

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2021 and 2020 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021 and 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 11, 2021

### Notice to Readers

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

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

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

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

	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)		June 30, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 877,441	16	\$ 972,961	19	\$ 1,069,190	22
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	53	-
Financial assets at fair value through other comprehensive income - current (Note 8)	9,294	-	33,681	1	77,428	1
Notes receivable (Note 9)	175,311	3	209,405	4	125,904	3
Accounts receivable, net (Note 9)	1,298,175	24	1,105,222	21	853,676	18
Other receivables	2,451	-	3,841	-	2,453	-
Current tax assets (Note 4)	-	-	57	-	79	-
Inventories (Note 10)	1,230,362	22	865,505	17	705,937	15
Other financial assets - current (Notes 11 and 27)	41,698	1	72,799	1	38,861	1
Other current assets	123,937	2	107,863	2	94,456	2
Total current assets	3,758,669	68	3,371,334	65	2,968,037	62
<b>NONCURRENT ASSETS</b>						
Property, plant and equipment (Notes 13, 27 and 28)	1,596,905	29	1,642,172	32	1,642,504	34
Right-of-use assets (Notes 14, 26 and 27)	67,073	1	68,657	1	70,283	2
Deferred tax assets (Note 4)	84,833	2	95,755	2	94,234	2
Prepayments for equipment	-	-	8,488	-	12,779	-
Other financial assets - noncurrent (Notes 11 and 27)	5,681	-	2,566	-	2,558	-
Other noncurrent assets	7,531	-	9,030	-	7,930	-
Total noncurrent assets	1,762,023	32	1,826,668	35	1,830,288	38
<b>TOTAL</b>	<b>\$ 5,520,692</b>	<b>100</b>	<b>\$ 5,198,002</b>	<b>100</b>	<b>\$ 4,798,325</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 17)	\$ 902,665	16	\$ 723,111	14	\$ 1,146,035	24
Short-term bills payable (Note 17)	50,000	1	50,000	1	50,000	1
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	147	-
Notes payable (Note 15)	385,745	7	326,231	6	120,347	2
Accounts payable (Note 15)	531,007	10	621,837	12	317,849	7
Other payables (Note 16)	200,506	4	196,606	4	139,610	3
Current tax liabilities (Note 22)	34,493	1	17,784	-	-	-
Lease liabilities - current (Notes 14 and 26)	714	-	720	-	709	-
Long-term borrowings - current portion (Note 17)	456,807	8	381,842	8	493,642	10
Other current liabilities	20,450	-	10,924	-	10,451	-
Total current liabilities	2,582,387	47	2,329,055	45	2,278,790	47
<b>NONCURRENT LIABILITIES</b>						
Long-term borrowings (Note 17)	573,277	10	680,805	13	345,917	7
Deferred tax liabilities (Note 4)	62,798	1	24,859	1	61,537	1
Lease liabilities - noncurrent (Notes 14 and 26)	-	-	709	-	709	-
Net defined benefit liabilities (Note 4)	8,924	-	9,668	-	18,153	1
Total noncurrent liabilities	644,999	11	716,041	14	426,316	9
Total liabilities	3,227,386	58	3,045,096	59	2,705,106	56
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)</b>						
Ordinary shares	1,692,000	31	1,692,000	32	1,692,000	35
Capital surplus	271,315	5	271,315	5	271,315	6
Retained earnings						
Legal reserve	343,170	6	343,170	7	343,170	7
Special reserve	85,432	2	85,432	2	85,432	2
Unappropriated earnings (accumulated deficits)	120,453	2	(27,126)	(1)	(64,102)	(1)
Total retained earnings	549,055	10	401,476	8	364,500	8
Other equity	(176,005)	(3)	(168,826)	(3)	(234,596)	(5)
Treasury stock	(43,059)	(1)	(43,059)	(1)	-	-
Total equity	2,293,306	42	2,152,906	41	2,093,219	44
<b>TOTAL</b>	<b>\$ 5,520,692</b>	<b>100</b>	<b>\$ 5,198,002</b>	<b>100</b>	<b>\$ 4,798,325</b>	<b>100</b>

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

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20)	\$ 1,267,006	100	\$ 860,115	100	\$ 2,199,869	100	\$ 1,349,213	100
OPERATING COSTS (Notes 10 and 21)	<u>963,600</u>	<u>76</u>	<u>733,382</u>	<u>85</u>	<u>1,718,797</u>	<u>78</u>	<u>1,270,775</u>	<u>94</u>
GROSS PROFIT	<u>303,406</u>	<u>24</u>	<u>126,733</u>	<u>15</u>	<u>481,072</u>	<u>22</u>	<u>78,438</u>	<u>6</u>
OPERATING EXPENSES (Note 21)								
Marketing	47,117	4	32,320	4	87,660	4	55,573	4
General and administrative	55,082	4	43,805	5	102,664	5	90,816	7
Research and development	4,541	-	5,081	1	12,760	-	10,019	1
Expected credit loss (reversed) (Note 9)	<u>867</u>	<u>-</u>	<u>633</u>	<u>-</u>	<u>1,043</u>	<u>-</u>	<u>(998)</u>	<u>-</u>
Total operating expenses	<u>107,607</u>	<u>8</u>	<u>81,839</u>	<u>10</u>	<u>204,127</u>	<u>9</u>	<u>155,410</u>	<u>12</u>
GAIN (LOSS) FROM OPERATIONS	<u>195,799</u>	<u>16</u>	<u>44,894</u>	<u>5</u>	<u>276,945</u>	<u>13</u>	<u>(76,972)</u>	<u>(6)</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	1,053	-	1,364	-	2,358	-	2,696	-
Other income	830	-	1,232	-	1,693	-	3,148	-
Other gains and losses	(24,466)	(2)	(111)	-	(19,800)	(1)	(4,386)	-
Finance costs	<u>(9,843)</u>	<u>(1)</u>	<u>(10,792)</u>	<u>(1)</u>	<u>(19,717)</u>	<u>(1)</u>	<u>(22,938)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(32,426)</u>	<u>(3)</u>	<u>(8,307)</u>	<u>(1)</u>	<u>(35,466)</u>	<u>(2)</u>	<u>(21,480)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	163,373	13	36,587	4	241,479	11	(98,452)	(7)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	<u>73,434</u>	<u>6</u>	<u>15,083</u>	<u>2</u>	<u>94,376</u>	<u>5</u>	<u>(29,326)</u>	<u>(2)</u>
NET PROFIT (LOSS)	<u>89,939</u>	<u>7</u>	<u>21,504</u>	<u>2</u>	<u>147,103</u>	<u>6</u>	<u>(69,126)</u>	<u>(5)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)								
Items that will not be reclassified subsequently to profit or loss: Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	129	-	27,330	3	1,013	-	6,123	-

