

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2021 and 2020, its consolidated financial performance for the three months ended September 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 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

November 10, 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)

	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,006,485	18	\$ 972,961	19	\$ 1,193,567	23
Financial assets at fair value through other comprehensive income - current (Note 7)	6,758	-	33,681	1	39,887	1
Notes receivable (Note 8)	216,438	4	209,405	4	177,096	4
Accounts receivable, net (Note 8)	1,110,742	20	1,105,222	21	992,202	19
Other receivables	1,154	-	3,841	-	2,561	-
Current tax assets (Note 4)	-	-	57	-	57	-
Inventories (Note 9)	1,301,114	23	865,505	17	739,189	14
Other financial assets - current (Notes 10 and 26)	74,283	2	72,799	1	87,043	2
Other current assets	119,296	2	107,863	2	99,979	2
Total current assets	3,836,270	69	3,371,334	65	3,331,581	65
NONCURRENT ASSETS						
Property, plant and equipment (Notes 12, 26 and 27)	1,581,420	28	1,642,172	32	1,639,284	32
Right-of-use assets (Notes 13, 25 and 26)	66,621	1	68,657	1	69,677	1
Deferred tax assets (Note 4)	83,562	2	95,755	2	91,015	2
Prepayments for equipment (Note 27)	-	-	8,488	-	13,215	-
Other financial assets - noncurrent (Note 10)	6,297	-	2,566	-	2,569	-
Other noncurrent assets	7,873	-	9,030	-	7,625	-
Total noncurrent assets	1,745,773	31	1,826,668	35	1,823,385	35
TOTAL	\$ 5,582,043	100	\$ 5,198,002	100	\$ 5,154,966	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 16 and 26)	\$ 1,236,406	22	\$ 723,111	14	\$ 849,557	17
Short-term bills payable (Note 16)	50,000	1	50,000	1	50,000	1
Notes payable (Note 14)	355,262	7	326,231	6	298,452	6
Accounts payable (Note 14)	401,257	7	621,837	12	442,444	9
Other payables (Note 15)	185,049	3	196,606	4	157,405	3
Current tax liabilities (Note 4)	45,980	1	17,784	-	19,982	-
Lease liabilities - current (Notes 13 and 25)	717	-	720	-	714	-
Long-term borrowings - current portion (Notes 16 and 26)	335,057	6	381,842	8	429,177	8
Other current liabilities	18,132	-	10,924	-	10,651	-
Total current liabilities	2,627,860	47	2,329,055	45	2,258,382	44
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 16 and 26)	520,832	10	680,805	13	736,722	14
Deferred tax liabilities (Note 4)	66,451	1	24,859	1	20,011	1
Lease liabilities - noncurrent (Notes 13 and 25)	-	-	709	-	709	-
Net defined benefit liabilities (Note 4)	8,569	-	9,668	-	17,909	-
Total noncurrent liabilities	595,852	11	716,041	14	775,351	15
Total liabilities	3,223,712	58	3,045,096	59	3,033,733	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Ordinary shares	1,692,000	30	1,692,000	32	1,692,000	33
Capital surplus	271,315	5	271,315	5	271,315	5
Retained earnings						
Legal reserve	343,170	6	343,170	7	343,170	6
Special reserve	85,432	2	85,432	2	85,432	2
Unappropriated earnings (accumulated deficits)	185,762	3	(27,126)	(1)	(48,619)	(1)
Total retained earnings	614,364	11	401,476	8	379,983	7
Other equity	(176,289)	(3)	(168,826)	(3)	(196,771)	(4)
Treasury stock	(43,059)	(1)	(43,059)	(1)	(25,294)	-
Total equity	2,358,331	42	2,152,906	41	2,121,233	41
TOTAL	\$ 5,582,043	100	\$ 5,198,002	100	\$ 5,154,966	100

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

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 19)	\$ 1,048,840	100	\$ 1,006,559	100	\$ 3,248,709	100	\$ 2,355,772	100
OPERATING COSTS (Notes 9 and 20)	841,801	80	857,996	85	2,560,598	79	2,128,771	90
GROSS PROFIT	207,039	20	148,563	15	688,111	21	227,001	10
OPERATING EXPENSES (Note 20)								
Marketing	40,722	4	37,134	3	128,382	4	92,707	4
General and administrative	56,571	6	47,735	5	159,235	5	138,551	6
Research and development	3,446	-	7,088	1	16,206	1	17,107	1
Expected credit loss (Note 8)	243	-	1,306	-	1,286	-	308	-
Total operating expenses	100,982	10	93,263	9	305,109	10	248,673	11
GAIN (LOSS) FROM OPERATIONS	106,057	10	55,300	6	383,002	11	(21,672)	(1)
NON-OPERATING INCOME AND EXPENSES (Note 20)								
Interest income	847	-	3,678	-	3,205	-	6,374	-
Other income	67	-	4,081	-	1,760	-	7,229	-
Other gains and losses	12,296	1	(23,371)	(2)	(7,504)	-	(27,757)	(1)
Finance costs	(11,421)	(1)	(13,851)	(1)	(31,138)	(1)	(36,789)	(1)
Total non-operating income and expenses	1,789	-	(29,463)	(3)	(33,677)	(1)	(50,943)	(2)
PROFIT (LOSS) BEFORE INCOME TAX	107,846	10	25,837	3	349,325	10	(72,615)	(3)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 21)	42,526	4	14,494	2	136,902	4	(14,832)	(1)
NET PROFIT (LOSS)	65,320	6	11,343	1	212,423	6	(57,783)	(2)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 21)								
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	(507)	-	5,776	-	506	-	11,899	-

(Continued)

