

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023 and 2022, its consolidated financial performance for the three months ended June 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 9, 2023

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)

	June 30, 2023 (Reviewed)		December 31, 2022 (Audited)		June 30, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 933,637	21	\$ 1,175,042	24	\$ 1,261,349	23
Financial assets at fair value through profit or loss - current (Note 7)	9,854	-	-	-	-	-
Financial assets at fair value through other comprehensive income - current (Note 8)	11,436	-	620	-	523	-
Notes receivable (Note 9)	135,182	3	104,649	2	193,875	4
Accounts receivable, net (Note 9)	607,998	14	695,020	14	841,580	16
Other receivables	974	-	2,736	-	2,413	-
Current tax assets	1,937	-	18,442	-	1,707	-
Inventories (Note 10)	682,503	15	843,020	18	1,185,893	22
Other financial assets - current (Notes 11 and 27)	30,674	1	22,039	1	21,429	-
Other current assets	71,328	2	71,032	2	92,192	2
Total current assets	2,485,523	56	2,932,600	61	3,600,961	67
NONCURRENT ASSETS						
Property, plant and equipment (Notes 13, 26 and 27)	1,656,920	37	1,676,817	35	1,567,829	29
Right-of-use assets (Notes 14 and 27)	66,961	2	68,866	1	69,364	1
Deferred tax assets	164,295	4	120,614	3	100,957	2
Prepayments for equipment	39,513	1	6,076	-	-	-
Net defined benefit assets - noncurrent	1,196	-	408	-	-	-
Other financial assets - noncurrent (Note 11)	6,883	-	7,004	-	7,020	-
Other noncurrent assets (Note 26)	5,583	-	7,231	-	36,652	1
Total noncurrent assets	1,941,351	44	1,887,016	39	1,781,822	33
TOTAL	\$ 4,426,874	100	\$ 4,819,616	100	\$ 5,382,783	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 459,204	10	\$ 798,393	17	\$ 1,274,380	24
Short-term bills payable (Note 17)	10,000	-	-	-	-	-
Notes payable (Note 15)	274,987	6	220,700	5	232,722	4
Accounts payable (Note 15)	204,404	5	207,815	4	266,725	5
Dividends payable (Note 19)	-	-	-	-	49,770	1
Other payables (Note 16)	148,226	3	142,336	3	155,095	3
Current tax liabilities	-	-	-	-	14,140	-
Lease liabilities - current (Note 14)	856	-	764	-	1,393	-
Long-term borrowings - current portion (Note 17)	349,030	8	334,433	7	298,057	6
Other current liabilities	18,531	1	16,724	-	26,758	-
Total current liabilities	1,465,238	33	1,721,165	36	2,319,040	43
NONCURRENT LIABILITIES						
Long-term borrowings (Note 17)	742,851	17	747,716	15	565,220	11
Deferred tax liabilities	28,427	1	35,995	1	68,968	1
Lease liabilities - noncurrent (Note 14)	585	-	1,048	-	1,118	-
Net defined benefit liabilities (Note 4)	-	-	-	-	1,331	-
Total noncurrent liabilities	771,863	18	784,759	16	636,637	12
Total liabilities	2,237,101	51	2,505,924	52	2,955,677	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Ordinary shares	1,692,000	38	1,692,000	35	1,692,000	32
Capital surplus	271,315	6	271,315	6	271,315	5
Retained earnings						
Legal reserve	364,825	9	364,825	8	364,825	7
Special reserve	97,816	2	159,585	3	159,585	3
Unappropriated earnings (accumulated deficit)	(40,068)	(1)	(33,158)	(1)	72,691	1
Total retained earnings	422,573	10	491,252	10	597,101	11
Other equity	(153,056)	(4)	(97,816)	(2)	(90,251)	(2)
Treasury shares	(43,059)	(1)	(43,059)	(1)	(43,059)	(1)
Total equity	2,189,773	49	2,313,692	48	2,427,106	45
TOTAL	\$ 4,426,874	100	\$ 4,819,616	100	\$ 5,382,783	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 June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20)	\$ 562,819	100	\$ 809,716	100	\$ 1,126,715	100	\$ 1,650,361	100
OPERATING COSTS (Notes 10 and 21)	558,858	99	768,777	95	1,101,043	98	1,517,717	92
GROSS PROFIT	3,961	1	40,939	5	25,672	2	132,644	8
OPERATING EXPENSES (Note 21)								
Marketing	28,047	5	34,721	4	52,845	5	64,270	4
General and administrative	51,103	9	50,926	6	99,680	9	99,591	6
Research and development	2,780	1	4,337	1	5,779	-	8,042	-
Expected credit loss (reversed) (Note 9)	43	-	(1,430)	-	(394)	-	(533)	-
Total operating expenses	81,973	15	88,554	11	157,910	14	171,370	10
LOSS FROM OPERATIONS	(78,012)	(14)	(47,615)	(6)	(132,238)	(12)	(38,726)	(2)
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	4,785	1	980	-	7,975	1	1,657	-
Other income	1,719	1	1,480	-	3,090	-	2,932	-
Other gains and losses	24,056	4	49,162	6	18,027	2	59,837	4
Finance costs	(10,186)	(2)	(12,579)	(1)	(20,129)	(2)	(24,293)	(2)
Total non-operating income and expenses	20,374	4	39,043	5	8,963	1	40,133	2
PROFIT (LOSS) BEFORE INCOME TAX	(57,638)	(10)	(8,572)	(1)	(123,275)	(11)	1,407	-
INCOME TAX BENEFIT (Notes 4 and 22)	(27,405)	(5)	(5,571)	(1)	(54,501)	(5)	(1,269)	-
NET PROFIT (LOSS)	(30,233)	(5)	(3,001)	-	(68,774)	(6)	2,676	-
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	529	-	(2,066)	-	537	-	(2,419)	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 16	-	\$ 49	-	4	-	\$ 131	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(63,106)	(11)	(27,049)	(4)	(54,440)	(5)	73,552	4
Income tax relating to items that may be reclassified subsequently to profit or loss	(1,592)	(1)	(1,136)	-	(1,246)	-	(2,890)	-
Other comprehensive income (loss) for the period, net of income tax	(64,153)	(12)	(30,202)	(4)	(55,145)	(5)	68,374	4
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (94,386)</u>	<u>(17)</u>	<u>\$ (33,203)</u>	<u>(4)</u>	<u>\$ (123,919)</u>	<u>(11)</u>	<u>\$ 71,050</u>	<u>4</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ (30,233)</u>	<u>(5)</u>	<u>\$ (3,001)</u>	<u>-</u>	<u>\$ (68,774)</u>	<u>(6)</u>	<u>\$ 2,676</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ (94,386)</u>	<u>(17)</u>	<u>\$ (33,203)</u>	<u>(4)</u>	<u>\$ (123,919)</u>	<u>(11)</u>	<u>\$ 71,050</u>	<u>4</u>
EARNINGS (NET LOSS) PER SHARE (Note 23)								
Basic	<u>\$ (0.18)</u>		<u>\$ (0.02)</u>		<u>\$ (0.41)</u>		<u>\$ 0.02</u>	
Diluted	<u>\$ (0.18)</u>		<u>\$ (0.02)</u>		<u>\$ (0.41)</u>		<u>\$ 0.02</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					
	Ordinary Shares	Capital Surplus	Retained Earnings			Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)							
BALANCE AT JANUARY 1, 2023	\$ 1,692,000	\$ 271,315	\$ 364,825	\$ 159,585	\$ (33,158)	\$ 491,252	\$ (29)	\$ (102,745)	\$ 4,958	\$ (97,816)	\$ (43,059)	\$ 2,313,692
Appropriation of 2022 earnings	-	-	-	(61,769)	61,769	-	-	-	-	-	-	-
Special reserve	-	-	-	(61,769)	61,769	-	-	-	-	-	-	-
Net loss for the six months ended June 30, 2023	-	-	-	-	(68,774)	(68,774)	-	-	-	-	-	(68,774)
Other comprehensive income for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	541	(55,686)	-	(55,145)	-	(55,145)
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	(68,774)	(68,774)	541	(55,686)	-	(55,145)	-	(123,919)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	95	95	(95)	-	-	(95)	-	-
BALANCE AT JUNE 30, 2023	\$ 1,692,000	\$ 271,315	\$ 364,825	\$ 97,816	\$ (40,068)	\$ 422,573	\$ 417	\$ (158,431)	\$ 4,958	\$ (153,056)	\$ (43,059)	\$ 2,189,773
BALANCE AT JANUARY 1, 2022	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 216,553	\$ 645,155	\$ 1,303	\$ (165,045)	\$ 4,157	\$ (159,585)	\$ (43,059)	\$ 2,405,826
Appropriation of 2021 earnings	-	-	21,655	-	(21,655)	-	-	-	-	-	-	-
Legal reserve	-	-	21,655	-	(21,655)	-	-	-	-	-	-	-
Special reserve	-	-	-	74,153	(74,153)	-	-	-	-	-	-	-
Cash dividend	-	-	-	-	(49,770)	(49,770)	-	-	-	-	-	(49,770)
	-	-	21,655	74,153	(145,578)	(49,770)	-	-	-	-	-	(49,770)
Net profit for the six months ended June 30, 2022	-	-	-	-	2,676	2,676	-	-	-	-	-	2,676
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	(2,288)	70,662	-	68,374	-	68,374
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	2,676	2,676	(2,288)	70,662	-	68,374	-	71,050
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(960)	(960)	960	-	-	960	-	-
BALANCE AT JUNE 30, 2022	\$ 1,692,000	\$ 271,315	\$ 364,825	\$ 159,585	\$ 72,691	\$ 597,101	\$ (25)	\$ (94,383)	\$ 4,157	\$ (90,251)	\$ (43,059)	\$ 2,427,106

