amount	Percentage of Ownership	
The Company	Stock						
	Eson Precision Ind. Co., Ltd.	-	Financial assets at FVTOCI - current	11,000	\$ 847	-	\$ 847
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	33,000	1,657	-	1,657
	Innolux Corporation	-	Financial assets at FVTOCI - current	7,000	148	-	148
	Foxconn Technology Co., Ltd.	-	Financial assets at FVTOCI - current	34,000	2,468	-	2,468
	Tai Technology Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	481	-	481
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	12,000	682	-	682
	Cathay Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	11,000	527	-	527
	Mega Financial Holding Company Limited	-	Financial assets at FVTOCI - current	13,000	415	-	415
	CTBC Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	12,000	265	-	265
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	13,000	288	-	288
	Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at FVTOCI - current	3,000	312	-	312
	Taiwan Cooperative Bank	-	Financial assets at FVTOCI - current	13,000	275	-	275
				<u>8,365</u>		<u>8,365</u>	
GEM Suzhou	Stock						
	Huarun Dong's Ejiao Co., Ltd.	-	Financial assets at FVTOCI - current	5,000	820	-	820
	Yunnan Baiyao Group Co., Ltd.	-	Financial assets at FVTOCI - current	3,000	1,571	-	1,571
	Yantai Changyu Pioneer Wine Co., Ltd.	-	Financial assets at FVTOCI - current	3,000	422	-	422
				<u>2,813</u>		<u>2,813</u>	
						<u>\$ 11,178</u>	



## 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  
 MARCH 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 Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	GEM VN	Subsidiary	\$ 318,626	3.56	\$ -	-	\$ 41,753	\$ -
GEM Suzhou	GEM Dongguan Global HK	Affiliate Affiliate	100,699 207,859	6.28 7.87	-	-	100,699 61,561	-
Global HK	GEM VN	Affiliate	154,449	11.28	-	-	42,408	-

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 THREE MONTHS ENDED MARCH 31, 2021  
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of March 31, 2021		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	December 31, 2020	Shares/ Units	%				
The Company	Global Cayman GEM Cayman Genius	Grand Cayman, Cayman Islands Grand Cayman, Cayman Islands British Virgin Islands	International investment International investment International investment and trading	\$ 1,295,208 392,669 23,282	\$ 1,295,208 392,669 23,282	40,137,184 12,598,333 750,000	100 100 100	\$ 2,059,125 248,126 93,756	\$ 41,880 18,107 1,451	\$ 41,731 18,074 1,451	Notes 1 and 2 Notes 1 and 2 Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	89,065	1,436	1,456	Notes 1 and 2
Global Cayman	Vibo Global HK	Hong Kong Hong Kong	International investment and trading International trading	1,541,063 3,747	1,541,063 3,747	359,972,616 1,000,000	100 100	2,132,522 8,235	42,067 (81)	42,067 (35)	Note 1 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	254,496	18,469	18,266	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 THREE MONTHS ENDED MARCH 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 March 31, 2021	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Notes 1 and 3)	Carrying Amount as of March 31, 2021 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of March 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.	\$ 736,910	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 370,489	\$ -	\$ -	\$ 370,489	\$ 28,864	100	\$ 29,136	\$ 833,009	\$ 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.	1,088,723	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	56,788	-	-	56,788	14,657	100	14,132	1,274,892	684,532	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 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	\$1,617,651 (US\$56,700 thousand)	\$1,336,165

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

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

Note 3: It was eliminated on consolidation.

## 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 THREE MONTHS ENDED MARCH 31, 2021  
(In Thousands of New Taiwan Dollars)

Investee Company	Counterparty	Transaction Type	Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	\$ 13,998	120 days after monthly closing	No significant difference with those to third parties	\$ 7,495	3	\$ 4,406	
		Purchase	6	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
	GEM Dongguan	Dispose of property plant, and equipment	5,974	120 days after monthly closing	No comparable transactions with those in the market	1,962	1	3,203	
		Sales	2,133	120 days after monthly closing	No significant difference with those to third parties	1,718	1	873	
Global HK	GEM Suzhou	Purchase	54	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
		Sales	129,981	120 days after monthly closing	No significant difference with those to third parties	44,210	17	3,683	
	GEM Dongguan	Purchase	255,641	120 days after monthly closing	No significant difference with those to third parties	(200,115)	79	1,469	
		Purchase of property plant, and equipment	7,311	120 days after monthly closing	No comparable transactions with those in the market	7,744	3	60	
Genius HK	GEM Dongguan	Sales	170,677	120 days after monthly closing	No significant difference with those to third parties	71,331	29	9,446	
		Purchase	143,930	120 days after monthly closing	No significant difference with those to third parties	(93,761)	67	(89)	
		Purchase of property plant, and equipment	3,110	120 days after monthly closing	No comparable transactions with those in the market	1,102	1	38	