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 80	-	\$ (1,172)	-	\$ (72)	-	\$ (3,103)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	759	-	36,544	4	(7,065)	-	(53,531)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	(627)	-	817	-	(367)	-	1,784	-
Other comprehensive income (loss) for the period, net of income tax	(295)	-	41,965	4	(6,998)	-	(42,951)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 65,025</u>	<u>6</u>	<u>\$ 53,308</u>	<u>5</u>	<u>\$ 205,425</u>	<u>6</u>	<u>\$ (100,734)</u>	<u>(4)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ 65,320</u>	<u>6</u>	<u>\$ 11,343</u>	<u>1</u>	<u>\$ 212,423</u>	<u>7</u>	<u>\$ (57,783)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ 65,025</u>	<u>6</u>	<u>\$ 53,308</u>	<u>5</u>	<u>\$ 205,425</u>	<u>6</u>	<u>\$ (100,734)</u>	<u>(4)</u>
EARNINGS (NET LOSS) PER SHARE (Note 22)								
Basic	<u>\$ 0.39</u>		<u>\$ 0.07</u>		<u>\$ 1.28</u>		<u>\$ (0.34)</u>	
Diluted	<u>\$ 0.39</u>		<u>\$ 0.07</u>		<u>\$ 1.28</u>		<u>\$ (0.34)</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company						Other Equity					Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Retained Earnings		Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	Treasury Stock	
				Special Reserve	Unappropriated Earnings (Accumulated Deficits)							
BALANCE AT JANUARY 1, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (27,126)	\$ 401,476	\$ (24)	\$ (174,712)	\$ 5,910	\$ (168,826)	\$ (43,059)	\$ 2,152,906
Net income for the nine months ended September 30, 2021	-	-	-	-	212,423	212,423	-	-	-	-	-	212,423
Other comprehensive income (loss) for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	434	(7,432)	-	(6,998)	-	(6,998)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	212,423	212,423	434	(7,432)	-	(6,998)	-	205,425
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	465	465	(465)	-	-	(465)	-	-
BALANCE AT SEPTEMBER 30, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 185,762	\$ 614,364	\$ (55)	\$ (182,144)	\$ 5,910	\$ (176,289)	\$ (43,059)	\$ 2,358,331
BALANCE AT JANUARY 1, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 44,667	\$ 428,602	\$ (3,725)	\$ (147,992)	\$ 7,061	\$ (144,656)	\$ -	\$ 2,247,261
Appropriation of 2019 earnings Special reserve	-	-	-	44,667	(44,667)	-	-	-	-	-	-	-
Net loss for the nine months ended September 30, 2020	-	-	-	-	(57,783)	(57,783)	-	-	-	-	-	(57,783)
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	8,796	(51,747)	-	(42,951)	-	(42,951)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	(57,783)	(57,783)	8,796	(51,747)	-	(42,951)	-	(100,734)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	9,164	9,164	(9,164)	-	-	(9,164)	-	-
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	(25,294)	(25,294)
BALANCE AT SEPTEMBER 30, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (48,619)	\$ 379,983	\$ (4,093)	\$ (199,739)	\$ 7,061	\$ (196,771)	\$ (25,294)	\$ 2,121,233

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 349,325	\$ (72,615)
Adjustments for:		
Depreciation expense	182,008	188,832
Amortization expense	2,655	1,992
Expected credit loss recognized	1,286	308
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	9,575	4,631
Finance costs	31,138	36,789
Interest income	(3,205)	(6,374)
Dividend income	(265)	(2,753)
Net loss on disposal of property, plant and equipment	7,078	4,564
Write-down of inventories	16,808	3,156
Other non-cash items	(275)	1,291
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	3,792
Notes receivable	(7,033)	12,582
Accounts receivable	(6,764)	(48,219)
Other receivables	2,773	16,550
Inventories	(452,410)	211,847
Other current assets	(11,433)	11,843
Financial liabilities held for trading	(9,575)	(7,062)
Notes payable	29,031	171,748
Accounts payable	(220,580)	63,138
Other payables	14,250	1,959
Other current liabilities	7,032	7,323
Net defined benefit liabilities	(10,280)	(5,336)
Cash generated from (used in) operations	(68,861)	599,986
Interest received	3,119	7,078
Income tax paid	(55,157)	(85,025)
Net cash generated from (used in) operating activities	<u>(120,899)</u>	<u>522,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(443,968)	(1,593,301)
Proceeds from sale of financial assets at fair value through other comprehensive income	471,427	1,612,965
Payments for property, plant and equipment	(141,972)	(115,564)
Proceeds from disposal of property, plant and equipment	1,833	1,057
Decrease (increase) in other financial assets	(5,215)	89,143
Increase in other noncurrent assets	(1,503)	(2,557)

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2021	2020
Dividend received	\$ <u>265</u>	\$ <u>2,753</u>
Net cash used in investing activities	<u>(119,133)</u>	<u>(5,504)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,437,199	1,357,169
Decrease in short-term borrowings	(1,922,096)	(1,585,146)
Increase in short-term bills payable	450,000	50,000
Decrease in short-term bills payable	(450,000)	(100,000)
Increase in long-term borrowings	50,000	450,000
Repayment of long-term borrowings	(256,757)	(573,379)
Repayment of the principal portion of lease liabilities	(697)	(1,658)
Payments for buy-back of ordinary shares	-	(25,294)
Interest paid	<u>(32,340)</u>	<u>(38,106)</u>
Net cash generated from (used in) financing activities	<u>275,309</u>	<u>(466,414)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(1,753)</u>	<u>(30,123)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,524	19,998
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>1,006,485</u>	\$ <u>1,193,567</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

GEM Terminal Ind. Co., Ltd. (the “Company”) was incorporated in July 1993 under the laws of the Republic of China. The Company mainly manufactures and sells 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 November 10, 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. The IFRSs endorsed by the FSC for application starting from 2022

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

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

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

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

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

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

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

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

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

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

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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 11, 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 the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

For the critical accounting judgments and key sources of estimation uncertainty 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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 2,964	\$ 2,655	\$ 2,340
Checking accounts and demand deposits	928,758	895,307	1,179,942
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>74,763</u>	<u>74,999</u>	<u>11,285</u>
	<u>\$ 1,006,485</u>	<u>\$ 972,961</u>	<u>\$ 1,193,567</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits (%)	0.10-0.30	0.15-0.30	0.22-0.35

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 ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

	September 30, 2021	December 31, 2020	September 30, 2020
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 5,348	\$ 2,178	\$ 12,797
Overseas listed shares	<u>1,410</u>	<u>31,503</u>	<u>27,090</u>
	<u>\$ 6,758</u>	<u>\$ 33,681</u>	<u>\$ 39,887</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 nine months ended September 30, 2021 and 2020, the Group sold its shares in order to manage credit concentration risk. The sold shares had a fair value of \$471,427 thousand and \$1,612,965 thousand and the Group transferred a gain of \$400 thousand and \$12,816 thousand, respectively, from other equity to retained earnings.

The dividends income for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 were \$226 thousand, \$2,640 thousand, \$265 thousand and \$2,753 thousand. Those related to investments derecognized during the period were \$70 thousand, \$2,248 thousand, \$104 thousand, and \$2,248 thousand and those related to investments held at the end of the reporting period were \$156 thousand, \$392 thousand, \$161 thousand and \$505 thousand.