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (31)	-	\$ (5,329)	-	\$ (152)	-	\$ (1,931)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	(24,756)	(2)	(50,059)	(6)	(7,824)	-	(90,075)	(6)
Income tax relating to items that may be reclassified subsequently to profit or loss	1,085	-	398	-	260	-	967	-
Other comprehensive income (loss) for the period, net of income tax	(23,573)	(2)	(27,660)	(3)	(6,703)	-	(84,916)	(6)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 66,366</u>	<u>5</u>	<u>\$ (6,156)</u>	<u>(1)</u>	<u>\$ 140,400</u>	<u>6</u>	<u>\$ (154,042)</u>	<u>(11)</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	<u>\$ 89,939</u>	<u>7</u>	<u>\$ 21,504</u>	<u>2</u>	<u>\$ 147,103</u>	<u>7</u>	<u>\$ (69,126)</u>	<u>(5)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	<u>\$ 66,366</u>	<u>5</u>	<u>\$ (6,156)</u>	<u>(1)</u>	<u>\$ 140,400</u>	<u>6</u>	<u>\$ (154,042)</u>	<u>(11)</u>
<b>EARNINGS (NET LOSS) PER SHARE (Note 23)</b>								
Basic	<u>\$ 0.54</u>		<u>\$ (0.13)</u>		<u>\$ 0.89</u>		<u>\$ (0.41)</u>	
Diluted	<u>\$ 0.54</u>		<u>\$ (0.13)</u>		<u>\$ 0.89</u>		<u>\$ (0.41)</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 Stock	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)							
BALANCE AT JANUARY 1, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (27,126)	\$ 401,476	\$ (24)	\$ (174,712)	\$ 5,910	\$ (168,826)	\$ (43,059)	\$ 2,152,906
Net income for the six months ended June 30, 2021	-	-	-	-	147,103	147,103	-	-	-	-	-	147,103
Other comprehensive income for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	861	(7,564)	-	(6,703)	-	(6,703)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	147,103	147,103	861	(7,564)	-	(6,703)	-	140,400
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	476	476	(476)	-	-	(476)	-	-
BALANCE AT JUNE 30, 2021	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ 120,453	\$ 549,055	\$ 361	\$ (182,276)	\$ 5,910	\$ (176,005)	\$ (43,059)	\$ 2,293,306
BALANCE AT JANUARY 1, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 44,667	\$ 428,602	\$ (3,725)	\$ (147,992)	\$ 7,061	\$ (144,656)	\$ -	\$ 2,247,261
Appropriation of 2019 earnings Special reserve	-	-	-	44,667	(44,667)	-	-	-	-	-	-	-
Net loss for the six months ended June 30, 2020	-	-	-	-	(69,126)	(69,126)	-	-	-	-	-	(69,126)
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	4,192	(89,108)	-	(84,916)	-	(84,916)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	(69,126)	(69,126)	4,192	(89,108)	-	(84,916)	-	(154,042)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	5,024	5,024	(5,024)	-	-	(5,024)	-	-
BALANCE AT JUNE 30, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (64,102)	\$ 364,500	\$ (4,557)	\$ (237,100)	\$ 7,061	\$ (234,596)	\$ -	\$ 2,093,219

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

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before income tax	\$ 241,479	\$ (98,452)
Adjustments for:		
Depreciation expense	122,201	126,086
Amortization expense	1,771	1,269
Expected credit loss recognized (reversed)	1,043	(998)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	10,080	8,483
Finance costs	19,717	22,938
Interest income	(2,358)	(2,696)
Dividend income	(39)	(113)
Net loss on disposal of property, plant and equipment	4,419	2,244
Write-down of inventories	1,015	10,141
Other non-cash items	(393)	3,484
Changes in operating assets and liabilities		
Notes receivable	34,094	63,774
Accounts receivable	(193,966)	91,691
Other receivables	1,364	18,177
Inventories	(365,906)	235,941
Other current assets	(16,074)	17,366
Financial liabilities held for trading	(10,080)	(7,038)
Notes payable	59,514	(6,357)
Accounts payable	(90,830)	(61,457)
Other payables	20,293	(9,544)
Other current liabilities	9,634	7,163
Net defined benefit liabilities	(9,925)	(5,092)
Cash generated from (used in) operations	(162,947)	417,010
Interest received	2,384	3,369
Income tax paid	(28,495)	(52,295)
Net cash generated from (used in) operating activities	<u>(189,058)</u>	<u>368,084</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(393,517)	(959,608)
Proceeds from sale of financial assets at fair value through other comprehensive income	418,954	933,149
Payments for property, plant and equipment	(89,076)	(68,732)
Proceeds from disposal of property, plant and equipment	587	928
Decrease in other financial assets	27,986	137,336
Increase in other noncurrent assets	(184)	(2,151)
Dividend received	<u>39</u>	<u>113</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Net cash generated from (used in) investing activities	\$ (35,211)	\$ 41,035
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,332,940	856,644
Decrease in short-term borrowings	(1,150,183)	(784,463)
Increase in short-term bills payable	300,000	50,000
Decrease in short-term bills payable	(300,000)	(100,000)
Increase in long-term borrowings	50,000	50,000
Repayment of long-term borrowings	(82,562)	(500,035)
Repayment of the principal portion of lease liabilities	(697)	(1,658)
Interest paid	<u>(20,733)</u>	<u>(23,764)</u>
Net cash generated from (used in) financing activities	<u>128,765</u>	<u>(453,276)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(16)</u>	<u>(60,222)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(95,520)	(104,379)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>972,961</u>	<u>1,173,569</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 877,441</u>	<u>\$ 1,069,190</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors for issue on August 11, 2021.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if

it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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

### 3) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a. Statement of compliance

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

set of IFRSs annual financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

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

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

d. Other significant accounting policy

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

1) Retirement benefits

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

2) Taxation

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 2,262	\$ 2,655	\$ 3,999
Checking accounts and demand deposits	800,398	895,307	1,053,700
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>74,781</u>	<u>74,999</u>	<u>11,491</u>
	<u>\$ 877,441</u>	<u>\$ 972,961</u>	<u>\$ 1,069,190</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits (%)	0.12-0.30	0.15-0.30	0.45-1.20

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

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

	June 30, 2021	December 31, 2020	June 30, 2020
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivatives (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147</u>

At June 30, 2020, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

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

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT**

	June 30, 2021	December 31, 2020	June 30, 2020
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 7,090	\$ 2,178	\$ 14,195
Overseas listed shares	<u>2,204</u>	<u>31,503</u>	<u>63,233</u>
	<u>\$ 9,294</u>	<u>\$ 33,681</u>	<u>\$ 77,428</u>

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

For the six months ended June 30, 2021 and 2020, the Group sold its shares in order to manage credit concentration risk. The sold shares had a fair value of \$418,954 thousand and \$933,149 thousand and the Group transferred gains of \$480 thousand and of \$7,032 thousand, respectively, from other equity to retained earnings.

The dividends income for the three and six months ended June 30, 2021 were both \$39 thousand, and for the three and six months ended June 30, 2020 were both \$113 thousand. Those related to investments derecognized during the period were \$34 thousand and \$0 thousand and those related to investments held at the end of the reporting period were \$5 thousand and \$113 thousand.