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)

	Six Months Ended June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before income tax	\$ (123,275)	\$ 1,407
Adjustments for:		
Depreciation expense	118,451	124,698
Amortization expense	1,742	1,995
Expected credit loss reversed	(394)	(533)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,245)	3,173
Finance costs	20,129	24,293
Interest income	(7,975)	(1,657)
Dividend income	(244)	(55)
Net loss on disposal of property, plant and equipment	1,668	2,722
Write-down of inventories	508	43,857
Other non-cash items	3,109	5,257
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	59	-
Notes receivable	(30,533)	(5,202)
Accounts receivable	87,633	289,468
Other receivables	2,082	861
Inventories	161,572	(2,414)
Other current assets	(296)	(6,464)
Financial liabilities held for trading	-	(3,187)
Notes payable	54,287	(26,944)
Accounts payable	(3,411)	(163,632)
Other payables	(332)	(36,495)
Other current liabilities	1,397	9,822
Net defined benefit liabilities	(788)	(9,081)
Cash generated from operations	284,144	251,889
Interest received	7,655	1,645
Income tax received (paid)	15,830	(22,613)
Net cash generated from operating activities	<u>307,629</u>	<u>230,921</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(19,599)	(24,614)
Proceeds from sale of financial assets at fair value through other comprehensive income	9,230	36,388
Purchase of financial assets at fair value through profit or loss	(29,306)	-
Proceeds from sale of financial assets at fair value through profit or loss	20,638	-
Payments for property, plant and equipment	(164,577)	(105,138)

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 1,441	\$ 152
Decrease (increase) in other financial assets	(8,514)	25,809
Increase in other noncurrent assets	(273)	(727)
Dividend received	<u>244</u>	<u>55</u>
Net cash used in investing activities	<u>(190,716)</u>	<u>(68,075)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	723,609	1,489,117
Decrease in short-term borrowings	(1,065,788)	(1,572,660)
Increase in short-term bills payable	10,000	150,000
Decrease in short-term bills payable	-	(200,000)
Increase in long-term borrowings	201,000	280,000
Repayment of long-term borrowings	(191,268)	(257,528)
Repayment of the principal portion of lease liabilities	(371)	(292)
Interest paid	<u>(22,874)</u>	<u>(25,105)</u>
Net cash used in financing activities	<u>(345,692)</u>	<u>(136,468)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(12,626)</u>	<u>49,781</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(241,405)	76,159
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,175,042</u>	<u>1,185,190</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 933,637</u>	<u>\$ 1,261,349</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on August 9, 2023.

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024
Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

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

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

Note 3: The requirement that the Group applies the exception and the requirement to disclose that fact is applied immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are applied for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIEY INFORMATION

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, 2022.

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

d. Other material 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, 2022.

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) Income tax expense

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting estimation, management is required to make judgments, estimations and assumptions, please refer to the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 2,387	\$ 2,313	\$ 2,803
Checking accounts and demand deposits	651,631	841,239	995,826
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>279,619</u>	<u>331,490</u>	<u>262,720</u>
	<u>\$ 933,637</u>	<u>\$ 1,175,042</u>	<u>\$ 1,261,349</u>

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

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits (%)	1.17-5.30	0.95-4.65	0.48-1.60

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

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	June 30, 2023	December 31, 2022	June 30, 2022
<hr/> <u>Financial assets - current</u>			
Mandatorily classified as at fair value			
Non-derivative financial assets			
Gold Passbook	\$ 9,854	\$ -	\$ -

8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 9,272	\$ 620	\$ -
Overseas listed shares	<u>2,164</u>	<u>-</u>	<u>523</u>
	<u>\$ 11,436</u>	<u>\$ 620</u>	<u>\$ 523</u>

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

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2023	December 31, 2022	June 30, 2022
<hr/> <u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 135,182</u>	<u>\$ 104,649</u>	<u>\$ 193,875</u>
<hr/> <u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 617,042	\$ 704,675	\$ 851,991
Less: Allowance for impairment loss	<u>9,044</u>	<u>9,655</u>	<u>10,411</u>
	<u>\$ 607,998</u>	<u>\$ 695,020</u>	<u>\$ 841,580</u>

a. Notes and accounts receivable

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

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

well as the industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

June 30, 2023

	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	2-20	20-60	100	
Gross carrying amount	\$ 723,758	\$ 23,002	\$ 624	\$ 4,840	\$ 752,224
Loss allowance (Lifetime ECLs)	<u>(2,627)</u>	<u>(1,351)</u>	<u>(226)</u>	<u>(4,840)</u>	<u>(9,044)</u>
Amortized cost	<u>\$ 721,131</u>	<u>\$ 21,651</u>	<u>\$ 398</u>	<u>\$ -</u>	<u>\$ 743,180</u>