8. NOTES AND ACCOUNTS RECEIVABLE, NET AND OVERDUE RECEIVABLES

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 216,438</u>	<u>\$ 209,405</u>	<u>\$ 177,096</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,120,595	\$ 1,113,831	\$ 1,000,610
Less: Allowance for impairment loss	<u>9,853</u>	<u>8,609</u>	<u>8,408</u>
	<u>\$ 1,110,742</u>	<u>\$ 1,105,222</u>	<u>\$ 992,202</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 main credit period of sales of goods was 30-120 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

September 30, 2021

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

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>

September 30, 2020

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-40	100	
Gross carrying amount	\$ 1,140,916	\$ 34,491	\$ 15	\$ 2,284	\$ 1,177,706
Loss allowance (Lifetime ECL)	<u>(4,548)</u>	<u>(1,573)</u>	<u>(3)</u>	<u>(2,284)</u>	<u>(8,408)</u>
Amortized cost	<u>\$ 1,136,368</u>	<u>\$ 32,918</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 1,169,298</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ 9,225	\$ 8,801
Loss allowance recognized	1,286	308
Foreign exchange gains and losses	<u>(42)</u>	<u>(85)</u>
Balance at September 30	<u>\$ 10,469</u>	<u>\$ 9,024</u>

b. Credit risk of notes and accounts receivable

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Group A	<u>\$ 148,405</u>	<u>\$ 141,316</u>	<u>\$ 123,944</u>

9. INVENTORIES

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 414,614	\$ 219,953	\$ 187,955
Work in process	323,334	241,027	231,042
Raw materials	481,155	336,394	254,297
Supplies	<u>82,011</u>	<u>68,131</u>	<u>65,895</u>
	<u>\$ 1,130,114</u>	<u>\$ 865,505</u>	<u>\$ 739,189</u>

All operating costs recognized for the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020 were the cost of inventories, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Write-down (reversal) of inventories	\$ 15,793	\$ (6,985)	\$ 16,808	\$ 3,156
Recognition of provisions	284	36	180	103
Others	<u>204</u>	<u>332</u>	<u>62</u>	<u>3,232</u>
	<u>\$ 16,281</u>	<u>\$ (6,617)</u>	<u>\$ 17,050</u>	<u>\$ 6,491</u>

Inventory write-downs were reversed as a result of an increase in raw material prices.

10. OTHER FINANCIAL ASSETS

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits with original maturities of more than 3 months	\$ -	\$ 50,000	\$ 64,480
Pledged time deposits	56,866	17,220	16,814
Refundable deposits	<u>23,714</u>	<u>8,145</u>	<u>8,318</u>
	<u>\$ 80,580</u>	<u>\$ 75,365</u>	<u>\$ 89,612</u>
Current	\$ 74,283	\$ 72,799	\$ 87,043
Noncurrent	<u>6,297</u>	<u>2,566</u>	<u>2,569</u>
	<u>\$ 80,580</u>	<u>\$ 75,365</u>	<u>\$ 89,612</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Time deposits (%)	1.35-4.90	0.40-6.30	0.40-6.30

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

c. Refer to Note 26 for the information of other financial assets pledged as collateral.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2021	December 31, 2020	September 30, 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 investment.

Note 2: International trading.

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

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

12. PROPERTY, PLANT, AND EQUIPMENT

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

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

Nine months ended September 30, 2021

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

Nine months ended September 30, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 146,218	\$ 1,031,745	\$ 1,565,359	\$ 58,204	\$ 788,539	\$ 119,307	\$ 3,709,372
Additions	-	11,584	73,384	1,237	46,141	(35,788)	96,558
Disposal	-	(413)	(31,871)	(7,998)	(53,624)	-	(93,906)
Effect of foreign currency exchange differences	-	(18,950)	(41,095)	(701)	(21,469)	(2,917)	(85,132)
Balance at September 30, 2020	<u>\$ 146,218</u>	<u>\$ 1,023,966</u>	<u>\$ 1,565,777</u>	<u>\$ 50,742</u>	<u>\$ 759,587</u>	<u>\$ 80,602</u>	<u>\$ 3,626,892</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ (501,245)	\$ (930,808)	\$ (39,748)	\$ (462,101)	\$ -	\$ (1,933,902)
Depreciation expenses	-	(31,706)	(77,636)	(2,191)	(75,317)	-	(186,850)
Disposal	-	248	27,697	7,974	52,366	-	88,285
Effect of foreign currency exchange differences	-	7,585	19,967	530	16,777	-	44,859
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ (525,118)</u>	<u>\$ (960,780)</u>	<u>\$ (33,435)</u>	<u>\$ (468,275)</u>	<u>\$ -</u>	<u>\$ (1,987,608)</u>
Carrying amounts at September 30, 2020	<u>\$ 146,218</u>	<u>\$ 498,848</u>	<u>\$ 604,997</u>	<u>\$ 17,307</u>	<u>\$ 291,312</u>	<u>\$ 80,602</u>	<u>\$ 1,639,284</u>

- b. 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	5-12 years
Others	3-10 years

- c. Refer to Note 26 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.
- d. Reconciliation of the additions to property, plant and equipment and the cash paid stated in the statements of cash flows were as follows:

	For the Nine Months Ended September 30	
	2021	2020
Additions to property, plant and equipment	\$ 135,021	\$ 96,558
Capitalized interest	(1,524)	(1,026)
Increase (decrease) in prepayments for equipment	(8,488)	3,889
Decrease in payables for purchase of equipment	<u>16,963</u>	<u>16,143</u>
Cash paid	<u>\$ 141,972</u>	<u>\$ 115,564</u>

13. LEASE ARRANGEMENTS

- a. Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020	
Carrying amount				
Land	\$ 63,265	\$ 64,747	\$ 65,488	
Buildings	<u>3,356</u>	<u>3,910</u>	<u>4,189</u>	
	<u>\$ 66,621</u>	<u>\$ 68,657</u>	<u>\$ 69,677</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Depreciation charge for right-of-use assets				
Land				
Buildings	\$ 458	\$ 473	\$ 1,376	\$ 1,405
	<u>191</u>	<u>192</u>	<u>574</u>	<u>577</u>
	<u>\$ 649</u>	<u>\$ 665</u>	<u>\$ 1,950</u>	<u>\$ 1,982</u>

- b. Lease liabilities

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amount			
Current	<u>\$ 717</u>	<u>\$ 720</u>	<u>\$ 714</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 September 30, 2021, partial land lease of \$8,420 thousand are in the process of obtaining the land use right certificate.

d. Refer to Note 26 for the carrying amount of right-of-use assets pledged as collateral for bank borrowings.

e. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Expenses relating to low-value assets leases	\$ 44	\$ 44	<u>\$ 132</u>	<u>\$ 132</u>
Total cash outflow for leases			<u>\$ 852</u>	<u>\$ 1,790</u>

The Group 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.

14. 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.