**9. NOTES AND ACCOUNTS RECEIVABLE, NET**

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable			
Notes receivable - operating	<u>\$ 175,311</u>	<u>\$ 209,405</u>	<u>\$ 125,904</u>
Accounts receivable			
At amortized cost			
Gross carrying amount	\$ 1,307,797	\$ 1,113,831	\$ 860,700
Less: Allowance for impairment loss	<u>9,622</u>	<u>8,609</u>	<u>7,024</u>
	<u>\$ 1,298,175</u>	<u>\$ 1,105,222</u>	<u>\$ 853,676</u>
Overdue receivables			
At amortized cost			
Gross carrying amount	\$ 616	\$ 616	\$ 616
Less: Allowance for impairment loss	<u>616</u>	<u>616</u>	<u>616</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

a. Notes and accounts receivable

The average credit period of sales of goods was 30-120 days. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit

approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for the notes receivable and accounts receivable at an amount equal to lifetime ECLs. The expected credit losses are estimated using a provision matrix prepared by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

June 30, 2021

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

December 31, 2020

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

June 30, 2020

	<b>Not Past Due</b>	<b>Past Due 1 to 60 Days</b>	<b>Past Due 61 to 180 Days</b>	<b>Past Due Over 180 Days</b>	<b>Total</b>
Expected credit loss rate (%)	0-0.6	0.5-10	20-60	100	
Gross carrying amount	\$ 958,252	\$ 25,727	\$ 622	\$ 2,003	\$ 986,604
Loss allowance (Lifetime ECL)	<u>(3,738)</u>	<u>(978)</u>	<u>(305)</u>	<u>(2,003)</u>	<u>(7,024)</u>
Amortized cost	<u>\$ 954,514</u>	<u>\$ 24,749</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 979,580</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 9,225	\$ 8,801
Loss allowance recognized (reversed)	1,043	(998)
Foreign exchange gains and losses	<u>(30)</u>	<u>(163)</u>
Balance at June 30	<u>\$ 10,238</u>	<u>\$ 7,640</u>

b. Credit risk of notes and accounts receivable

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

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Group A	<u>\$ 126,131</u>	<u>\$ 141,316</u>	<u>\$ 95,727</u>

## 10. INVENTORIES

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Finished goods	\$ 382,193	\$ 219,953	\$ 201,127
Work in process	242,826	241,027	135,269
Raw materials	536,593	336,394	301,729
Supplies	<u>68,750</u>	<u>68,131</u>	<u>67,812</u>
	<u>\$ 1,230,362</u>	<u>\$ 865,505</u>	<u>\$ 705,937</u>

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Write-down (reversal) of inventories	\$ 3,626	\$ (49,663)	\$ 1,015	\$ 12,814
Recognition (reversal) of provisions	(1,341)	(6,219)	(104)	67
Others	<u>(18)</u>	<u>199</u>	<u>(142)</u>	<u>227</u>
	<u>\$ 2,267</u>	<u>\$ (55,683)</u>	<u>\$ 769</u>	<u>\$ 13,108</u>

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

## 11. OTHER FINANCIAL ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits with original maturities of more than 3 months	\$ -	\$ 50,000	\$ 14,745
Pledged time deposits	24,667	17,220	18,239
Refundable deposits	<u>22,712</u>	<u>8,145</u>	<u>8,435</u>
	<u>\$ 47,379</u>	<u>\$ 75,365</u>	<u>\$ 41,419</u>
Current	\$ 41,698	\$ 72,799	\$ 38,861
Noncurrent	<u>5,681</u>	<u>2,566</u>	<u>2,558</u>
	<u>\$ 47,379</u>	<u>\$ 75,365</u>	<u>\$ 41,419</u>

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

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits (%)	1.35-4.90	0.40-6.30	0.60-6.30

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

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

## 12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			June 30, 2021	December 31, 2020	June 30, 2020
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 4	100	100	100

(Continued)

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

(Concluded)

Note 1: International investment.

Note 2: International trading.

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

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

### 13. PROPERTY, PLANT, AND EQUIPMENT

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

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

#### Six months ended June 30, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 146,218	\$ 1,027,111	\$ 1,608,289	\$ 50,638	\$ 773,146	\$ 99,798	\$ 3,705,200
Additions	-	2,954	74,815	343	39,054	(25,816)	91,350
Disposal	-	(4,115)	(46,882)	(1,979)	(30,078)	-	(83,054)
Effect of foreign currency exchange differences	-	(2,630)	(12,636)	(80)	(282)	(121)	(15,749)
Balance at June 30, 2021	<u>\$ 146,218</u>	<u>\$ 1,023,320</u>	<u>\$ 1,623,586</u>	<u>\$ 48,922</u>	<u>\$ 781,840</u>	<u>\$ 73,861</u>	<u>\$ 3,697,747</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ (539,767)	\$ (1,009,265)	\$ (33,980)	\$ (480,016)	\$ -	\$ (2,063,028)
Depreciation expenses	-	(20,804)	(50,184)	(1,339)	(48,573)	-	(120,900)
Disposal	-	4,028	43,098	1,963	28,959	-	78,048
Effect of foreign currency exchange differences	-	1,118	2,514	59	1,347	-	5,038
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ (555,425)</u>	<u>\$ (1,013,837)</u>	<u>\$ (33,297)</u>	<u>\$ (498,283)</u>	<u>\$ -</u>	<u>\$ (2,100,842)</u>
Carrying amounts at December 31, 2020 and January 1, 2021	<u>\$ 146,218</u>	<u>\$ 487,344</u>	<u>\$ 599,024</u>	<u>\$ 16,658</u>	<u>\$ 293,130</u>	<u>\$ 99,798</u>	<u>\$ 1,642,172</u>
Carrying amounts at June 30, 2021	<u>\$ 146,218</u>	<u>\$ 467,895</u>	<u>\$ 609,749</u>	<u>\$ 15,625</u>	<u>\$ 283,557</u>	<u>\$ 73,861</u>	<u>\$ 1,596,905</u>

Six months ended June 30, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 146,218	\$ 1,031,745	\$ 1,565,359	\$ 58,204	\$ 788,539	\$ 119,307	\$ 3,709,372
Additions	-	1,882	50,599	1,211	29,831	(40,149)	43,374
Disposal	-	(320)	(13,998)	(7,433)	(22,176)	-	(43,927)
Effect of foreign currency exchange differences	-	(26,408)	(60,961)	(1,121)	(29,363)	(3,270)	(121,123)
Balance at June 30, 2020	<u>\$ 146,218</u>	<u>\$ 1,006,899</u>	<u>\$ 1,540,999</u>	<u>\$ 50,861</u>	<u>\$ 766,831</u>	<u>\$ 75,888</u>	<u>\$ 3,587,696</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ (501,245)	\$ (930,808)	\$ (39,748)	\$ (462,101)	\$ -	\$ (1,933,902)
Depreciation expenses	-	(21,099)	(51,970)	(1,484)	(50,216)	-	(124,769)
Disposal	-	175	11,749	7,414	21,417	-	40,755
Effect of foreign currency exchange differences	-	13,490	35,679	931	22,624	-	72,724
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ (508,679)</u>	<u>\$ (935,350)</u>	<u>\$ (32,887)</u>	<u>\$ (468,276)</u>	<u>\$ -</u>	<u>\$ (1,945,192)</u>
Carrying amounts at June 30, 2020	<u>\$ 146,218</u>	<u>\$ 498,220</u>	<u>\$ 605,649</u>	<u>\$ 17,974</u>	<u>\$ 298,555</u>	<u>\$ 75,888</u>	<u>\$ 1,642,504</u>

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

**Buildings**

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

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Additions to property, plant and equipment	\$ 91,350	\$ 43,374
Capitalized interest	(1,032)	(529)
Increase (decrease) in prepayments for equipment	(8,488)	3,453
Decrease in payables for purchase of equipment	<u>7,246</u>	<u>22,434</u>
Cash paid	<u>\$ 89,076</u>	<u>\$ 68,732</u>