December 31, 2022

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-60	70-100	
Gross carrying amount	\$ 773,088	\$ 30,846	\$ 421	\$ 4,969	\$ 809,324
Loss allowance (Lifetime ECLs)	<u>(3,003)</u>	<u>(1,594)</u>	<u>(116)</u>	<u>(4,942)</u>	<u>(9,655)</u>
Amortized cost	<u>\$ 770,085</u>	<u>\$ 29,252</u>	<u>\$ 305</u>	<u>\$ 27</u>	<u>\$ 799,669</u>

June 30, 2022

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

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ 9,655	\$ 10,692
Loss allowance reversed	(394)	(533)
Foreign exchange gains and losses	<u>(217)</u>	<u>252</u>
Balance at June 30	<u>\$ 9,044</u>	<u>\$ 10,411</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Group A	<u>\$ 94,355</u>	<u>\$ 116,532</u>	<u>\$ 121,518</u>

10. INVENTORIES

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	\$ 200,130	\$ 315,409	\$ 477,328
Work in process	162,648	176,954	148,799
Raw materials	219,040	265,805	473,360
Supplies	<u>100,685</u>	<u>84,852</u>	<u>86,406</u>
	<u>\$ 682,503</u>	<u>\$ 843,020</u>	<u>\$ 1,185,893</u>

All operating costs recognized for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were the cost of inventories, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Write-down of inventories	\$ 508	\$ 43,857	\$ 508	\$ 43,857
Recognition (reversal) of provisions	299	(236)	416	436
Others	<u>(9)</u>	<u>93</u>	<u>(14)</u>	<u>16</u>
	<u>\$ 798</u>	<u>\$ 43,714</u>	<u>\$ 910</u>	<u>\$ 44,309</u>

11. OTHER FINANCIAL ASSETS

	June 30, 2023	December 31, 2022	June 30, 2022
Pledged time deposits	\$ 6,453	\$ 10,470	\$ 8,765
Refundable deposits	<u>31,104</u>	<u>18,573</u>	<u>19,684</u>
	<u>\$ 37,557</u>	<u>\$ 29,043</u>	<u>\$ 28,449</u>

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ 30,674	\$ 22,039	\$ 21,429
Noncurrent	<u>6,883</u>	<u>7,004</u>	<u>7,020</u>
	<u>\$ 37,557</u>	<u>\$ 29,043</u>	<u>\$ 28,449</u> (Concluded)

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

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits (%)	1.35-6.20	1.35-4.80	1.35-4.80

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

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

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 4	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	Note 3	100	100	100

Note 1: International investment.

Note 2: International trading.

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

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

13. PROPERTY, PLANT, AND EQUIPMENT

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

Six months ended June 30, 2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 245,920	\$ 1,056,899	\$ 1,758,251	\$ 49,319	\$ 764,823	\$ 158,801	\$ 4,034,013
Additions	-	9,368	53,413	965	33,324	43,037	140,107
Disposal	-	(7,067)	(105,139)	(3,055)	(25,596)	-	(140,857)
Effect of foreign currency exchange differences	-	(14,824)	(63,485)	(510)	(11,489)	(1,296)	(91,604)
Balance at June 30, 2023	<u>\$ 245,920</u>	<u>\$ 1,044,376</u>	<u>\$ 1,643,040</u>	<u>\$ 46,719</u>	<u>\$ 761,062</u>	<u>\$ 200,542</u>	<u>\$ 3,941,659</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ (623,773)	\$ (1,182,170)	\$ (31,190)	\$ (520,063)	\$ -	\$ (2,357,196)
Depreciation expenses	-	(20,559)	(53,718)	(1,849)	(40,932)	-	(117,058)
Disposal	-	5,721	103,882	2,970	25,175	-	137,748
Effect of foreign currency exchange differences	-	12,846	30,026	352	8,543	-	51,767
Balance at June 30, 2023	<u>\$ -</u>	<u>\$ (625,765)</u>	<u>\$ (1,101,980)</u>	<u>\$ (29,717)</u>	<u>\$ (527,277)</u>	<u>\$ -</u>	<u>\$ (2,284,739)</u>
Carrying amounts at December 31, 2022 and January 1, 2023	<u>\$ 245,920</u>	<u>\$ 433,126</u>	<u>\$ 576,081</u>	<u>\$ 18,129</u>	<u>\$ 244,760</u>	<u>\$ 158,801</u>	<u>\$ 1,676,817</u>
Carrying amounts at June 30, 2023	<u>\$ 245,920</u>	<u>\$ 418,611</u>	<u>\$ 541,060</u>	<u>\$ 17,002</u>	<u>\$ 233,785</u>	<u>\$ 200,542</u>	<u>\$ 1,656,920</u>

Six months ended June 30, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 146,218	\$ 1,027,855	\$ 1,670,589	\$ 49,197	\$ 766,301	\$ 64,137	\$ 3,724,297
Additions	-	465	23,377	1,150	20,445	28,975	74,412
Disposal	-	(1,369)	(21,745)	(693)	(41,124)	-	(64,931)
Effect of foreign currency exchange differences	-	26,719	73,699	823	22,129	8,780	132,150
Balance at June 30, 2022	<u>\$ 146,218</u>	<u>\$ 1,053,670</u>	<u>\$ 1,745,920</u>	<u>\$ 50,477</u>	<u>\$ 767,751</u>	<u>\$ 101,892</u>	<u>\$ 3,865,928</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ (575,359)	\$ (1,050,483)	\$ (33,910)	\$ (496,251)	\$ -	\$ (2,156,003)
Depreciation expenses	-	(20,486)	(57,544)	(1,387)	(43,942)	-	(123,359)
Disposal	-	1,362	19,741	691	40,263	-	62,057
Effect of foreign currency exchange differences	-	(11,422)	(54,755)	(619)	(13,998)	-	(80,794)
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ (605,905)</u>	<u>\$ (1,143,041)</u>	<u>\$ (35,225)</u>	<u>\$ (513,928)</u>	<u>\$ -</u>	<u>\$ (2,298,099)</u>
Carrying amounts at June 30, 2022	<u>\$ 146,218</u>	<u>\$ 447,765</u>	<u>\$ 602,879</u>	<u>\$ 15,252</u>	<u>\$ 253,823</u>	<u>\$ 101,892</u>	<u>\$ 1,567,829</u>

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

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

Buildings

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

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

- e. Reconciliation of additions and the cash paid stated in the statements of cash flows was follows:

	For the Six Months Ended June 30	
	2023	2022
Additions to property, plant and equipment	\$ 140,107	\$ 74,412
Capitalized interest	(2,495)	(1,028)
Increase in prepayments for equipment	33,437	-
Decrease (increase) in payables for purchase of equipment	(6,472)	1,754
Increase in prepayment for land (under other noncurrent assets)	<u>-</u>	<u>30,000</u>
Cash paid	<u>\$ 164,577</u>	<u>\$ 105,138</u>

14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022	
Carrying amount				
Land	\$ 62,707	\$ 64,257	\$ 64,412	
Buildings	3,287	3,280	3,260	
Transportation equipment	<u>967</u>	<u>1,329</u>	<u>1,692</u>	
	<u>\$ 66,961</u>	<u>\$ 68,866</u>	<u>\$ 69,364</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Depreciation charge for right-of-use assets				
Land	\$ 497	\$ 478	\$ 994	\$ 941
Buildings	19	18	37	36
Transport equipment	<u>180</u>	<u>180</u>	<u>362</u>	<u>362</u>
	<u>\$ 696</u>	<u>\$ 676</u>	<u>\$ 1,393</u>	<u>\$ 1,339</u>

b. Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount			
Current	<u>\$ 856</u>	<u>\$ 764</u>	<u>\$ 1,393</u>
Noncurrent	<u>\$ 585</u>	<u>\$ 1,048</u>	<u>\$ 1,118</u>
Range of discount rate for lease liabilities (%)			
Land	2.07	2.07	-
Buildings	-	-	1.59
Transportation equipment	1.57	1.57	1.57

c. Material leasing activities and terms

The subsidiaries lease land and buildings for the use as plants, office and employee dormitory with lease terms of 35 to 50 years, which will expire from December 2046 to December 2066 in a row. The Group does not have bargain purchase options to acquire the leasehold land and buildings or extension options at the end of the lease terms. As of June 30, 2023, the Group is in the process of obtaining the land use right certificate of a partial land lease of \$8,450 thousand.