15. OTHER PAYABLES

	September 30, 2021	December 31, 2020	September 30, 2020
Payable for salaries and bonuses	\$ 45,202	\$ 43,208	\$ 37,072
Payable for purchase of equipment	32,438	49,401	39,368
Payable for freight	16,946	20,169	18,806
Payable for service fees	11,296	15,124	10,737
Payable for employees' compensation and remuneration to directors and supervisors	8,978	-	-
Payable for tax	5,696	1,630	3,209
Payable for processing fees	5,040	4,769	4,449

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
Payable for utilities expense	\$ 3,868	\$ 3,504	\$ 3,831
Payable for pension	904	10,025	835
Others	<u>54,681</u>	<u>48,776</u>	<u>39,098</u>
	<u>\$ 185,049</u>	<u>\$ 196,606</u>	<u>\$ 157,405</u> (Concluded)

16. BORROWINGS

a. Short-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	\$ 614,906	\$ 294,300	\$ 417,825
Secured bank loans (Note 26)	<u>621,500</u>	<u>428,811</u>	<u>431,732</u>
	<u>\$ 1,236,406</u>	<u>\$ 723,111</u>	<u>\$ 849,557</u>
Unsecured bank loans annual interest rates (%)	1.15-4.10	1.10-1.87	1.20-4.35
Secured bank loans annual interest rates (%)	1.74-4.48	1.74-4.48	1.74-4.48

b. Short-term bills payable

	September 30, 2021	December 31, 2020	September 30, 2020
Commercial papers China Bills Finance Corporation	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Annual interest rates (%)	1.36	1.40	1.43

c. Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	\$ 500,334	\$ 655,583	\$ 751,334
Secured bank loans (Note 26)	<u>355,555</u>	<u>407,064</u>	<u>414,565</u>
	855,889	1,062,647	1,165,899
Less: Current portion	<u>335,057</u>	<u>381,842</u>	<u>429,177</u>
	<u>\$ 520,832</u>	<u>\$ 680,805</u>	<u>\$ 736,722</u>
Unsecured bank loans annual interest rates (%)	1.34-1.85	1.34-1.81	1.34-1.84
Secured bank loans annual interest rates (%)	1.85	1.85-2.20	1.85-2.20
Unsecured bank loans expiration period	2022.05-2024.05	2021.07-2023.10	2021.01-2023.05
Secured bank loans expiration period	2025.07	2021.02-2025.07	2021.02-2025.07

Under the loan agreements with certain banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of June 30, 2021 and December 31, 2020, the financial ratios of the Group were in compliance with the requirements stated in the loan agreements.

17. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$109 thousand, \$229 thousand, \$327 thousand and \$687 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

18. EQUITY

a. Ordinary shares

	September 30, 2021	December 31, 2020	September 30, 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	September 30, 2021	December 31, 2020	September 30, 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") before amended, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in

accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the 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 stockholders held their regular meeting to resolve the amendments to the Articles on July 27, 2021. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for 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 stockholders' meeting on July 27, 2021 and on June 18, 2020, respectively.

d. Other equity items

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

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ (174,712)	\$ (147,992)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>(7,432)</u>	<u>(51,747)</u>
Balance at September 30	<u>\$ (182,144)</u>	<u>\$ (199,739)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2021	2020
Balance at January 1	\$ (24)	\$ (3,725)
Recognized for the period		
Unrealized gain - equity instruments	434	8,796
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(465)</u>	<u>(9,164)</u>
Balance at September 30	<u>\$ (55)</u>	<u>\$ (4,093)</u>

e. Treasury stock

	For the Nine Months Ended September 30	
	2021	2020
Number of shares at January 1 (In thousand shares)	3,301	-
Increase during the period (In thousand shares)	<u>-</u>	<u>2,090</u>
Number of shares at September 30, (In thousand shares)	<u>3,301</u>	<u>2,090</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.

19. OPERATING REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 1,048,840</u>	<u>\$ 1,006,559</u>	<u>\$ 3,248,709</u>	<u>\$ 2,355,772</u>
a. Contract balances				
	September 30, 2021	December 31, 2020	September 30, 2020	January 1, 2020
Notes receivable	\$ 216,438	\$ 209,405	\$ 177,096	\$ 189,678
Accounts receivable, net	<u>1,110,742</u>	<u>1,105,222</u>	<u>992,202</u>	<u>944,206</u>
	<u>\$ 1,327,180</u>	<u>\$ 1,314,627</u>	<u>\$ 1,169,298</u>	<u>\$ 1,133,884</u>

b. Disaggregation of revenue

Refer to Note 30 for the disaggregation of revenue and revenue of segment information.

20. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax included following items:

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Bank deposits	\$ 847	\$ 3,678	\$ 3,205	\$ 6,374

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Foreign exchange gains (losses), net	\$ 14,639	\$ (23,561)	\$ 11,609	\$ (16,724)
Loss on disposal of property, plant and equipment, net	(2,659)	(2,320)	(7,078)	(4,564)
Gain (loss) on financial instruments at FVTPL, net	505	3,852	(9,575)	(4,631)
Others	(189)	(1,342)	(2,460)	(1,838)
	<u>\$ 12,296</u>	<u>\$ (23,371)</u>	<u>\$ (7,504)</u>	<u>\$ (27,757)</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest expense of borrowings	\$ 11,910	\$ 14,343	\$ 32,654	\$ 37,799
Interest on lease liabilities	3	5	8	16
Less: Amounts included in the cost of qualifying assets	<u>492</u>	<u>497</u>	<u>1,524</u>	<u>1,026</u>
	<u>\$ 11,421</u>	<u>\$ 13,851</u>	<u>\$ 31,138</u>	<u>\$ 36,789</u>
Capitalization rate (%)	1.51-4.68	1.59-5.40	1.47-5.40	1.50-5.40

