STOCK CODE：2460

GEM TERMINALS

GEM TERMINAL IND. CO., LTD.

2023 ANNUAL REPORT

The annual report is available at : http://mops.twse.com.tw
http://www.gem.com.tw

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders’ meeting. If there is any discrepancy between the English version and Chinese version,the Chinese version shall prevail.

I. Names ,Titles, Contact Numbers and E-mails of Spokesman and Acting Spokesman

Spokesman	:	Chen, Cheng-Hao	Acting Spokesman	:	Su, Li-Wen
Title	:	Manager of the Administration Department	Title	:	Senior Executive Assistant
Phone	:	(07) 696–3037	Phone	:	(07) 696–3037

Email:shareholder@ms.gem.com.tw

Email:shareholder@ms.gem.com.tw

II. Address and phone number of the head office , branch offices and factories

Head office:No.138, Ln. 513, Datong Rd., Luzhu Dist., Kaohsiung City 821, Taiwan (R.O.C.)

Branch office: none

Factory: No.138, Ln. 513, Datong Rd., Luzhu Dist., Kaohsiung City 821, Taiwan (R.O.C.)

Phone: (07) 696–3037

Tapei Liason Office: 2F., No.223, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)

Phone: (02) 2591–7611

III. Name, address, website, and phone of the stock transfer agency

Name:Agent for stock affairs of SinoPac Securities Corporation

Address: 3F., No.17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Website: http://www.sinotrade.com.tw

Phone: (02) 2381–6288

IV. The name of the CPAs of the recent report, the name, the address, the website, and the phone of accounting firm

Names of accountants: Chiang, Chia-Ling, Wu, Chiu-Yen

Name of accounting firm: Deloitte Taiwan

Address: 3F., No.88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan (R.O.C.)

Website: http://www.deloitte.com.tw

Phone: (07) 530–1888

V. Name of overseas trade places for listed negotiable securities and how to acquire information about listed negotiable securities traded there : None

VI. Company website: http://www.gem.com.tw

Contents

I. Letter to Shareholders 1

II. Company Profile 8

i. Establishment date 8

ii. History 8

III. Corporate governance report 12

i. Organization Structure 12

ii. Information of directors, supervisors, general managers, deputy general managers, associates, and officers of departments and branches 14

iii. Recent annual payment for directors, supervisors, general managers, vice general managers 20

iv. Corporate Governance Status 24

v. Accountant Fees 61

vi. Change of Accountants 61

vii. The Employment of the Company's Chairman, General Manager,Financial or AccountingManager with the Firm of the Auditing CPA or Its Affiliated corporates in the Past Year shall disclose their names, titles and the periods that they signed with the Firm of the Auditing CPA or Its Affiliated enterprises 62

viii. Particulars about Changes in Shareholding and Equity Pledge of Directors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report 63

ix. Relationship among the Top Ten Shareholders 64

x. The number of shares that the company, directors, supervisors, managers, and the ones that the company controlls directly or indirectly are calculated and combined in the comprehensive shareholding ratio. .. 65

IV. Fund rasing... 66

i. Capitals and Shares 66

ii. Corporate Bonds 70

iii. Preferred Shares 70

iv. Overseas Depositary Receipts 70

v. Employee Stock Options 70

vi. Restricted Employee Stock 70

vii. Status of New Shares Issuance in Connection with Mergers and Acquisitions 70

viii. Financing Plans and Implementation 70

V. Operations Profile 71

i. Business Scope 71

ii. Market, Production, and Sales Overview 81

iii. The number of Employees, average job tenture, averageage and the ratio of education for the past two years and as of the publication of the annual report 88

iv. Environmental Expenditure Information 90

v. Labor Relations 98

vi. Information Security management 98

vii. Important Contracts 99
VI. Financial Profile 101
i. Condensed Balance Sheet and Income Statement in the Past Five Years 101
ii. Financial analysis in the Past Five Years 105
iii. Supervisors' Review Report of the Latest Financial Report 110
iv. Latest Accompanying Financial Statementsand and Auditors' Report 111
v. Latest Consolidated Financial Statements and Auditors' Report 111
vi. If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed . 111
VII. Review and Analysis of Financial Status and Business Results and Risk Issues 112
i. Financial Status 112
ii. Financial Performance 112
iii. Cash Flow 113
iv. Impact of Major Capital Expenditure in the Past Year on the Financial Status 114
v. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss,the Improvement Plan and Investment Plan in the Next Year 115
vi. Analysis and Assessment of Risk Issues 115
vii. Other Important Matters 121
VIII. Special Notes 122
i. Information About the Company's Affiliates 122
ii. Private Securities in the Past Year and as of the Date of Publication of the Annual Report 125
iii. Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report 125
iv. Other Necessary Supplementary Notes 125
IX. Other Disclosure 125
Matters about major impacts on shareholders' interest or stock price related to Securities and Exchange Act, Article 36, Paragraph 3, Subparagraph 2. in the Past Year and as of the Date of Publication of the Annual Report 125
Appendices
Appendix A: Latest Individual Financial statements and Auditors' Report of 2023
Appendix B: Latest Consolidated Financial Statements and Auditors' Report of 2023

I. Letter to Shareholders

Dear Shareholders, Customers and Staff:

The World Economic Outlook report released by the International Monetary Fund (IMF) suggests that the expected economic growth rate for 2024 and 2025 is respectively 3.1% and 3.2%. Despite the economic growth forecasts for 2024-2025 being lower than the historical level of 3.8%, the report indicates that inflation has eased in most regions, reducing the likelihood of a global hard landing. However, geopolitical risks persist. With the ongoing Russo-Ukrainian War, Israel-Hamas War, and the Red Sea crisis in 2024, these factors may lead to significant fluctuations in prices of key commodities, including minerals. Additionally, challenges faced by China may also have a certain impact on its overall economy.