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

e. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term leases	<u>\$ 291</u>	<u>\$ 279</u>	<u>\$ 582</u>	<u>\$ 502</u>
Expenses relating to low-value assets leases	<u>\$ 7</u>	<u>\$ 51</u>	<u>\$ 34</u>	<u>\$ 86</u>
Total cash outflow for leases			<u>\$ 1,153</u>	<u>\$ 1,065</u>

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

16. OTHER PAYABLES

	June 30, 2023	December 31, 2022	June 30, 2022
Payable for salaries and bonuses	\$ 32,480	\$ 39,010	\$ 36,786
Payable for purchase of equipment	44,333	37,861	35,056
Payable for freight	11,727	11,926	12,717
Payable for service fees	6,262	7,927	8,461
Payable for utilities fees	4,606	3,875	4,880
Payable for processing fees	3,931	2,960	2,161
Payable for taxes	3,740	1,718	3,051
Payable for pension	836	852	912
Payable for employees' compensation and remuneration to directors	-	-	13,055
Others	<u>40,311</u>	<u>36,207</u>	<u>38,016</u>
	<u>\$ 148,226</u>	<u>\$ 142,336</u>	<u>\$ 155,095</u>

17. BORROWINGS

a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ 384,080	\$ 596,196	\$ 900,564
Secured bank loans (Note 27)	<u>75,124</u>	<u>202,197</u>	<u>373,816</u>
	<u>\$ 459,204</u>	<u>\$ 798,393</u>	<u>\$ 1,274,380</u>
Unsecured bank loans annual interest rates (%)	2.05-5.70	1.80-3.30	1.25-4.10
Secured bank loans annual interest rates (%)	3.00-5.99	2.20-4.53	2.12-4.00

b. Short-term bills payable

	June 30, 2023	December 31, 2022	June 30, 2022
Commercial papers China Bills Finance Corporation	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>
Annual interest rates (%)	2.04	-	-

c. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ 846,333	\$ 791,333	\$ 552,167
Secured bank loans (Note 27)	<u>245,548</u>	<u>290,816</u>	<u>311,110</u>
	1,091,881	1,082,149	863,277

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
Less: Current portion	\$ <u>349,030</u>	\$ <u>334,433</u>	\$ <u>298,057</u>
	<u>\$ 742,851</u>	<u>\$ 747,716</u>	<u>\$ 565,220</u>
Unsecured bank loans annual interest rates (%)	2.00-2.72	2.00-2.48	1.74-2.23
Secured bank loans annual interest rates (%)	2.32-2.45	2.19-2.20	2.06
Unsecured bank loans expiration period	2024.05-2028.06	2023.04-2027.08	2022.11-2025.04
Secured bank loans expiration period	2025.07-2037.08	2025.07-2037.08	2025.07 (Concluded)

Under 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, 2023 and December 31, 2022, the Group was not compliant with the requirement of times interest earned ratio stated in the loan agreements with certain banks; thus, according to the agreements, except for exempted loans, certain commercial banks have adjusted the interest rates on the incompliant loans.

18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$56 thousand, \$84 thousand, \$112 thousand and \$167 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2022 and 2021.

19. EQUITY

a. Ordinary shares

	June 30, 2023	December 31, 2022	June 30, 2022
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	June 30, 2023	December 31, 2022	June 30, 2022
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

c. Retained earnings and dividend policy

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

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

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

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

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

The statements of deficit compensation for 2022 and appropriation of earnings for 2021 which was approved by the stockholders' meeting held on June 15, 2023 and June 23, 2022 was as follows:

	2022	2021
Legal reserve	\$ -	\$ 21,655
(Reversal of) special reserve	\$ (61,769)	\$ 74,153
Cash dividends	\$ -	\$ 49,770
Cash dividends per share (NT\$)	\$ -	\$ 0.3

The cash dividends of \$49,770 thousand were recognized under dividends payable as of June 30, 2022.

d. Other equity items

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

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ (102,745)	\$ (165,045)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	(54,440)	73,552
Income tax effect	<u>(1,246)</u>	<u>(2,890)</u>
Balance at June 30	<u>\$ (158,431)</u>	<u>\$ (94,383)</u>

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2023	2022
Balance at January 1	\$ (29)	\$ 1,303
Recognized for the period		
Unrealized gain (loss) - equity instruments	537	(2,418)
Income tax effect	4	130
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal	<u>(95)</u>	<u>960</u>
Balance at June 30	<u>\$ 417</u>	<u>\$ (25)</u>

e. Treasury shares

	For the Six Months Ended June 30	
	2023	2022
Number of shares at the beginning and the end of period (in thousands)	<u>3,301</u>	<u>3,301</u>

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

20. OPERATING REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 562,819</u>	<u>\$ 809,716</u>	<u>\$ 1,126,715</u>	<u>\$ 1,650,361</u>

a. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes receivable	\$ 135,182	\$ 104,649	\$ 193,875	\$ 188,673
Accounts receivable, net	<u>607,998</u>	<u>695,020</u>	<u>841,580</u>	<u>1,130,767</u>
	<u>\$ 743,180</u>	<u>\$ 799,669</u>	<u>\$ 1,035,455</u>	<u>\$ 1,319,440</u>

b. Disaggregation of revenue

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

21. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax included following items:

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Bank deposits	<u>\$ 4,785</u>	<u>\$ 980</u>	<u>\$ 7,975</u>	<u>\$ 1,657</u>

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Foreign exchange gains, net	\$ 25,380	\$ 53,113	\$ 19,179	\$ 67,858
Loss on disposal of property, plant and equipment, net	(850)	(1,219)	(1,668)	(2,722)
Gain (loss) on financial instruments at FVTPL, net	(188)	(1,292)	1,245	(3,173)
Others	<u>(286)</u>	<u>(1,440)</u>	<u>(729)</u>	<u>(2,126)</u>
	<u>\$ 24,056</u>	<u>\$ 49,162</u>	<u>\$ 18,027</u>	<u>\$ 59,837</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Interest expense of borrowings	\$ 10,924	\$ 13,056	\$ 22,458	\$ 25,136
Interest on lease liabilities	79	89	166	185
Less: Amounts included in the cost of qualifying assets	<u>817</u>	<u>566</u>	<u>2,495</u>	<u>1,028</u>
	<u>\$ 10,186</u>	<u>\$ 12,579</u>	<u>\$ 20,129</u>	<u>\$ 24,293</u>
Capitalization rate (%)	2.29-4.20	1.62-4.44	2.06-4.20	1.47-4.80