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Carrying amount			
Land	\$ 63,561	\$ 64,747	\$ 65,845
Buildings	<u>3,512</u>	<u>3,910</u>	<u>4,438</u>
	<u>\$ 67,073</u>	<u>\$ 68,657</u>	<u>\$ 70,283</u>
	<b>For the Three Months Ended June 30</b>	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>
			<b>2020</b>
Depreciation charge for right-of-use assets			
Land	\$ 458	\$ 459	\$ 918
Buildings	<u>192</u>	<u>194</u>	<u>383</u>
	<u>\$ 650</u>	<u>\$ 653</u>	<u>\$ 1,301</u>
			<u>\$ 1,317</u>

### b. Lease liabilities

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Carrying amount			
Current	<u>\$ 714</u>	<u>\$ 720</u>	<u>\$ 709</u>
Noncurrent	<u>\$ -</u>	<u>\$ 709</u>	<u>\$ 709</u>
Range of discount rate for lease liabilities (%)			
Buildings	1.59	1.59	1.59

### c. Material leasing activities and terms

The Company leases buildings for the use as office with lease term of 1 year. The subsidiaries lease land and buildings for the use as plants, office and employee dormitory with lease terms of 35 to 50 years, which will expire from December 2046 to December 2066 in a row. The Group does not have bargain purchase options to acquire the leasehold land and buildings but have extension options at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

As of June 30, 2021, partial land lease of \$8,404 thousand are in the process of obtaining the land use right certificate.

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

e. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to low-value assets leases	\$ 44	\$ 44	\$ 88	\$ 88
Total cash outflow for leases			\$ 808	\$ 1,746

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

## 15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

## 16. OTHER PAYABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Payable for purchase of equipment	\$ 42,155	\$ 49,401	\$ 33,077
Payable for salaries and bonuses	41,566	43,208	37,812
Payable for freight	16,510	20,169	14,031
Payable for service fees	13,665	15,124	9,072
Payable for utilities expense	4,160	3,504	3,407
Payable for employees' compensation and remuneration to directors and supervisors	5,560	-	-
Payable for processing fees	6,934	4,769	2,810
Payable for tax	3,746	1,630	4,059
Payable for pension	869	10,025	822
Others	65,341	48,776	34,520
	<u>\$ 200,506</u>	<u>\$ 196,606</u>	<u>\$ 139,610</u>

## 17. BORROWINGS

a. Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured bank loans	\$ 258,574	\$ 294,300	\$ 485,696
Secured bank loans (Note 27)	644,091	428,811	660,339
	<u>\$ 902,665</u>	<u>\$ 723,111</u>	<u>\$ 1,146,035</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Unsecured bank loans (%)	1.15-2.30	1.10-1.87	1.07-2.65
Secured bank loans (%)	1.74-4.48	1.74-4.48	1.91-4.48

b. Short-term bills payable

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Commercial papers			
China Bills Finance Corporation	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Annual interest rates (%)	1.40	1.40	1.50

c. Long-term borrowings

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Unsecured bank loans	\$ 630,084	\$ 655,583	\$ 817,333
Secured bank loans (Note 27)	<u>400,000</u>	<u>407,064</u>	<u>22,226</u>
	1,030,084	1,062,647	839,559
Less: Current portion	<u>456,807</u>	<u>381,842</u>	<u>493,642</u>
	<u>\$ 573,277</u>	<u>\$ 680,805</u>	<u>\$ 345,917</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Unsecured bank loans (%)	1.34-1.85	1.34-1.81	1.34-2.08
Secured bank loans (%)	1.85	1.85-2.20	2.20

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Unsecured bank loans	2021.07 - 2024.05	2021.07 - 2023.10	2020.07 - 2022.12
Secured bank loans	2025.07	2021.02 - 2025.07	2021.02

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

## 18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$109 thousand, \$229 thousand, \$218 thousand and \$458 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019.

## 19. EQUITY

### a. Ordinary shares

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>
Shares issued	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>

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

### b. Capital surplus

Items	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

### c. Retained earnings and dividend policy

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

In addition, as stipulated in the Articles, the board of directors is authorized under Article 240 of the Company Act to resolve the distribution of dividends and bonuses in cash or under Article 241 of the

Company Act to resolve the distribution of the dividends and bonuses in whole or in part of the legal reserve and capital surplus, and a report of such distribution shall be submitted to the shareholders in their meeting.

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

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

The stockholders held their regular meeting to resolve the amendments to the Articles on July 27, 2021. The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the Articles is amended, the special reserve is appropriated from the prior unappropriated earnings.

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

d. Other equity items

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (174,712)	\$ (147,992)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	<u>(7,564)</u>	<u>(89,108)</u>
Balance at June 30	<u>\$ (182,276)</u>	<u>\$ (237,100)</u>

2) Unrealized loss on financial assets at FVTOCI

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (24)	\$ (3,725)
Recognized for the period		
Unrealized gain (loss) - equity instruments	861	4,192
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(476)</u>	<u>(5,024)</u>
Balance at June 30	<u>\$ 361</u>	<u>\$ (4,557)</u>

e. Treasury stock

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Number of shares at the beginning and the end of period (in thousands)	<u>3,301</u>	<u>-</u>

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

## 20. OPERATING REVENUE

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 1,267,006</u>	<u>\$ 860,115</u>	<u>\$ 2,199,869</u>	<u>\$ 1,349,213</u>

a. Contract balances

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	<b>January 1, 2020</b>
Notes receivable	\$ 175,311	\$ 209,405	\$ 125,904	\$ 189,678
Accounts receivable, net	<u>1,298,175</u>	<u>1,105,222</u>	<u>853,676</u>	<u>944,206</u>
	<u>\$ 1,473,486</u>	<u>\$ 1,314,627</u>	<u>\$ 979,580</u>	<u>\$ 1,133,884</u>

b. Disaggregation of revenue

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

## 21. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax included following items:

a. Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Bank deposits	<u>\$ 1,053</u>	<u>\$ 1,364</u>	<u>\$ 2,358</u>	<u>\$ 2,696</u>

b. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Foreign exchange gains (losses), net	\$ (11,824)	\$ 2,457	\$ (3,030)	\$ 6,837
Loss on disposal of property, plant and equipment, net	(3,069)	(1,318)	(4,419)	(2,244)
Loss on financial instruments at FVTPL, net	(7,845)	(877)	(10,080)	(8,483)
Others	<u>(1,728)</u>	<u>(373)</u>	<u>(2,271)</u>	<u>(496)</u>
	<u>\$ (24,466)</u>	<u>\$ (111)</u>	<u>\$ (19,800)</u>	<u>\$ (4,386)</u>

c. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest expense of borrowings	\$ 10,367	\$ 11,058	\$ 20,744	\$ 23,456
Interest on lease liabilities	2	6	5	11
Less: Amounts included in the cost of qualifying assets	<u>526</u>	<u>272</u>	<u>1,032</u>	<u>529</u>
	<u>\$ 9,843</u>	<u>\$ 10,792</u>	<u>\$ 19,717</u>	<u>\$ 22,938</u>
Capitalization rate (%)	1.58-4.68	1.50-4.44	1.47-5.40	1.50-4.92

d. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Property, plant and equipment	\$ 60,580	\$ 61,452	\$ 120,900	\$ 124,769
Right-of-use assets	650	653	1,301	1,317
Other assets	<u>881</u>	<u>640</u>	<u>1,771</u>	<u>1,269</u>
	<u>\$ 62,111</u>	<u>\$ 62,745</u>	<u>\$ 123,972</u>	<u>\$ 127,355</u>