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Property, plant and equipment	\$ 59,158	\$ 62,081	\$ 180,058	\$ 186,850
Right-of-use assets	649	665	1,950	1,982
Other assets	<u>884</u>	<u>723</u>	<u>2,655</u>	<u>1,992</u>
	<u>\$ 60,691</u>	<u>\$ 63,469</u>	<u>\$ 184,663</u>	<u>\$ 190,824</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
An analysis of depreciation by function				
Operating costs	\$ 51,298	\$ 53,403	\$ 155,682	\$ 160,657
Operating expenses	<u>8,509</u>	<u>9,343</u>	<u>26,326</u>	<u>28,175</u>
	<u>\$ 59,807</u>	<u>\$ 62,746</u>	<u>\$ 182,008</u>	<u>\$ 188,832</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 2	\$ -	\$ 2
Operating expenses	<u>884</u>	<u>721</u>	<u>2,655</u>	<u>1,990</u>
	<u>\$ 884</u>	<u>\$ 723</u>	<u>\$ 2,655</u>	<u>\$ 1,992</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Post-employment benefits (Note 17)				
Defined contribution plans	\$ 6,991	\$ 2,168	\$ 20,680	\$ 7,974
Defined benefit plans	<u>109</u>	<u>229</u>	<u>327</u>	<u>687</u>
	7,100	2,397	21,007	8,661
Short-term employee benefits	<u>125,059</u>	<u>117,568</u>	<u>365,474</u>	<u>329,557</u>
	<u>\$ 132,159</u>	<u>\$ 119,965</u>	<u>\$ 386,481</u>	<u>\$ 338,218</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 89,325	\$ 86,651	\$ 269,184	\$ 242,752
Operating expenses	<u>42,834</u>	<u>33,314</u>	<u>117,297</u>	<u>95,466</u>
	<u>\$ 132,159</u>	<u>\$ 119,965</u>	<u>\$ 386,481</u>	<u>\$ 338,218</u>

f. Employees' compensation and remuneration of directors

According to the amendments to the Articles in July, 2021, the Company accrued compensation of employees and remuneration to directors at the rates no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration to directors. For the years ended December 31, 2020 and 2019, the Company incurred a net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued for those years. The employees' compensation and the remuneration of directors for the nine months ended September 30, 2021 were accrued as follows:

	2021	
	For the Three Months Ended September 30	For the Nine Months Ended September 30
<u>Accrual rate (%)</u>		
Employees' compensation (%)	2.75	3.02
Remuneration to directors (%)	1.61	1.05
<u>Amount</u>		
Employees' compensation	<u>\$ 2,156</u>	<u>\$ 6,666</u>
Remuneration to directors	<u>\$ 1,262</u>	<u>\$ 2,312</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.

21. INCOME TAX

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 38,218	\$ 43,691	\$ 83,869	\$ 96,958
Adjustments for prior periods	<u>-</u>	<u>9,043</u>	<u>(394)</u>	<u>9,043</u>
	<u>38,218</u>	<u>52,734</u>	<u>83,475</u>	<u>106,001</u>
Deferred tax				
In respect of the current period	4,308	(38,240)	53,427	(116,061)
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,772)</u>
	<u>4,308</u>	<u>(38,240)</u>	<u>53,427</u>	<u>(120,833)</u>
	<u>\$ 42,526</u>	<u>\$ 14,494</u>	<u>\$ 136,902</u>	<u>\$ (14,832)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ 69	\$ (3,652)	\$ 65	\$ (3,652)
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	-	2,008	-	-
	<u>\$ 69</u>	<u>\$ (1,644)</u>	<u>\$ 65</u>	<u>\$ (3,652)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Deferred tax				
In respect of the current period				
Translations of foreign operations	\$ (627)	\$ 817	\$ (367)	\$ 1,784
Fair value changes of financial assets at FVTOCI	80	(1,172)	(72)	(3,103)
	<u>\$ (547)</u>	<u>\$ (355)</u>	<u>\$ (439)</u>	<u>\$ (1,319)</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 2020 with the tax authorities.

22. NET PROFIT (LOSS) PER SHARE

Due to the net loss incurred for the nine months ended September 30, 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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Net profit (loss) used in the computation of diluted net profit (loss) per share	<u>\$ 65,320</u>	<u>\$ 11,343</u>	<u>\$ 212,423</u>	<u>\$ (57,783)</u>

Weighted average number of ordinary shares outstanding (in thousands)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Weighted average number of ordinary shares in computation of basic net profit (loss) per share	165,899	168,570	165,899	168,988
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>287</u>	<u>-</u>	<u>287</u>	<u>-</u>
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>166,186</u>	<u>168,570</u>	<u>166,186</u>	<u>168,988</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.

23. 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 16).

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.

24. FINANCIAL INSTRUMENTS

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

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

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

September 30, 2021

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

September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 12,797	\$ -	\$ -	\$ 12,797
Overseas listed shares	<u>27,090</u>	<u>-</u>	<u>-</u>	<u>27,090</u>
	<u>\$ 39,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,887</u>

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2021 and 2020.

c. Categories of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,415,399	\$ 2,366,794	\$ 2,455,038
Financial assets at FVTOCI			
Equity instruments	6,758	33,681	39,887

(Continued)

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	\$ 3,083,863	\$ 2,980,432	\$ 2,963,757 (Concluded)

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 28.

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	For the Nine Months Ended September 30	
	2021	2020
USD	\$ 2,893	\$ 3,306
HKD	582	952

b) Interest rate risk

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Fair value interest rate risk			
Financial assets	\$ 131,629	\$ 142,219	\$ 92,579
Financial liabilities	1,043,541	638,380	681,336
Cash flow interest rate risk			
Financial assets	928,628	895,185	1,179,810
Financial liabilities	1,099,471	1,198,807	1,385,543

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 nine months ended September 30, 2021 and 2020 would decrease/increase \$1,281 thousand and \$1,543 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2021 and 2020 would increase/decrease by \$68 thousand and \$399 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 8.

3) Liquidity risk

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

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

Liquidity risk tables for non-derivative financial liabilities

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

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

a) September 30, 2021

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

b) December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
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>

c) September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Fixed interest rate liabilities	\$ 137,629	\$ 103,696	\$ 351,707	\$ 101,521
Variable interest rate liabilities	37,115	171,046	558,068	653,003
Lease liabilities	-	-	720	720
Financial guarantee contracts	5,591	13,008	1,488	-
Non-interest bearing	<u>482,963</u>	<u>304,421</u>	<u>109,599</u>	<u>-</u>
	<u>\$ 663,298</u>	<u>\$ 592,171</u>	<u>\$ 1,021,582</u>	<u>\$ 755,244</u>

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

e. Transfers of financial assets

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

	September 30, 2021	December 31, 2020	September 30, 2020
Transferred but not derecognized (Note1)	\$ 57,118	\$ 95,591	\$ 51,936
Transferred and derecognized (Note 2)	<u>35,954</u>	<u>52,022</u>	<u>20,087</u>
	<u>\$ 93,072</u>	<u>\$ 147,613</u>	<u>\$ 72,023</u>
Maturity date	2021.10-2022.01	2021.01-2021.05	2020.10-2021.01

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 nine months ended September 30, 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.

25. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and its relationship with the Group

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

b. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 3,575	\$ 2,420	\$ 8,237	\$ 7,571
Post-employment benefits	<u>52</u>	<u>47</u>	<u>106</u>	<u>143</u>
	<u>\$ 3,627</u>	<u>\$ 2,467</u>	<u>\$ 8,343</u>	<u>\$ 7,714</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 and nine months ended September 30, 2021 and 2020 were \$3 thousand, \$5 thousand, \$8 thousand and \$16 thousand, respectively. The balance of lease liabilities as of September 30, 2021, December 31, 2020 and September 30, 2020 were \$717 thousand, \$1,429 thousand and \$1,423 thousand, respectively.

d. Guarantees

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

Guarantor	September 30, 2021	December 31, 2020	September 30, 2020
Su, Tun-Li	\$ 819,736	\$ 772,935	\$ 899,499
Su, Chung-Hong	719,736	738,172	784,924
Su, Bo-Chen	<u>-</u>	<u>62,000</u>	<u>78,000</u>
	<u>\$ 1,539,472</u>	<u>\$ 1,573,107</u>	<u>\$ 1,762,423</u>

26. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

	September 30, 2021	December 31, 2020	September 30, 2020
Property, plant and equipment	\$ 417,694	\$ 557,756	\$ 597,123
Pledged deposits (under other financial assets)	56,866	17,220	16,814
Right-of-use assets	<u>29,425</u>	<u>30,037</u>	<u>30,382</u>
	<u>\$ 503,985</u>	<u>\$ 605,013</u>	<u>\$ 644,319</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of September 30, 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 \$34,507 thousand.
- b. The amount of contracts for the Group's purchases of raw materials was \$65,800 thousand.
- c. Unused letters of credit for purchases of raw materials amounted to \$28,141 thousand.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)		Exchange Rate	NTD (In Thousands)
<u>September 30, 2021</u>				
Financial assets				
Monetary items				
USD	\$ 23,500	27.85	(USD:NTD)	\$ 654,465
USD	19,019	6.4677	(USD:RMB)	529,690
USD	19,740	7.788	(USD:HKD)	549,768
USD	5,546	22,809	(USD:VND)	154,449
HKD	959	3.576	(HKD:NTD)	3,429
HKD	32,436	0.8305	(HKD:RMB)	115,993
HKD	1,225	0.1284	(HKD:USD)	<u>4,382</u>
				<u>\$ 2,012,176</u>
Financial liabilities				
Monetary items				
USD	2,466	27.85	(USD:NTD)	\$ 68,673
USD	4,718	6.4677	(USD:RMB)	131,404
USD	20,406	7.788	(USD:HKD)	568,306
USD	29,826	22,809	(USD:VND)	830,641
HKD	17,932	3.576	(HKD:NTD)	64,125
HKD	423	0.8305	(HKD:RMB)	<u>1,514</u>
				<u>\$ 1,664,663</u>
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	15,589	28.1	(USD:NTD)	\$ 438,038
USD	11,225	6.5046	(USD:RMB)	315,419
USD	12,384	7.7517	(USD:HKD)	347,983
USD	5,261	23,166	(USD:VND)	147,844

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
HKD	\$ 1,036	3.625	(HKD:NTD)	\$ 3,754
HKD	33,079	0.8391	(HKD:RMB)	119,911
HKD	957	0.129	(HKD:USD)	<u>3,470</u>
				<u>\$ 1,376,419</u>
Financial liabilities				
Monetary items				
USD	1,498	28.1	(USD:NTD)	\$ 42,102
USD	4,272	6.5046	(USD:RMB)	120,037
USD	11,383	7.7517	(USD:HKD)	319,848
USD	27,442	23,166	(USD:VND)	771,115
HKD	15,872	3.625	(HKD:NTD)	57,538
HKD	398	0.8391	(HKD:RMB)	<u>1,443</u>
				<u>\$ 1,312,083</u>
<hr/> September 30, 2020 <hr/>				
Financial assets				
Monetary items				
USD	26,966	28.96	(USD:NTD)	\$ 780,923
USD	7,681	6.8141	(USD:RMB)	222,430
USD	9,044	7.7495	(USD:HKD)	261,924
USD	4,356	23,242	(USD:VND)	126,156
HKD	478	3.737	(HKD:NTD)	1,786
HKD	39,572	0.879	(HKD:RMB)	147,879
HKD	956	0.129	(HKD:USD)	<u>3,573</u>
				<u>\$ 1,544,671</u>
Financial liabilities				
Monetary items				
USD	1,343	28.96	(USD:NTD)	\$ 38,903
USD	3,529	6.8141	(USD:RMB)	102,199
USD	7,625	7.7495	(USD:HKD)	220,822
USD	24,134	23,242	(USD:VND)	698,916
HKD	15,267	3.737	(HKD:NTD)	57,054
HKD	273	0.879	(HKD:RMB)	<u>1,021</u>
				<u>\$ 1,118,915</u>
				(Concluded)

For the three months ended September 30, 2021 and 2020 and for the nine months ended September 30, 2021 and 2020, realized and unrealized foreign exchange were net gain \$14,639 thousand, net loss \$23,561 thousand, net gain \$11,609 thousand and net loss \$16,724 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.

29. ADDITIONAL DISCLOSURES

a. Information about significant transactions and b. investees:

1) Financing provided to others: Table 1.

- 2) Endorsement/guarantee provided: None.
 - 3) Marketable securities held: Table 2.
 - 4) Marketable securities acquired or disposed of at cost or price of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 9) Trading in derivative instruments: For the nine months ended September 30, 2021, net loss of futures contracts was \$9,575 thousand.
 - 10) Inter-company business relationship and material transactions and its amount: Table 8.
 - 11) Information on investees: Table 5.
- b. 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: Table 3 and Table 7.
- 3) The amount of property transactions and the amount of the resultant gains or losses: Table 7.
- 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the 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: Table 7 and Table 8.

- c. 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.

30. 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 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:

- These operating segments have similar production and sales processes;
- These operating segments have similar main businesses and products; and
- 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
For the nine months ended September 30, 2021							
Revenue from external customers	\$ 436,609	\$ 1,371,457	\$ 1,439,438	\$ 1,205	\$ -	\$ -	\$ 3,248,709
Inter-segment revenue	<u>192,317</u>	<u>310,946</u>	<u>1,660,067</u>	<u>979,092</u>	<u>-</u>	<u>(3,142,422)</u>	<u>-</u>
Segment revenue	<u>\$ 628,926</u>	<u>\$ 1,682,403</u>	<u>\$ 3,099,505</u>	<u>\$ 980,297</u>	<u>\$ -</u>	<u>\$ (3,142,422)</u>	<u>\$ 3,248,709</u>
Segment income (loss)	<u>\$ (4,863)</u>	<u>\$ 166,094</u>	<u>\$ 167,898</u>	<u>\$ 38,540</u>	<u>\$ (1,064)</u>	<u>\$ 16,397</u>	\$ 383,002
Interest income							3,205
Other income							1,760
Other gains and losses							(7,504)
Finance costs							<u>(31,138)</u>
Consolidated income before income tax							349,325
Income tax							<u>(136,902)</u>
Consolidated net income							<u>\$ 212,423</u>