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 57,792	\$ 60,366	\$ 117,058	\$ 123,359
Right-of-use assets	696	676	1,393	1,339
Other noncurrent assets	<u>834</u>	<u>972</u>	<u>1,742</u>	<u>1,995</u>
	<u>\$ 59,322</u>	<u>\$ 62,014</u>	<u>\$ 120,193</u>	<u>\$ 126,693</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 49,738	\$ 52,646	\$ 100,838	\$ 108,011
Operating expenses	<u>8,750</u>	<u>8,396</u>	<u>17,613</u>	<u>16,687</u>
	<u>\$ 58,488</u>	<u>\$ 61,042</u>	<u>\$ 118,451</u>	<u>\$ 124,698</u>
An analysis of amortization by function				
Operating costs	\$ 7	\$ -	\$ 15	\$ -
Operating expenses	<u>827</u>	<u>972</u>	<u>1,727</u>	<u>1,995</u>
	<u>\$ 834</u>	<u>\$ 972</u>	<u>\$ 1,742</u>	<u>\$ 1,995</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 6,931	\$ 7,263	\$ 13,984	\$ 13,994
Defined benefit plans	<u>56</u>	<u>84</u>	<u>112</u>	<u>167</u>
	6,987	7,347	14,096	14,161
Short-term employee benefits	<u>101,485</u>	<u>118,028</u>	<u>198,859</u>	<u>216,354</u>
	<u>\$ 108,472</u>	<u>\$ 125,375</u>	<u>\$ 212,955</u>	<u>\$ 230,515</u>
An analysis by function				
Operating costs	\$ 74,340	\$ 89,419	\$ 144,482	\$ 159,625
Operating expenses	<u>34,132</u>	<u>35,956</u>	<u>68,473</u>	<u>70,890</u>
	<u>\$ 108,472</u>	<u>\$ 125,375</u>	<u>\$ 212,955</u>	<u>\$ 230,515</u>

f. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the six months ended June 30, 2023, the Company incurred a net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued. The employees' compensation and the remuneration of directors and supervisors for the six months ended June 30, 2022 were accrued as follows:

	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
<u>Accrual rate</u>		
Employees' compensation (%)	5.27	3.07
Remuneration of directors (%)	3.55	0.77
<u>Amount</u>		
Employees' compensation	<u>\$ (213)</u>	<u>\$ 113</u>
Remuneration of directors	<u>\$ (143)</u>	<u>\$ 28</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.

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

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

22. INCOME TAX

a. Income tax expense (benefit) recognized in profit or loss

The major components of income tax benefit are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 218	\$ 21,482	\$ 249	\$ 27,871
Adjustments for prior periods	<u>(2)</u>	<u>(5,756)</u>	<u>426</u>	<u>(5,756)</u>
	<u>216</u>	<u>15,726</u>	<u>675</u>	<u>22,115</u>
Deferred tax				
In respect of the current period	\$ (16,733)	\$ (21,297)	\$ (44,288)	\$ (23,384)
Adjustments for prior periods	<u>(10,888)</u>	<u>-</u>	<u>(10,888)</u>	<u>-</u>
	<u>(27,621)</u>	<u>(21,297)</u>	<u>(55,176)</u>	<u>(23,384)</u>
	<u>\$ (27,405)</u>	<u>\$ (5,571)</u>	<u>\$ (54,501)</u>	<u>\$ (1,269)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ -	\$ 47	\$ -	\$ 135
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>-</u>	<u>(47)</u>	<u>-</u>	<u>(135)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Deferred tax				
In respect of the current period				
Translation of foreign operations	\$ (1,592)	\$ (1,136)	\$ (1,246)	\$ (2,890)
Fair value changes of financial assets at FVTOCI	<u>16</u>	<u>49</u>	<u>4</u>	<u>131</u>
	<u>\$ (1,576)</u>	<u>\$ (1,087)</u>	<u>\$ (1,242)</u>	<u>\$ (2,759)</u>

d. Income tax assessments

The income tax returns of the Company and GEM VN through 2020 and 2019 have been assessed by the tax authorities. GEM Dongguan and GEM Suzhou had completed the filing of their income tax returns through 2022 with the tax authorities.

23. NET PROFIT (LOSS) PER SHARE

Due to the net losses incurred for the six months ended June 30, 2023 and for the three months ended June 30, 2022, 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 June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Net profit (loss) used in the computation of diluted net profit (loss) per share	<u>\$ (30,233)</u>	<u>\$ (3,001)</u>	<u>\$ (68,774)</u>	<u>\$ 2,676</u>

Weighted average number of ordinary shares outstanding (in thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares in computation of basic net profit (loss) per share	165,899	165,899	165,899	165,899

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Effect of potentially dilutive ordinary shares				
Compensation of employees	—	—	—	191
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>165,899</u>	<u>165,899</u>	<u>165,899</u>	<u>166,090</u> (Concluded)

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

24. CAPITAL MANAGEMENT

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

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

25. FINANCIAL INSTRUMENTS

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

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

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

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Gold Passbook	<u>\$ 9,854</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,854</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 9,272	\$ -	\$ -	\$ 9,272
Overseas listed shares	<u>2,164</u>	<u>-</u>	<u>-</u>	<u>2,164</u>
	<u>\$ 11,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,436</u> (Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	<u>\$ 620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620</u>

June 30, 2022

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

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2023 and 2022.

c. Categories of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 1,715,348	\$ 2,006,490	\$ 2,327,666
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	9,854	-	-
Financial assets at FVTOCI			
Equity instruments	11,436	620	523
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,188,702	2,451,393	2,792,199

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	For the Six Months Ended June 30	
	2023	2022
USD	\$ 3,976	\$ 6,106
HKD	318	494

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
Financial assets	\$ 286,072	\$ 341,960	\$ 271,485
Financial liabilities	221,388	448,008	857,584
Cash flow interest rate risk			
Financial assets	651,456	841,109	995,696
Financial liabilities	1,341,138	1,434,346	1,282,584

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2023 and 2022 would decrease/increase \$3,448 thousand and \$1,434 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 GoldPassbook and 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 GoldPassbook prices had been 1% higher/lower, the pre-tax profit (loss) for the six months ended June 30, 2023 would increase/decrease by \$99 thousand, as a result of holding these investments.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2023 and 2022 would increase/decrease by \$114 thousand and \$5 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

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

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

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be

required to pay. The tables include both interest and principal cash flows. Specifically, liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

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

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-5 Years	Over 5 Years
Fixed interest rate liabilities	\$ 50,522	\$ 10,692	\$ 61,922	\$ 101,214	\$ -
Variable interest rate liabilities	120,296	106,223	498,446	646,562	14,779
Lease liabilities	90	179	806	738	-
Financial guarantee contracts	-	23,865	9,192	-	-
Non-interest bearing	<u>307,064</u>	<u>200,777</u>	<u>116,983</u>	<u>-</u>	<u>-</u>
	<u>\$ 477,972</u>	<u>\$ 341,736</u>	<u>\$ 687,349</u>	<u>\$ 748,514</u>	<u>\$ 14,779</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-5 Years	Over 5 Years
Fixed interest rate liabilities	\$ 151,084	\$ 1,384	\$ 201,801	\$ 102,211	\$ -
Variable interest rate liabilities	57,591	25,001	728,812	650,461	17,660
Lease liabilities	90	179	806	1,275	-
Financial guarantee contracts	9,078	6,974	3,459	-	-
Non-interest bearing	<u>258,220</u>	<u>127,431</u>	<u>183,553</u>	<u>-</u>	<u>-</u>
	<u>\$ 476,063</u>	<u>\$ 160,969</u>	<u>\$1,118,431</u>	<u>\$ 753,947</u>	<u>\$ 17,660</u>