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function				
Operating costs	\$ 52,390	\$ 52,771	\$ 104,384	\$ 107,254

(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating expenses	\$ 8,840	\$ 9,334	\$ 17,817	\$ 18,832
	<u>\$ 61,230</u>	<u>\$ 62,105</u>	<u>\$ 122,201</u>	<u>\$ 126,086</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 881</u>	<u>\$ 640</u>	<u>\$ 1,771</u>	<u>\$ 1,269</u> (Concluded)

e. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 6,978	\$ 2,020	\$ 13,689	\$ 5,806
Defined benefit plans	<u>109</u>	<u>229</u>	<u>218</u>	<u>458</u>
	7,087	2,249	13,907	6,264
Short-term employee benefits	<u>127,210</u>	<u>115,469</u>	<u>240,415</u>	<u>211,989</u>
	<u>\$ 134,297</u>	<u>\$ 117,718</u>	<u>\$ 254,322</u>	<u>\$ 218,253</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 95,456	\$ 86,306	\$ 179,859	\$ 156,101
Operating expenses	<u>38,841</u>	<u>31,412</u>	<u>74,463</u>	<u>62,152</u>
	<u>\$ 134,297</u>	<u>\$ 117,718</u>	<u>\$ 254,322</u>	<u>\$ 218,253</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 3% of net profit before income tax, employees' compensation and remuneration of directors and supervisors and the remuneration of directors and supervisors at \$2,100 thousand. For the years ended December 31, 2020 and 2019, the Company incurred a net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued for those years. The employees' compensation and the remuneration of directors and supervisors for the three months ended June 30, 2021 and for the six months ended June 30, 2021 were accrued as follows:

	<b>2021</b>	
	<b>For the Three Months Ended June 30</b>	<b>For the Six Months Ended June 30</b>
Accrual rate (%)		
Employees' compensation	3.33	3.27

(Continued)

Amount	2021	
	For the Three Months Ended June 30	For the Six Months Ended June 30
Employees' compensation	\$ 3,397	\$ 4,510
Remuneration of directors and supervisors	\$ 525	\$ 1,050
		(Concluded)

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

## 22. INCOME TAX

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	\$ 40,760	\$ 29,927	\$ 45,651	\$ 53,267
Adjustments for prior periods	<u>(394)</u>	<u>-</u>	<u>(394)</u>	<u>-</u>
	<u>40,366</u>	<u>29,927</u>	<u>45,257</u>	<u>53,267</u>
Deferred tax				
In respect of the current period	33,068	(9,359)	49,119	(77,821)
Adjustments for prior periods	<u>-</u>	<u>(5,485)</u>	<u>-</u>	<u>(4,772)</u>
	<u>33,068</u>	<u>(14,844)</u>	<u>49,119</u>	<u>(82,593)</u>
	<u>\$ 73,434</u>	<u>\$ 15,083</u>	<u>\$ 94,376</u>	<u>\$ (29,326)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ (29)	\$ -	\$ (4)	\$ -
				(Continued)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ -	\$ (5,112)	\$ -	\$ (2,008)
	<u>\$ (29)</u>	<u>\$ (5,112)</u>	<u>\$ (4)</u>	<u>\$ (2,008)</u> (Concluded)

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Deferred tax				
In respect of the current period				
Translations of foreign operations	\$ 1,085	\$ 398	\$ 260	\$ 967
Fair value changes of financial assets at FVTOCI	<u>(31)</u>	<u>(5,329)</u>	<u>(152)</u>	<u>(1,931)</u>
	<u>\$ 1,054</u>	<u>\$ (4,931)</u>	<u>\$ 108</u>	<u>\$ (964)</u>

d. Income tax assessments

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

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

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

Due to the net loss incurred for the six months ended June 30, 2020, there is no dilutive effect on the computation of diluted loss per share. The net profit (loss) and weighted average number of ordinary shares outstanding used in the computation of net profit (loss) per share were as follows:

Net profit (loss) for the period - attributable to owners of the Company

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Net profit (loss) used in the computation of diluted net profit (loss) per share	<u>\$ 89,939</u>	<u>\$ 21,504</u>	<u>\$ 147,103</u>	<u>\$ (69,126)</u>

Weighted average number of ordinary shares outstanding (in thousands)

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares in computation of basic net profit (loss) per share	165,899	169,200	165,899	169,200
Effect of potentially dilutive ordinary shares				
Compensation of employees	<u>108</u>	<u>-</u>	<u>143</u>	<u>-</u>
Weighted average number of ordinary shares in computation of diluted net profit (loss) per share	<u>166,007</u>	<u>169,200</u>	<u>166,042</u>	<u>169,200</u>

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

## **24. CAPITAL MANAGEMENT**

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

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

## **25. FINANCIAL INSTRUMENTS**

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

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

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

June 30, 2021

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

December 31, 2020

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

June 30, 2020

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 53</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 14,195	\$ -	\$ -	\$ 14,195
Overseas listed shares	<u>63,233</u>	<u>-</u>	<u>-</u>	<u>63,233</u>
	<u>\$ 77,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,428</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ -</u>	<u>\$ 147</u>

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

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

c. Categories of financial instruments

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,400,757	\$ 2,366,794	\$ 2,092,642
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	-	-	53
Financial assets at FVTOCI			
Equity instruments	9,294	33,681	77,428
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,100,007	2,980,432	2,613,400
Financial liabilities at FVTPL			
Held for trading	-	-	147

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

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts at the end of the reporting

period. A positive (negative) number below indicates an increase (decrease) in pre-tax profit for a 1% weakening of the functional currency against the relevant currency.

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
USD	\$ 2,105	\$ 109
HKD	680	371

b) Interest rate risk

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

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Fair value interest rate risk			
Financial assets	\$ 99,448	\$ 142,219	\$ 44,475
Financial liabilities	681,703	638,380	847,876
Cash flow interest rate risk			
Financial assets	800,268	895,185	1,053,568
Financial liabilities	1,301,760	1,198,807	1,189,136

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2021 and 2020 would decrease/increase \$2,507 thousand and \$678 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2021 and 2020 would increase/decrease by \$93 thousand and \$774 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

## 2) Credit risk

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

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

## 3) Liquidity risk

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

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

### a) Liquidity risk tables for non-derivative financial liabilities

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

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

#### June 30, 2021

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

#### December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 190,565	\$ 3,491	\$ 354,791	\$ 101,068
Variable interest rate liabilities	7,006	20,241	607,306	595,146

(Continued)

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Lease liabilities	\$ -	\$ 720	\$ -	\$ 720
Financial guarantee contracts	13,022	13,790	25,210	-
Non-interest bearing	<u>614,025</u>	<u>430,128</u>	<u>99,346</u>	<u>-</u>
	<u>\$ 824,618</u>	<u>\$ 468,370</u>	<u>\$ 1,086,653</u>	<u>\$ 696,934</u> (Concluded)