TABLE 8

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

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 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)	Term	
0	The Company	Global HK	1	Disposal of property, plant and equipment	\$ 17,635	Payment term of four months	2
		GEM Suzhou	1	Sales	13,998	Payment term of four months	2
		GEM Suzhou	1	Accounts receivable	7,495	Payment term of four months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	5,974	Payment term of four months	1
		GEM Suzhou	1	Other receivables	1,962	Payment term of four months	-
		GEM VN	1	Disposal of property, plant and equipment	5,988	Payment term of four months	1
		GEM VN	1	Other receivables	226,879	According to working, capital conditions to change payment deeding	4
		GEM VN	1	Interest income	1,181	Annual Interest rate of 1.8%-2.25%	-
		GEM VN	1	Sales	58,740	Payment term of four months	6
		GEM VN	1	Accounts receivable	91,747	Payment term of four months	2
		Vibo	1	Interest income	243	Annual Interest rate of 1.9%	-
		GEM Dongguan	1	Sales	2,133	Payment term of four months	-
		GEM Dongguan	1	Accounts receivable	1,718	Payment term of four months	-
1	GEM Dongguan	The Company	2	Sales	54	Payment term of four months	-
		Genius HK	3	Sales	143,930	Payment term of four months	15
		Genius HK	3	Accounts receivable	93,761	Payment term of four months	2
		Genius HK	3	Other receivables	1,102	Payment term of four months	-
		Genius HK	3	Disposal of property, plant and equipment	3,110	Payment term of four months	-
		GEM Suzhou	3	Accounts receivable	42,906	Payment term of four months	1
		GEM Suzhou	3	Other receivables	4,210	Payment term of four months	-
		GEM Suzhou	3	Sales	28,795	Payment term of four months	3
		GEM Suzhou	3	Other income	9	Payment term of four months	-
		GEM Suzhou	3	Other income			
		GEM Suzhou	3	Other income			
2	Genius HK	The Company	2	Sales	34,653	Payment term of four months	4
		The Company	2	Accounts receivable	39,104	Payment term of four months	1
		The Company	2	Other receivables	12,889	Payment term of four months	-
		GEM Dongguan	3	Sales	170,677	Payment term of four months	18
		GEM Dongguan	3	Accounts receivable	71,331	Payment term of four months	1
		GEM Dongguan	3	Other receivables	391	Payment term of four months	-
		GEM VN	3	Sales	3,188	Payment term of four months	-
		GEM VN	3	Sales			

(Continued)

Intercompany Transactions							Percentage of Consolidated Total Gross Sales or Total Assets
No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Financial Statement Item	Amount (Note 1)	Term	
3	Global HK	The Company The Company GEM VN GEM VN GEM Suzhou GEM Suzhou	2 2 3 3 3 3	Sales	\$ 32,396	Payment term of four months	3
				Accounts receivable	37,463	Payment term of four months	1
				Sales	217,914	Payment term of four months	23
				Accounts receivable	154,449	Payment term of four months	3
				Sales	129,981	Payment term of four months	14
4	GEM Suzhou	The Company Global HK Global HK Global HK Global HK Global HK GEM Dongguan GEM Dongguan	2 3 3 3 3 3 3 3	Accounts receivable	44,210	Payment term of four months	1
				Sales	6	Payment term of four months	-
				Other income	276	Payment term of four months	-
				Sales	255,641	Payment term of four months	27
				Accounts receivable	200,115	Payment term of four months	4
5	Vibo	GEM VN GEM VN	3 3	Disposal of property, plant and equipment	7,311	Payment term of four months	1
				Other receivables	7,744	Payment term of four months	-
				Sales	214,306	Payment term of four months	23
				Accounts receivable	100,699	Payment term of four months	2
				Interest income	528	Annual interest rate of 2.25%	-
6	GEM VN	The Company The Company Genius HK Genius HK Global HK Global HK	2 2 3 3 3 3	Other receivables	29,037	According to working, capital conditions to change payment deeding	1
				Sales	13,204	Payment term of four months	1
				Accounts receivable	7,716	Payment term of four months	-
				Sales	170,492	Payment term of four months	18
				Accounts receivable	44,149	Payment term of four months	-
				Sales	111,833	Payment term of four months	12
				Accounts receivable	44,098	Payment term of four months	1
				Accounts receivable			

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary

**TABLE 9****GEM TERMINAL IND. CO., LTD.****INFORMATION OF MAJOR STOCKHOLDERS  
MARCH 31, 2021**

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

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