June 30, 2022

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

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

e. Transfers of financial assets

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

	June 30, 2023	December 31, 2022	June 30, 2022
Transferred but not derecognized (Note 1)	\$ 35,515	\$ 23,794	\$ 65,287
Transferred and derecognized (Note 2)	<u>33,057</u>	<u>19,511</u>	<u>16,713</u>
	<u>\$ 68,572</u>	<u>\$ 43,305</u>	<u>\$ 82,000</u>

Maturity date	2023.07-2023.11	2023.01-2023.05	2022.07-2022.10
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Note 1: If the bills receivable are not paid upon maturity, the suppliers have the right to request the Group to pay the unsettled balance; therefore, the Group has not transferred the significant risks and rewards relating to these banker's acceptance bills, and the Group has continued to recognize these bills as collateral.

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

For the six months ended June 30, 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and its relationship with the Group

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

b. Service fees

Key management of subsidiaries and other related parties provided consulting services to the Company and the service fees of \$561 thousand, \$1,277 thousand, \$1,122 thousand and \$2,318 thousand were recognized as operating expenses and paid for the three months and six months ended June 30, 2023 and 2022, respectively.

c. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 3,401	\$ 2,570	\$ 6,820	\$ 5,975
Post-employment benefits	<u>65</u>	<u>65</u>	<u>130</u>	<u>130</u>
	<u>\$ 3,466</u>	<u>\$ 2,635</u>	<u>\$ 6,950</u>	<u>\$ 6,105</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.

d. Lease arrangements

Line Item	Related Party Name	June 30, 2023	December 31, 2022	June 30, 2022
Lease liabilities	Su, Tun-Li	\$ -	\$ -	\$ 720
	Su, Chung-Hong	<u>324</u>	<u>342</u>	<u>-</u>
		<u>\$ 324</u>	<u>\$ 342</u>	<u>\$ 720</u>

Line Item	Related Party Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2023	2022	2023	2022
Finance costs	Su, Chung-Hong	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ -</u>
Rental expenses	Su, Tun-Li	<u>\$ 222</u>	<u>\$ 222</u>	<u>\$ 445</u>	<u>\$ 445</u>

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

e. Acquisition of property, plant and equipment

In June 2022, the Company has contracted a land purchase agreement with the related party, Su Hong-Yue-Chi to build a plant. The purchase price was 99,600 thousand determined based on the professional appraisal report. As of June 30, 2022, \$30,000 thousand has been paid and recognized under other noncurrent assets. The transaction has been completed and the right of the land has been transferred on July 29, 2022.

f. Guarantees

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

Guarantor	June 30, 2023	December 31, 2022	June 30, 2022
Su, Tun-Li	\$ 812,732	\$ 926,699	\$ 871,292
Su, Chung-Hong	<u>688,405</u>	<u>757,648</u>	<u>791,292</u>
	<u>\$ 1,501,137</u>	<u>\$ 1,684,347</u>	<u>\$ 1,662,584</u>

27. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 35,515	\$ 23,794	\$ 65,287
Property, plant and equipment	484,824	496,201	408,455
Pledged deposits (under other financial assets)	6,453	10,470	8,765
Right-of-use assets	<u>28,800</u>	<u>29,495</u>	<u>29,761</u>
	<u>\$ 555,592</u>	<u>\$ 559,960</u>	<u>\$ 512,268</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of June 30, 2023, the Group's significant contingent liabilities and unrecognized commitments, were as follows:

- a. The unrecognized amount of contracts for the Group's purchases of property, plant, and equipment was \$115,760 thousand.
- b. The unrecognized amount of contracts for the Group's purchases of raw materials was \$94,701 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currency (In Thousands)		Exchange Rate	NTD (In Thousands)
<u>June 30, 2023</u>				
Financial assets				
Monetary items				
USD	\$ 11,846	31.1350	(USD:NTD)	\$ 368,816
USD	11,773	7.2711	(USD:RMB)	366,556
USD	13,659	7.8437	(USD:HKD)	425,268
USD	3,070	23,731	(USD:VND)	95,580
HKD	56	3.9740	(HKD:NTD)	222
HKD	19,815	0.9281	(HKD:RMB)	78,746
HKD	1,253	0.1276	(HKD:USD)	<u>4,978</u>
				<u>\$ 1,340,166</u>
Financial liabilities				
Monetary items				
USD	1,374	31.1350	(USD:NTD)	\$ 42,791
USD	3,716	7.2711	(USD:RMB)	115,693
USD	9,908	7.8437	(USD:HKD)	308,488
USD	12,580	23,731	(USD:VND)	391,671
HKD	13,125	3.9740	(HKD:NTD)	<u>52,157</u>
				<u>\$ 910,800</u>
<u>December 31, 2022</u>				
Financial assets				
Monetary items				
USD	19,587	30.7150	(USD:NTD)	\$ 601,615
USD	9,465	6.9664	(USD:RMB)	290,703
USD	14,559	7.7977	(USD:HKD)	447,188
USD	4,057	23,736	(USD:VND)	124,608
HKD	426	3.9390	(HKD:NTD)	1,676
HKD	26,387	0.8934	(HKD:RMB)	103,937
HKD	1,236	0.1282	(HKD:USD)	<u>4,870</u>
				<u>\$ 1,574,597</u>
Financial liabilities				
Monetary items				
USD	1,192	30.7150	(USD:NTD)	\$ 36,617
USD	3,643	6.9664	(USD:RMB)	111,899
USD	11,209	7.7977	(USD:HKD)	344,283
USD	18,524	23,736	(USD:VND)	568,964
HKD	17,226	3.9390	(HKD:NTD)	67,852
HKD	153	0.8934	(HKD:RMB)	<u>601</u>
				<u>\$ 1,130,216</u>
<u>June 30, 2022</u>				
Financial assets				
Monetary items				
USD	27,518	29.7250	(USD:NTD)	\$ 817,984
USD	21,444	6.6948	(USD:RMB)	637,408
USD	18,692	7.8451	(USD:HKD)	555,609
USD	6,833	23,369	(USD:VND)	203,111
				(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
HKD	\$ 773	3.7890	(HKD:NTD)	\$ 2,929
HKD	27,136	0.8534	(HKD:RMB)	102,818
HKD	1,227	0.1275	(HKD:USD)	<u>4,649</u>
				<u>\$ 2,324,508</u>
Financial liabilities				
Monetary items				
USD	1,999	29.7250	(USD:NTD)	\$ 59,431
USD	5,115	6.6948	(USD:RMB)	152,045
USD	17,729	7.8451	(USD:HKD)	526,996
USD	29,100	23.369	(USD:VND)	865,003
HKD	16,023	3.7890	(HKD:NTD)	60,710
HKD	69	0.8534	(HKD:RMB)	<u>262</u>
				<u>\$ 1,664,447</u>
				(Concluded)

For the three and six months ended June 30, 2023 and 2022, realized and unrealized foreign exchange were net gain \$25,380 thousand, net gain \$53,113 thousand, net gain \$19,179 thousand and net gain \$67,858 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

30. ADDITIONAL DISCLOSURES

a. Information on significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held: Table 2.
- 4) Marketable securities acquired or disposed of at cost or price of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 9) Trading in derivative instruments: For the six months ended June 30, 2023, net gain of futures contracts was \$59 thousand.