June 30, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
Fixed interest rate liabilities	\$ 339,115	\$ 119,309	\$ 300,043	\$ 101,975
Variable interest rate liabilities	101,648	266,227	585,791	248,736
Lease liabilities	-	-	720	720
Financial guarantee contracts	16,594	6,914	5,488	-
Non-interest bearing	<u>304,858</u>	<u>196,889</u>	<u>74,740</u>	<u>-</u>
	<u>\$ 762,215</u>	<u>\$ 589,339</u>	<u>\$ 966,782</u>	<u>\$ 351,431</u>

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

b) Liquidity risk tables for derivative financial instruments

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

	<b>1-3 Months</b>
<u>June 30, 2020</u>	
Gross settled	
Foreign Exchange Forward Contracts	
Inflows	\$ 148,091
Outflows	<u>(147,450)</u>
	<u>\$ 641</u>

e. Transfers of financial assets

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Transferred but not derecognized(Note1)	\$ 53,446	\$ 95,591	\$ 35,461
Transferred and derecognized(Note2)	<u>38,576</u>	<u>52,022</u>	<u>28,996</u>
	<u>\$ 92,022</u>	<u>\$ 147,613</u>	<u>\$ 64,457</u>
Maturity date	2021.07 - 2021.10	2021.01 - 2021.05	2020.07 - 2020.10

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

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

For the six months ended June 30, 2021 and 2020, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

## 26. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and its relationship with the Group

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

b. Remuneration of key management personnel

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 2,373	\$ 2,650	\$ 4,662	\$ 5,151
Post-employment benefits	<u>27</u>	<u>48</u>	<u>54</u>	<u>96</u>
	<u>\$ 2,400</u>	<u>\$ 2,698</u>	<u>\$ 4,716</u>	<u>\$ 5,247</u>

The remuneration of directors and other members of key management is determined by the remuneration committee based on the performance of individuals and market trends.

c. Lease arrangements

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

The Interest expenses of the lease arrangement for the three and six months ended June 30, 2021 and 2020 were \$2 thousand, \$6 thousand, \$5 thousand and \$11 thousand, respectively. The balance of lease liabilities as of June 30, 2021, December 31, 2020 and June 30, 2020 were \$714 thousand, \$1,429 thousand and \$1,418 thousand, respectively.

d. Guarantees

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

Guarantor	June 30, 2021	December 31, 2020	June 30, 2020
Su, Tun-Li	\$ 800,880	\$ 772,935	\$ 870,375
Su, Chung-Hong	744,880	738,172	544,231
Su, Bo-Chen	<u>6,000</u>	<u>62,000</u>	<u>253,000</u>
	<u>\$ 1,551,760</u>	<u>\$ 1,573,107</u>	<u>\$ 1,667,606</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, 2021	December 31, 2020	June 30, 2020
Property, plant and equipment	\$ 422,594	\$ 557,756	\$ 444,680
Pledged deposits (under other financial assets)	24,667	17,220	18,239
Right-of-use assets	<u>29,497</u>	<u>30,037</u>	<u>30,556</u>
	<u>\$ 476,758</u>	<u>\$ 605,013</u>	<u>\$ 493,475</u>

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of June 30, 2021, the Group's significant contingent liabilities and unrecognized commitments, were as follows:

- a. The amount of contracts for the Group's purchases of property, plant, and equipment was \$16,183 thousand.
- b. The amount of contracts for the Group's purchases of raw materials was \$90,598 thousand.
- c. Unused letters of credit for purchases of raw materials and equipment amounted to \$27,804 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, 2021</u>				
Financial assets				
Monetary items				
USD	\$ 21,119	27.86	(USD:NTD)	\$ 588,377
USD	18,293	6.464	(USD:RMB)	509,655
USD	24,233	7.7648	(USD:HKD)	675,152
USD	8,174	23,082	(USD:VND)	227,736
HKD	348	3.588	(HKD:NTD)	1,248
HKD	25,782	0.8325	(HKD:RMB)	92,508
HKD	958	0.1288	(HKD:USD)	<u>3,437</u>
				<u>\$ 2,098,113</u>
Financial liabilities				
Monetary items				
USD	2,658	27.86	(USD:NTD)	\$ 74,053
USD	5,395	6.464	(USD:RMB)	150,318
USD	23,428	7.7648	(USD:HKD)	652,704
USD	32,782	23,082	(USD:VND)	913,301
HKD	8,132	3.588	(HKD:NTD)	<u>29,177</u>
				<u>\$ 1,819,553</u>
<u>December 31, 2020</u>				
Financial assets				
Monetary items				
USD	15,589	28.1	(USD:NTD)	\$ 438,038
USD	11,225	6.5046	(USD:RMB)	315,419
USD	12,384	7.7517	(USD:HKD)	347,983
USD	5,261	23,166	(USD:VND)	147,844
HKD	1,036	3.625	(HKD:NTD)	3,754
HKD	33,079	0.8391	(HKD:RMB)	119,911
HKD	957	0.129	(HKD:USD)	<u>3,470</u>
				<u>\$ 1,376,419</u>
Financial liabilities				
Monetary items				
USD	1,498	28.1	(USD:NTD)	\$ 42,102
USD	4,272	6.5046	(USD:RMB)	120,037
USD	11,383	7.7517	(USD:HKD)	319,848
USD	27,442	23,166	(USD:VND)	771,115
HKD	15,872	3.625	(HKD:NTD)	57,538
HKD	398	0.8391	(HKD:RMB)	<u>1,443</u>
				<u>\$ 1,312,083</u>

(Continued)

	Foreign Currency (In Thousands)		Exchange Rate	NTD (In Thousands)
June 30, 2020				
Financial assets				
Monetary items				
USD	\$ 20,391		29.49 (USD:NTD)	\$ 601,332
USD	6,382		7.0686 (USD:RMB)	188,211
USD	14,358		7.7503 (USD:HKD)	423,421
USD	4,396		23,275 (USD:VND)	129,625
HKD	1,444		3.805 (HKD:NTD)	5,494
HKD	24,232		0.912 (HKD:RMB)	92,204
HKD	954		0.129 (HKD:USD)	<u>3,628</u>
				<u>\$ 1,443,915</u>
Financial liabilities				
Monetary items				
USD	1,212		29.49 (USD:NTD)	\$ 35,750
USD	7,746		7.0686 (USD:RMB)	228,430
USD	11,937		7.7503 (USD:HKD)	352,035
USD	24,261		23,275 (USD:VND)	715,461
HKD	16,522		3.805 (HKD:NTD)	62,866
HKD	367		0.912 (HKD:RMB)	<u>1,395</u>
				<u>\$ 1,395,937</u>
				(Concluded)

For the three and six months ended June 30, 2021 and 2020, realized and unrealized foreign exchange were net loss \$11,824 thousand, net gain \$2,457 thousand, net loss \$3,030 thousand and net gain \$6,837 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