(Continued)

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>September 30, 2021</u>							
Segment assets	<u>\$ 3,999,251</u>	<u>\$ 1,499,794</u>	<u>\$ 2,857,005</u>	<u>\$ 1,131,887</u>	<u>\$ 59,386</u>	<u>\$(3,965,280)</u>	<u>\$ 5,582,043</u>
Segment liabilities	<u>\$ 1,640,920</u>	<u>\$ 469,775</u>	<u>\$ 1,478,570</u>	<u>\$ 853,212</u>	<u>\$ 25,170</u>	<u>\$(1,243,935)</u>	<u>\$ 3,223,712</u>
<u>For the nine months ended September 30, 2020</u>							
Revenue from external customers	\$ 312,344	\$ 966,494	\$ 1,075,040	\$ 1,894	\$ -	\$ -	\$ 2,355,772
Inter-segment revenues	<u>84,381</u>	<u>359,271</u>	<u>1,039,775</u>	<u>497,763</u>	<u>111,347</u>	<u>(2,092,537)</u>	<u>-</u>
Segment revenues	<u>\$ 396,725</u>	<u>\$ 1,325,765</u>	<u>\$ 2,114,815</u>	<u>\$ 499,657</u>	<u>\$ 111,347</u>	<u>\$(2,092,537)</u>	<u>\$ 2,355,772</u>
Segment income (loss)	<u>\$ (33,998)</u>	<u>\$ (30,942)</u>	<u>\$ 20,600</u>	<u>\$ (16,257)</u>	<u>\$ (1,071)</u>	<u>\$ 39,996</u>	\$ (21,672)
Interest income							6,374
Other income							7,229
Other gains and losses							(27,757)
Finance costs							<u>(36,789)</u>
Consolidated loss before income tax							(72,615)
Income tax							<u>14,832</u>
Consolidated net loss							<u>\$ (57,783)</u>
<u>September 30, 2020</u>							
Segment assets	<u>\$ 3,802,423</u>	<u>\$ 1,270,324</u>	<u>\$ 2,460,262</u>	<u>\$ 942,329</u>	<u>\$ 134,540</u>	<u>\$(3,454,912)</u>	<u>\$ 5,154,966</u>
Segment liabilities	<u>\$ 1,681,190</u>	<u>\$ 381,891</u>	<u>\$ 1,228,483</u>	<u>\$ 718,107</u>	<u>\$ 76,371</u>	<u>\$(1,052,309)</u>	<u>\$ 3,033,733</u>

(Concluded)

TABLE 1**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 292,425	\$ 264,575	1.8-2.3	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 471,666	\$ 943,332	Note 1
0	The Company	Vibo	Other receivables - related parties	Yes	71,325	-	-	-	Short-term financing	-	Business development	-	-	-	471,666	943,332	Note 1
0	The Company	GEM Suzhou	Other receivables - related parties	Yes	85,590	83,550	-	-	Short-term financing	-	Business development	-	-	-	471,666	943,332	Note 1
0	The Company	Global HK	Other receivables - related parties	Yes	139,800	139,250	139,250	1.87	Short-term financing	-	Business development	-	-	-	471,666	943,332	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	98,350	27,850	27,850	2.3	Short-term financing	-	Business development	-	-	-	453,404	906,809	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\$27.85.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	15,000	\$ 960	-	\$ 960	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTOCI - current	4,000	2,320	-	2,320	
	China Airlines Ltd.	-	Financial assets at FVTOCI - current	20,000	344	-	344	
	EVA Airways Corporation	-	Financial assets at FVTOCI - current	20,000	378	-	378	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	767	-	767	
	Cathay Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	579	-	579	
					<u>5,348</u>		<u>5,348</u>	
GEM Suzhou	<u>Stock</u>							
	Guangzhou Baiyunshan Pharmaceutical Holding Co., Ltd.	-	Financial assets at FVTOCI - current	11,000	1,410	-	1,410	
					<u>\$ 6,758</u>		<u>\$ 6,758</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Gem VN	Subsidiary	Sales	\$ 130,805	21	120 days after monthly closing	Note 1	Note 2	\$ 60,603	24	Note 3
GEM Suzhou	GEM Dongguan	Affiliate	Sales	814,092	26	120 days after monthly closing	Note 1	Note 2	168,483	16	Note 3
	Global HK	Affiliate	Sales	862,184	28	120 days after monthly closing	Note 1	Note 2	333,219	31	Note 3
GEM VN	Genius HK	Affiliate	Sales	590,532	60	120 days after monthly closing	Note 1	Note 2	55,553	51	Note 3
	Global HK	Affiliate	Sales	346,204	35	120 days after monthly closing	Note 1	Note 2	31,569	29	Note 3
Genius HK	The Company	Subsidiary	Sales	128,428	11	120 days after monthly closing	Note 1	Note 2	50,476	18	Note 3
	GEM Dongguan	Affiliate	Sales	597,597	53	120 days after monthly closing	Note 1	Note 2	89,247	33	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	515,548	31	120 days after monthly closing	Note 1	Note 2	81,701	15	Note 3
	GEM Suzhou	Affiliate	Sales	173,282	10	120 days after monthly closing	Note 1	Note 2	68,563	12	Note 3
Global HK	The Company	Subsidiary	Sales	118,767	9	120 days after monthly closing	Note 1	Note 2	47,217	13	Note 3
	Gem Suzhou	Affiliate	Sales	370,874	29	120 days after monthly closing	Note 1	Note 2	31,651	8	Note 3
	GEM VN	Affiliate	Sales	727,171	58	120 days after monthly closing	Note 1	Note 2	276,050	73	Note 3

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

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

SEPTEMBER 30, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Genius HK	Subsidiary	\$ 140,691	1.41	\$ -	-	\$ -	\$ -
	GEM VN	Subsidiary	327,045	3.45	-	-	80,689	-
GEM Suzhou	GEM Dongguan	Affiliate	169,241	6.37	-	-	85,362	-
	Global HK	Affiliate	344,328	5.85	-	-	124,375	-
Genius HK	GEM VN	Affiliate	276,050	7.02	-	-	106,817	-

Note 1: It included accounts receivable and other receivables.