10) Inter-company business relationship and material transactions and its amount: Table 8.

b. Information on investees: Table 5.

c. Information on investments in mainland China

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

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

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

d. Information of major stockholders

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

31. SEGMENT INFORMATION

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

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

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

The Group's reportable segments were as follows:

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

Segment revenues and results

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

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>For the six months ended June 30, 2023</u>							
Revenue from external customers	\$ 169,660	\$ 414,349	\$ 532,065	\$ 10,641	\$ -	\$ -	\$ 1,126,715
Inter-segment revenue	<u>25,173</u>	<u>150,487</u>	<u>569,809</u>	<u>324,125</u>	<u>-</u>	<u>(1,069,594)</u>	<u>-</u>
Segment revenue	<u>\$ 194,833</u>	<u>\$ 564,836</u>	<u>\$ 1,101,874</u>	<u>\$ 334,766</u>	<u>\$ -</u>	<u>\$(1,069,594)</u>	<u>\$ 1,126,715</u>
Segment income (loss)	<u>\$ (40,846)</u>	<u>\$ (56,726)</u>	<u>\$ (36,991)</u>	<u>\$ (34,915)</u>	<u>\$ (902)</u>	<u>\$ 38,142</u>	<u>\$ (132,238)</u>
Interest income							7,975
Other income							3,090
Other gains and losses							18,027
Finance costs							<u>(20,129)</u>
Consolidated loss before income tax							<u>(123,275)</u>
Income tax							<u>54,501</u>
Consolidated net loss							<u>\$ (68,744)</u>
<u>June 30, 2023</u>							
Segment assets	<u>\$ 3,749,408</u>	<u>\$ 1,039,980</u>	<u>\$ 1,965,941</u>	<u>\$ 833,686</u>	<u>\$ 66,174</u>	<u>\$(3,228,315)</u>	<u>\$ 4,426,874</u>
Segment liabilities	<u>\$ 1,559,636</u>	<u>\$ 88,188</u>	<u>\$ 692,189</u>	<u>\$ 416,429</u>	<u>\$ 12,860</u>	<u>\$(532,201)</u>	<u>\$ 2,237,101</u>
<u>For the six months ended June 30, 2022</u>							
Revenue from external customers	\$ 271,527	\$ 671,195	\$ 703,899	\$ 3,740	\$ -	\$ -	\$ 1,650,361
Inter-segment revenue	<u>101,860</u>	<u>165,665</u>	<u>775,957</u>	<u>454,497</u>	<u>-</u>	<u>(1,497,979)</u>	<u>-</u>
Segment revenue	<u>\$ 373,387</u>	<u>\$ 836,860</u>	<u>\$ 1,479,856</u>	<u>\$ 458,237</u>	<u>\$ -</u>	<u>\$(1,497,979)</u>	<u>\$ 1,650,361</u>
Segment income (loss)	<u>\$ (7,231)</u>	<u>\$ (4,727)</u>	<u>\$ 2,247</u>	<u>\$ (14,541)</u>	<u>\$ (636)</u>	<u>\$(13,838)</u>	<u>\$ (38,726)</u>
Interest income							1,657
Other income							2,932
Other gains and losses							59,837
Finance costs							<u>(24,293)</u>
Consolidated income before income tax							<u>1,407</u>
Income tax							<u>1,269</u>
Consolidated net income							<u>\$ 2,676</u>
<u>June 30, 2022</u>							
Segment assets	<u>\$ 4,126,480</u>	<u>\$ 1,335,026</u>	<u>\$ 2,532,686</u>	<u>\$ 1,126,206</u>	<u>\$ 63,093</u>	<u>\$(3,800,708)</u>	<u>\$ 5,382,783</u>
Segment liabilities	<u>\$ 1,699,374</u>	<u>\$ 237,647</u>	<u>\$ 1,142,453</u>	<u>\$ 884,041</u>	<u>\$ 24,911</u>	<u>\$(1,032,749)</u>	<u>\$ 2,955,677</u>

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(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	\$ 368,580	\$ 186,810	\$ 62,270	2.9-5.63	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 437,955	\$ 875,910	Note 1
0	The Company	Genius HK	Other receivables - related parties	Yes	153,575	-	-	-	Short-term financing	-	Business development	-	-	-	437,955	875,910	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	31,135	31,135	31,135	5.76	Short-term financing	-	Business development	-	-	-	418,006	836,011	Note 1

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

Note 2: The exchange rate was US\$1 : NT\$31.1350.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	Hocheng Corporation	-	Financial assets at FVTOCI - current	10,000	\$ 244	-	\$ 244	
	Yulon Motor Co., Ltd.	-	Financial assets at FVTOCI - current	1,680	139	-	139	
	Hon Hai Precision Industry Co., Ltd.	-	Financial assets at FVTOCI - current	5,000	565	-	565	
	Taiwan Semiconductor Manufacturing Company Limited	-	Financial assets at FVTOCI - current	3,000	1,728	-	1,728	
	QUANTA COMPUTER INC.	-	Financial assets at FVTOCI - current	20,000	3,040	-	3,040	
	MediaTek Inc.	-	Financial assets at FVTOCI - current	2,000	1,376	-	1,376	
	China Airlines Ltd.	-	Financial assets at FVTOCI - current	10,000	262	-	262	
	Aerospace Industrial Development Corporation	-	Financial assets at FVTOCI - current	10,000	600	-	600	
	GLORIA MATERIAL TECHNOLOGY CORP	-	Financial assets at FVTOCI - current	10,000	576	-	576	
	Quanta Storage Inc.	-	Financial assets at FVTOCI - current	10,000	742	-	742	
					<u>9,272</u>		<u>9,272</u>	
GEM Suzhou	<u>Stock</u>							
	Dong-E-E-Jiao Co., Ltd.	-	Financial assets at FVTOCI - current	7,000	1,602	-	1,602	
	Jiangsu Yanghe Brewery Joint-stock Co., Ltd.	-	Financial assets at FVTOCI - current	1,000	562	-	562	
					<u>2,164</u>		<u>2,164</u>	
					<u>\$ 11,436</u>		<u>\$ 11,436</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
GEM Suzhou	GEM Dongguan	Affiliate	Sales	\$ 276,975	27	120 days after monthly closing	Note 1	Note 2	\$ 17,764	3	Note 3
	Global HK	Affiliate	Sales	241,834	23	120 days after monthly closing	Note 1	Note 2	156,853	29	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	163,670	29	120 days after monthly closing	Note 1	Note 2	96,783	26	Note 3
Genius HK	GEM Dongguan	Affiliate	Sales	182,692	53	120 days after monthly closing	Note 1	Note 2	74,772	42	Note 3
Global HK	GEM Suzhou	Affiliate	Sales	136,786	31	120 days after monthly closing	Note 1	Note 2	34,092	13	Note 3
	GEM VN	Affiliate	Sales	237,929	54	120 days after monthly closing	Note 1	Note 2	175,397	68	Note 3
GEM VN	Genius HK	Affiliate	Sales	177,618	53	120 days after monthly closing	Note 1	Note 2	34,570	46	Note 3
	Global HK	Affiliate	Sales	131,931	39	120 days after monthly closing	Note 1	Note 2	33,882	45	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

JUNE 30, 2023

(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		
GEM Suzhou	Global HK	Affiliate	\$ 218,441	2.75	\$ -	-	\$ 33,706	\$ -
Global HK	GEM VN	Affiliate	175,397	2.86	-	-	27,040	-

Note 1: It included accounts receivable and other receivables.