### 30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and b. investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held: Table 2.
- 4) Marketable securities acquired or disposed of at cost or price of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
  - 9) Trading in derivative instruments: For the six months ended June 30, 2021, net loss of futures contracts was \$10,080 thousand.
  - 10) Inter-company business relationship and material transactions and its amount: Table 8.
  - 11) Information on investees: Table 5.
- c. Information on investments in mainland China
- Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6.
- Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7.
  - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3 and Table 7.
  - 3) The amount of property transactions and the amount of the resultant gains or losses: Table 7.
  - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
  - 5) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
  - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: Table 7 and Table 8.
- 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 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, 2021</u>							
Revenue from external customers	\$ 277,643	\$ 945,612	\$ 975,731	\$ 883	\$ -	\$ -	\$ 2,199,869
Inter-segment revenue	<u>109,998</u>	<u>194,853</u>	<u>1,174,184</u>	<u>673,502</u>	<u>-</u>	<u>(2,152,537)</u>	<u>-</u>
Segment revenue	<u>\$ 387,641</u>	<u>\$ 1,140,465</u>	<u>\$ 2,149,915</u>	<u>\$ 674,385</u>	<u>\$ -</u>	<u>\$(2,152,537)</u>	<u>\$ 2,199,869</u>
Segment income (loss)	<u>\$ (2,397)</u>	<u>\$ 129,448</u>	<u>\$ 121,190</u>	<u>\$ 32,554</u>	<u>\$ (749)</u>	<u>\$ (3,101)</u>	\$ 276,945
Interest income							2,358
Other income							1,693
Other gains and losses							(19,800)
Finance costs							<u>(19,717)</u>
Consolidated income before income tax							241,479
Income tax							<u>(94,376)</u>
Consolidated net income							<u>\$ 147,103</u>
<u>June 30, 2021</u>							
Segment assets	<u>\$ 3,878,300</u>	<u>\$ 1,450,613</u>	<u>\$ 2,860,772</u>	<u>\$ 1,204,547</u>	<u>\$ 59,608</u>	<u>\$(3,933,148)</u>	<u>\$ 5,520,692</u>
Segment liabilities	<u>\$ 1,584,993</u>	<u>\$ 440,404</u>	<u>\$ 1,511,905</u>	<u>\$ 941,875</u>	<u>\$ 20,294</u>	<u>\$(1,272,085)</u>	<u>\$ 3,227,386</u>
<u>For the six months ended June 30, 2020</u>							
Revenue from external customers	\$ 197,275	\$ 548,148	\$ 602,348	\$ 1,442	\$ -	\$ -	\$ 1,349,213
Inter-segment revenue	<u>52,574</u>	<u>228,063</u>	<u>574,806</u>	<u>323,794</u>	<u>87,570</u>	<u>(1,266,807)</u>	<u>-</u>
Segment revenue	<u>\$ 249,849</u>	<u>\$ 776,211</u>	<u>\$ 1,177,154</u>	<u>\$ 325,236</u>	<u>\$ 87,570</u>	<u>\$(1,266,807)</u>	<u>\$ 1,349,213</u>
Segment income (loss)	<u>\$ (25,978)</u>	<u>\$ (52,153)</u>	<u>\$ (7,242)</u>	<u>\$ (8,020)</u>	<u>\$ (604)</u>	<u>\$ 17,025</u>	\$ (76,972)
Interest income							2,696
Other income							3,148
Other gains and losses							(4,386)
Finance costs							<u>(22,938)</u>
Consolidated loss before income tax							(98,452)
Income tax							<u>29,326</u>
Consolidated net loss							<u>\$ (69,126)</u>
<u>June 30, 2020</u>							
Segment assets	<u>\$ 3,546,349</u>	<u>\$ 1,248,872</u>	<u>\$ 2,398,784</u>	<u>\$ 968,850</u>	<u>\$ 231,863</u>	<u>\$(3,596,393)</u>	<u>\$ 4,798,325</u>
Segment liabilities	<u>\$ 1,453,130</u>	<u>\$ 388,957</u>	<u>\$ 966,972</u>	<u>\$ 733,089</u>	<u>\$ 194,187</u>	<u>\$(1,031,229)</u>	<u>\$ 2,705,106</u>

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

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 2021  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 2)	Actual Amount Borrowed (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 356,625	\$ 208,950	\$ 208,950	1.8-1.9	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 458,661	\$ 917,322	Note 1
0	The Company	Vibo	Other receivables - related parties	Yes	71,325	69,650	-	-	Short-term financing	-	Business development	-	-	-	458,661	917,322	Note 1
0	The Company	GEM Suzhou	Other receivables - related parties	Yes	85,590	83,580	-	-	Short-term financing	-	Business development	-	-	-	458,661	917,322	Note 1
0	The Company	Genius HK	Other receivables - related parties	Yes	83,580	83,580	83,580	1.87	Short-term financing	-	Business development	-	-	-	458,661	917,322	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	98,350	27,860	27,860	2.3	Short-term financing	-	Business development	-	-	-	443,982	887,964	Note 1

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

Note 2: The exchange rate was US\$1 : NT\$27.86.

Note 3: It was eliminated on consolidation.

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

## MARKETABLE SECURITIES HELD

JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	Hua Eng Wire&Cable Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	\$ 321	-	\$ 321	
	United microelectronics Corporation	-	Financial assets at FVTOCI - current	21,000	1,115	-	1,115	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTOCI - current	2,000	1,190	-	1,190	
	China Airlines Ltd.	-	Financial assets at FVTOCI - current	20,000	381	-	381	
	EVA Airways Corporation	-	Financial assets at FVTOCI - current	20,000	403	-	403	
	Fubon Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	739	-	739	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	227	-	227	
	Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at FVTOCI - current	10,000	1,630	-	1,630	
	Innolux Corporation	-	Financial assets at FVTOCI - current	42,000	872	-	872	
	Taiwan Cooperative Bank	-	Financial assets at FVTOCI - current	10,000	212	-	212	
						<u>7,090</u>	<u>7,090</u>	
GEM Suzhou	<u>Stock</u>							
	Huarun Dong's Ejiao Co., Ltd.	-	Financial assets at FVTOCI - current	7,000	1,083	-	1,083	
	Yantai Changyu Pionner Wine Co., Ltd.	-	Financial assets at FVTOCI - current	7,000	1,121	-	1,121	
						<u>2,204</u>	<u>2,204</u>	
					<u>\$ 9,294</u>		<u>\$ 9,294</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, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
GEM Suzhou	GEM Dongguan	Affiliate	Sales	\$ 533,875	25	120 days after monthly closing	Note 1	Note 2	\$ 183,735	15	Note 3
	Global HK	Affiliate	Sales	652,307	31	120 days after monthly closing	Note 1	Note 2	429,958	35	Note 3
GEM VN	Genius HK	Affiliate	Sales	404,417	60	120 days after monthly closing	Note 1	Note 2	75,462	53	Note 3
	Global HK	Affiliate	Sales	238,379	35	120 days after monthly closing	Note 1	Note 2	49,481	35	Note 3
Genius HK	GEM Dongguan	Affiliate	Sales	406,824	53	120 days after monthly closing	Note 1	Note 2	90,994	30	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	348,388	31	120 days after monthly closing	Note 1	Note 2	82,392	13	Note 3
	GEM Suzhou	Affiliate	Sales	114,062	10	120 days after monthly closing	Note 1	Note 2	93,351	14	Note 3
Global HK	GEM Suzhou	Affiliate	Sales	262,254	28	120 days after monthly closing	Note 1	Note 2	54,321	11	Note 3
	GEM VN	Affiliate	Sales	558,079	60	120 days after monthly closing	Note 1	Note 2	366,219	73	Note 3

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

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

Note 3: It was eliminated on consolidation.