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2021	December 31, 2020	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,195,880	\$ 195,188	\$ 194,798	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	274,562	48,116	47,966	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading	23,282	23,282	750,000	100	98,300	6,731	6,731	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	92,099	6,745	6,804	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,267,031	195,266	195,266	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,180	(9)	122	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	282,344	44,556	48,344	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2021	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Notes 1 and 3)	Carrying Amount as of September 30, 2021 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of September 30, 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.	\$ 729,702	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 370,489	\$ -	\$ -	\$ 370,489	\$ 109,981	100	\$ 114,824	\$ 911,643	\$ 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.	1,079,392	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	56,788	-	-	56,788	113,681	100	99,943	1,349,616	684,532	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 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	\$1,579,095 (US\$56,700 thousand)	\$1,414,999

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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 56,099	120 days after monthly closing	No significant difference with those to third parties	\$ 10,502	4	\$ 10,516	
		Purchase	37	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
		Disposal of property, plant, and equipment	8,010	120 days after monthly closing	No comparable transactions with those in the market	-	-	4,346	
	GEM Dongguan	Sales	4,749	120 days after monthly closing	No significant difference with those to third parties	1,514	1	800	
		Purchase	54	120 days after monthly closing	No significant difference with those to third parties	-	-	20	
Global HK	GEM Suzhou	Sales	370,874	120 days after monthly closing	No significant difference with those to third parties	31,651	8	3,127	
		Purchase	862,184	120 days after monthly closing	No significant difference with those to third parties	(333,219)	31	(484)	
		Purchase of property plant, and equipment	24,813	120 days after monthly closing	No comparable transactions with those in the market	(11,109)	93	343	
Genius HK	GEM Dongguan	Sales	597,597	120 days after monthly closing	No significant difference with those to third parties	89,247	33	4,957	
		Purchase	515,548	120 days after monthly closing	No significant difference with those to third parties	(81,701)	15	20	
		Purchase of property plant, and equipment	9,083	120 days after monthly closing	No comparable transactions with those in the market	(1,788)	49	312	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 22,459	Payment term of 4 months	1
		GEM Suzhou	1	Sales	56,099	Payment term of 4 months	2
		GEM Suzhou	1	Accounts receivable	10,502	Payment term of 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	8,010	Payment term of 4 months	-
		GEM VN	1	Sales	130,805	Payment term of 4 months	4
		GEM VN	1	Accounts receivable	60,603	Payment term of 4 months	1
		GEM VN	1	Disposal of property, plant and equipment	6,038	Payment term of 4 months	-
		GEM VN	1	Interest income	3,471	Annual Interest rates are 1.8%-3.2%	-
		GEM VN	1	Other receivables	266,442	According to working, capital conditions to change payment deeding	5
		Vibo	1	Interest income	253	Annual Interest rate is 1.9%	-
		GEM Dongguan	1	Sales	4,749	Payment term of 4 months	-
		GEM Dongguan	1	Accounts receivable	1,514	Payment term of 4 months	-
		Genius HK	1	Sales	664	Payment term of 4 months	-
		Genius HK	1	Accounts receivable	671	Payment term of 4 months	-
		Genius HK	1	Interest income	770	Annual Interest rate is 1.87%	-
		Genius HK	1	Other receivables	140,020	According to working, capital conditions to change payment deeding	3
		1	GEM Dongguan	The Company	2	Sales	54
Genius HK	3			Sales	515,548	Payment term of 4 months	16
Genius HK	3			Accounts receivable	81,701	Payment term of 4 months	1
Genius HK	3			Disposal of property, plant and equipment	9,083	Payment term of 4 months	-
Genius HK	3			Other income	66	Payment term of 4 months	-
Genius HK	3			Other receivables	1,788	Payment term of 4 months	-
GEM Suzhou	3			Sales	173,282	Payment term of 4 months	5
GEM Suzhou	3			Accounts receivable	68,563	Payment term of 4 months	1
GEM Suzhou	3			Disposal of property, plant and equipment	1,631	Payment term of 4 months	-
GEM Suzhou	3			Other income	49	Payment term of 4 months	-
GEM Suzhou	3			Other receivables	1,848	Payment term of 4 months	-
2	Genius HK			The Company	2	Sales	128,428
		The Company	2	Accounts receivable	50,476	Payment term of 4 months	1
		The Company	2	Other receivables	13,649	Payment term of 4 months	-
		GEM Dongguan	3	Sales	597,597	Payment term of 4 months	18
		GEM Dongguan	3	Accounts receivable	89,247	Payment term of 4 months	2
		GEM Dongguan	3	Other receivables	388	Payment term of 4 months	-
		GEM VN	3	Sales	9,182	Payment term of 4 months	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
3	Global HK	The Company	2	Sales	\$ 118,767	Payment term of 4 months	4
		The Company	2	Accounts receivable	42,217	Payment term of 4 months	1
		GEM VN	3	Sales	727,171	Payment term of 4 months	22
		GEM VN	3	Accounts receivable	276,050	Payment term of 4 months	5
		GEM Suzhou	3	Sales	370,874	Payment term of 4 months	11
		GEM Suzhou	3	Accounts receivable	31,651	Payment term of 4 months	1
4	GEM Suzhou	The Company	2	Sales	37	Payment term of 4 months	-
		Global HK	3	Sales	862,184	Payment term of 4 months	27
		Global HK	3	Accounts receivable	333,219	Payment term of 4 months	6
		Global HK	3	Other income	666	Payment term of 4 months	-
		Global HK	3	Disposal of property, plant and equipment	24,813	Payment term of 4 months	1
		Global HK	3	Other receivables	11,109	Payment term of 4 months	-
		GEM Dongguan	3	Sales	814,092	Payment term of 4 months	25
		GEM Dongguan	3	Accounts receivable	168,483	Payment term of 4 months	3
		GEM Dongguan	3	Disposal of property, plant and equipment	671	Payment term of 4 months	-
		GEM Dongguan	3	Other receivables	758	Payment term of 4 months	-
5	Vibo	GEM VN	3	Interest income	837	Annual Interest rate are 2.25%-2.8%	-
		GEM VN	3	Other receivables	28,064	According to working, capital conditions to change payment deeding	1
6	GEM VN	The Company	2	Sales	42,356	Payment term of 4 months	1
		The Company	2	Accounts receivable	21,090	Payment term of 4 months	-
		Genius HK	3	Sales	590,532	Payment term of 4 months	18
		Genius HK	3	Accounts receivable	55,553	Payment term of 4 months	1
		Global HK	3	Sales	346,204	Payment term of 4 months	11
		Global HK	3	Accounts receivable	31,569	Payment term of 4 months	1

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary.

2) Subsidiary to parent.

3) Subsidiary to subsidiary.

TABLE 9**GEM TERMINAL IND. CO., LTD.****INFORMATION OF MAJOR STOCKHOLDERS
SEPTEMBER 30, 2021**

Name of The Major Stockholder	Shares	
	Number of Shares	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.