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of June 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2023	December 31, 2022	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,035,782	\$ (38,128)	\$ (37,629)	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	573,029	392,669	18,598,333	100	428,862	(16,732)	(16,732)	Note 1
	Genius	British Virgin Islands	International investment and trading	23,282	23,282	750,000	100	123,682	4,240	4,240	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	111,526	4,013	4,064	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,090,022	(38,193)	(38,193)	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	9,101	411	(62)	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.	567,140	386,780	-	100	439,504	(27,256)	(16,519)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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, 2023	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2023	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Notes 1 and 3)	Carrying Amount as of June 30, 2023 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of June 30, 2023	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.	\$ 725,651	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ (38,922)	100	\$ (35,807)	\$ 819,911	\$ 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.	1,073,399	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	741,320	-	-	741,320	(8,669)	100	(2,560)	1,248,342	753,650	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$1,193,450	\$1,765,355 (US\$56,700thousand)	\$1,313,864

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 SIX MONTHS ENDED JUNE 30, 2023
(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	\$ 21,823	120 days after monthly closing	No significant difference with those to third parties	\$ 6,335	6	\$ 7,622	
		Purchase	55	120 days after monthly closing	No significant difference with those to third parties	(21)	-	-	
	GEM Dongguan	Disposal of property, plant, and equipment	24,846	120 days after monthly closing	No comparable transactions with those in the market	339	-	16,323	
		Purchase	13	120 days after monthly closing	No significant difference with those to third parties	(6)	-	-	
Global HK	GEM Suzhou	Sales	136,786	120 days after monthly closing	No significant difference with those to third parties	34,092	13	(2,677)	
		Purchase	241,834	120 days after monthly closing	No significant difference with those to third parties	(156,853)	62	(2,914)	
		Purchase of property plant, and equipment	60,559	120 days after monthly closing	No comparable transactions with those in the market	(61,588)	24	5,508	
Genius HK	GEM Dongguan	Sales	182,692	120 days after monthly closing	No significant difference with those to third parties	74,772	42	(6,413)	
		Purchase	163,670	120 days after monthly closing	No significant difference with those to third parties	(96,783)	73	254	
		Purchase of property plant, and equipment	76	120 days after monthly closing	No comparable transactions with those in the market	(77)	-	3	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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	GEM Suzhou	(1)	Sales	\$ 21,823	Payment term of 4 months	2
		GEM Suzhou	(1)	Accounts receivable	6,335	Payment term of 4 months	-
		GEM Suzhou	(1)	Disposal of property, plant and equipment	24,846	Payment term of 4 months	2
		GEM Suzhou	(1)	Other receivables	339	Payment term of 4 months	-
		GEM VN	(1)	Sales	3,350	Payment term of 4 months	-
		GEM VN	(1)	Accounts receivable	3,058	Payment term of 4 months	-
		GEM VN	(1)	Disposal of property, plant and equipment	7,033	Payment term of 4 months	1
		GEM VN	(1)	Interest income	1,885	Annual Interest rate of 2.10%-5.63%	-
		GEM VN	(1)	Other receivables	69,799	According to working capital conditions to change payment deeding	2
				Genius HK	(1)	Interest income	247
1	GEM Dongguan	The Company	(2)	Sales	13	Payment term of 4 months	-
		The Company	(2)	Accounts receivable	6	Payment term of 4 months	-
		Genius HK	(3)	Sales	163,670	Payment term of 4 months	15
		Genius HK	(3)	Accounts receivable	96,783	Payment term of 4 months	2
		Genius HK	(3)	Disposal of property, plant and equipment	76	Payment term of 4 months	-
		Genius HK	(3)	Other receivables	77	Payment term of 4 months	-
		GEM Suzhou	(3)	Sales	75,379	Payment term of 4 months	7
		GEM Suzhou	(3)	Accounts receivable	66,278	Payment term of 4 months	1
2	Genius HK	The Company	(2)	Sales	75,095	Payment term of 4 months	7
		The Company	(2)	Accounts receivable	49,223	Payment term of 4 months	1
		The Company	(2)	Other receivables	2,946	Payment term of 4 months	-
		GEM Dongguan	(3)	Sales	182,692	Payment term of 4 months	16
		GEM Dongguan	(3)	Accounts receivable	74,772	Payment term of 4 months	2
		GEM Dongguan	(3)	Other receivables	386	Payment term of 4 months	-
3	Global HK	The Company	(2)	Sales	54,850	Payment term of 4 months	5
		The Company	(2)	Accounts receivable	40,734	Payment term of 4 months	1
		GEM VN	(3)	Sales	237,929	Payment term of 4 months	21
		GEM VN	(3)	Accounts receivable	175,397	Payment term of 4 months	4
		GEM Suzhou	(3)	Sales	136,786	Payment term of 4 months	12
		GEM Suzhou	(3)	Accounts receivable	34,092	Payment term of 4 months	1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Term	
4	GEM Suzhou	The Company	(2)	Sales	\$ 55	Payment term of 4 months	-
		The Company	(2)	Accounts receivable	21	Payment term of 4 months	-
		Global HK	(3)	Sales	241,834	Payment term of 4 months	21
		Global HK	(3)	Accounts receivable	156,853	Payment term of 4 months	4
		Global HK	(3)	Other income	118	Payment term of 4 months	-
		Global HK	(3)	Disposal of property, plant and equipment	60,559	Payment term of 4 months	5
		Global HK	(3)	Other receivables	61,588	Payment term of 4 months	1
		GEM Dongguan	(3)	Sales	276,975	Payment term of 4 months	25
		GEM Dongguan	(3)	Accounts receivable	17,764	Payment term of 4 months	-
		GEM Dongguan	(3)	Disposal of property, plant and equipment	892	Payment term of 4 months	-
		GEM Dongguan	(3)	Other receivables	1,471	Payment term of 4 months	-
5	Vibo	GEM VN	(3)	Interest income	471	Annual Interest rate of 2.4%-5.76%	-
		GEM VN	(3)	Other receivables	31,322	According to working capital conditions to change payment deeding	1
6	GEM VN	The Company	(2)	Sales	14,521	Payment term of 4 months	1
		The Company	(2)	Accounts receivable	1,852	Payment term of 4 months	-
		Genius HK	(3)	Sales	177,618	Payment term of 4 months	16
		Genius HK	(3)	Accounts receivable	34,570	Payment term of 4 months	1
		Global HK	(3)	Sales	131,931	Payment term of 4 months	12
		Global HK	(3)	Accounts receivable	33,882	Payment term of 4 months	1
		GEM Suzhou	(3)	Sales	55	Payment term of 4 months	-

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary

TABLE 9**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR STOCKHOLDERS
JUNE 30, 2023**

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

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