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

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

**JUNE 30, 2021**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	GEM VN	Subsidiary	\$ 274,118	3.08	\$ -	-	\$ 43,165	\$ -
GEM Suzhou	GEM Dongguan	Affiliate	183,735	6.00	-	-	113,443	-
	Global HK	Affiliate	437,675	5.33	-	-	78,730	-
Global HK	GEM VN	Affiliate	366,219	6.09	-	-	76,491	-

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, 2021  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Business and Products	Original Investment Amount		As of June 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2021	December 31, 2020	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,150,743	\$ 145,766	\$ 145,305	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	251,307	26,701	26,669	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading	23,282	23,282	750,000	100	95,698	4,453	4,453	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	90,109	4,471	4,510	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,219,908	145,868	145,868	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,189	13	102	Notes 1 and 2
GEM Cayman	GEM VN	Vietnam	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production; production and processing of copper cores, copper alloys and copper bars.	386,780	386,780	386,780	100	257,773	31,667	26,911	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, 2021

(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2021	Net Income of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Notes 1 and 3)	Carrying Amount as of June 30, 2021 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of June 30, 2021	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 730,382	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	\$ 370,489	\$ -	\$ -	\$ 370,489	\$ 91,224	100	\$ 93,464	\$ 891,122	\$ 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.	1,080,397	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	56,788	-	-	56,788	81,453	100	66,856	1,317,958	684,532	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$427,277	\$1,579,662 (US\$56,700 thousand)	\$1,375,984

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, 2021**  
(In Thousands of New Taiwan Dollars)

Investee Company	Counterparty	Transaction Type	Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	\$ 26,108	120 days after monthly closing	No significant difference with those to third parties	\$ 4,876	2	\$ 3,838	
		Purchase	33	120 days after monthly closing	No significant difference with those to third parties	(28)	-	(1)	
		Disposal of property, plant, and equipment	6,817	120 days after monthly closing	No comparable transactions with those in the market	-	-	3,574	
	GEM Dongguan	Sales	3,245	120 days after monthly closing	No significant difference with those to third parties	-	-	534	
		Purchase	54	120 days after monthly closing	No significant difference with those to third parties	-	-	(147)	
Global HK	GEM Suzhou	Sales	262,254	120 days after monthly closing	No significant difference with those to third parties	54,321	11	8,286	
		Purchase	652,307	120 days after monthly closing	No significant difference with those to third parties	(429,958)	87	(506)	
		Purchase of property plant, and equipment	14,705	120 days after monthly closing	No comparable transactions with those in the market	(7,717)	100	49	
Genius HK	GEM Dongguan	Sales	406,824	120 days after monthly closing	No significant difference with those to third parties	90,994	30	8,168	
		Purchase	348,388	120 days after monthly closing	No significant difference with those to third parties	(82,392)	51	(147)	
		Purchase of property plant, and equipment	5,408	120 days after monthly closing	No comparable transactions with those in the market	(2,148)	3	61	

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

## INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Term	
0	The Company	Global HK	1	Disposal of property, plant and equipment	\$ 22,459	Payment term of 4 months	1
		Global HK	1	Other receivables	4,706	Payment term of 4 months	-
		GEM Suzhou	1	Sales	26,108	Payment term of 4 months	1
		GEM Suzhou	1	Accounts receivable	4,876	Payment term of 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	6,817	Payment term of 4 months	-
		GEM VN	1	Sales	80,645	Payment term of 4 months	4
		GEM VN	1	Accounts receivable	64,377	Payment term of 4 months	1
		GEM VN	1	Disposal of property, plant and equipment	6,038	Payment term of 4 months	-
		GEM VN	1	Interest income	2,334	Annual Interest rate of 1.8%~2.25%	-
		GEM VN	1	Other receivables	209,741	According to working, capital conditions to change payment deeding	4
		Vibo	1	Interest income	243	Annual Interest rate of 1.9%	-
		GEM Dongguan	1	Sales	3,245	Payment term of 4 months	-
		Genius HK	1	Interest income	151	Annual Interest rate of 1.87%	-
		Genius HK	1	Other receivables	83,731	According to working, capital conditions to change payment deeding	2
1	GEM Dongguan	The Company	2	Sales	54	Payment term of 4 months	-
		Genius HK	3	Sales	348,388	Payment term of 4 months	16
		Genius HK	3	Accounts receivable	82,392	Payment term of 4 months	1
		Genius HK	3	Disposal of property, plant and equipment	5,408	Payment term of 4 months	-
		Genius HK	3	Other receivables	2,148	Payment term of 4 months	-
		GEM Suzhou	3	Sales	114,062	Payment term of 4 months	5
		GEM Suzhou	3	Accounts receivable	93,351	Payment term of 4 months	2
		GEM Suzhou	3	Other income	9	Payment term of 4 months	-
		GEM Suzhou	3	Other receivables	3,249	Payment term of 4 months	-
2	Genius HK	The Company	2	Sales	75,147	Payment term of 4 months	3
		The Company	2	Accounts receivable	18,855	Payment term of 4 months	-
		The Company	2	Other receivables	10,336	Payment term of 4 months	-
		GEM Dongguan	3	Sales	406,824	Payment term of 4 months	18
		GEM Dongguan	3	Accounts receivable	90,994	Payment term of 4 months	2
		GEM Dongguan	3	Other receivables	388	Payment term of 4 months	-
		GEM VN	3	Sales	5,591	Payment term of 4 months	-
		GEM VN	3	Accounts receivable	2,401	Payment term of 4 months	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Term	
3	Global HK	The Company	2	Sales	\$ 82,196	Payment term of 4 months	4
		The Company	2	Accounts receivable	56,303	Payment term of 4 months	1
		GEM VN	3	Sales	558,079	Payment term of 4 months	25
		GEM VN	3	Accounts receivable	366,219	Payment term of 4 months	7
		GEM Suzhou	3	Sales	262,254	Payment term of 4 months	12
		GEM Suzhou	3	Accounts receivable	54,321	Payment term of 4 months	1
4	GEM Suzhou	The Company	2	Sales	33	Payment term of 4 months	-
		The Company	2	Accounts receivable	28	Payment term of 4 months	-
		Global HK	3	Sales	652,307	Payment term of 4 months	30
		Global HK	3	Accounts receivable	429,958	Payment term of 4 months	8
		Global HK	3	Other income	454	Payment term of 4 months	-
		Global HK	3	Disposal of property, plant and equipment	14,705	Payment term of 4 months	1
		Global HK	3	Other receivables	7,717	Payment term of 4 months	-
		GEM Dongguan	3	Sales	533,875	Payment term of 4 months	24
		GEM Dongguan	3	Accounts receivable	183,735	Payment term of 4 months	3
5	Vibo	GEM VN	3	Interest income	675	Annual Interest rate of 2.3%	-
		GEM VN	3	Other receivables	27,913	According to working, capital conditions to change payment deeding	1
6	GEM VN	The Company	2	Sales	30,706	Payment term of 4 months	1
		The Company	2	Accounts receivable	17,553	Payment term of 4 months	-
		Genius HK	3	Sales	404,417	Payment term of 4 months	18
		Genius HK	3	Accounts receivable	75,462	Payment term of 4 months	1
		Global HK	3	Sales	238,379	Payment term of 4 months	11
		Global HK	3	Accounts receivable	49,481	Payment term of 4 months	1

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary

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

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

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