The terminal industry itself is a technically mature industry. Affected by geopolitical tensions and inflation, GEM Group has leveraged its global layout advantages by swiftly reallocating production facilities. In addition to transferring production equipment to GEM Vietnam to capitalize on its advantages in labor and electricity costs, the group has implemented a sustainable approach where brass scraps generated during the punching and lathe production are directly recycled at the Company’s own copper refining plant, thereby avoiding the 22% export tariff imposed on brass scraps in Vietnam. Moreover, GEM Vietnam enjoys lower processing costs compared to other copper factories. With the recent launch of the new patented project for one-step molding of insulated terminals in plug products, the Company now boasts cost advantages in materials, labor, and manufacturing compared to conventional secondary machining techniques in the industry.

As for the expansion of the new energy vehicle market, the Company uses years of accumulated mature production experience to apply high-speed turning technology to new-energy vehicle connectors, completes the introduction of VDA6.3 (Process Audit) to execute process audits, continually optimizes and expands production to enhance the competitiveness of products in the future. Additionally, we increase the investment in multi-gauge strip copper materials for supply in the application fields such as high-end automotive terminals, relay terminals, high-power LEDs, etc.

Due to the influence of various factors, including rapid changes in the macro market environment, China's slower-than-expected economic recovery post-pandemic, geopolitical tensions, the Russia-Ukraine war, rapid fluctuations in international copper prices, and challenges in controlling inventory cost, compounded by global deflation and weakened demand, the 2023 consolidated revenue of the group was NT$2.59048 billion, a decrease of NT$291.49 million by 10.11% compared to NT$2.88197 billion in 2022. The 2023 consolidated gross profit margin was 3%, a decrease by 1% compared to 4% in 2022. The consolidated net loss in 2023 was NT$173.44 million, an increase of NT$70.33 million by 68.21% compared to the net loss of NT$103.11 million in 2022. The basic loss per share after tax in 2023 was NT$1.05.

Business Report

1. Implementation results of the business plan:

The main business of the Company and its subsidiaries in 2023 was the sales of connectors (copper products); the consolidated net operating revenue was NT$2,590,481 thousand. The operating cost was NT$2,514,614 thousand; the operating gross profit was NT$75,867 thousand; the operating expenses was NT$340,042 thousand, and the net non-operating expenses was NT$ 7,683 thousand. The consolidated net loss before tax in 2023 was NT$274,858 thousand.

2. Comparison of operating performance (Unit: NT$ thousand)

Item	2023	2022	Increase (Decrease) Amount
Net operating revenue	2,590,481	2,881,970	(291,489)
Operating cost	2,514,614	2,780,643	(266,029)
Operating margin	75,867	101,327	(25,460)
Operating expenses	343,042	340,699	2,343
Operating net profit (loss)	(267,175)	(239,372)	(27,803)
Net non-operating income (expenses)	(7,683)	61,575	(69,258)
Net profit (loss) before tax	(274,858)	(177,797)	(97,061)

3. Comparison Table of 2023 Budget Execution Status （Unit: NT$ thousand)

Item	Budget Amount	Actual Amount	Achievement Ratio
Net operating revenue	2,564,373	2,590,481	101.02%
Operating cost	2,499,423	2,514,614	100.61%
Operating margin	64,950	75,867	116.81%
Operating expenses	338,850	343,042	101.24%
Net operating profit (loss)	(273,900)	(267,175)	102.46%
Net non-operating income (expenses)	(2,476)	(7,683)	-310.30%
Net profit (loss) before tax	(276,376)	(274,858)	100.55%

4. Analysis of Financial Income and Expenses and Profitability:

Analysis Item / Year		Financial information for the last three fiscal years		
		2023	2022	2021
Financial structure (%)	Debt to assets ratio	60.60	51.99	57.23
Solvency (%)	Current ratio	127.85	170.38	143.89
	Quick ratio	87.26	120.92	98.02
Profitability	Return on assets (%) (%)	(2.69)	(1.19)	5.17
	Return on equity (%)	(7.85)	(4.37)	10.67
	Net profit rate (%)	(6.70)	(3.58)	5.63
	Basic earnings (loss) per share (after tax) (Dollar) (Note 1)	(1.05)	(0.62)	1.47
	Diluted earnings per share (loss) (after tax) (Dollar) (Note 1)	(1.05)	(0.62)	1.46

Note 1 :The calculation is based on the weighted average number of outstanding shares.

5. Analysis of 2023 Research and Development Status

The group's research and development in 2023 was mainly input in the development of the following products/processes:

(1) Development of plug terminals for various countries, terminals for automotive wheel industries, and housings.
(2) Completion of development of small high-speed cutting machines for future use in machining of outer diameter and inner hole drilling of the terminal produce with round brass wire.
(3) Continue to expand the production capacity of terminals utilize flat wire brass material and injection molding processes.
(4) Completion of MIKRON workshops and transformation of stamping workshops to meet the requirements of VDA6.3 process audits.
(5) Completion of zero discharge waste water facilities with three sets put into operation.
(6) Development of the 32-cavity SAA terminal injection molding process.
(7) Completion of development of the 32-cavity VDE plug bracket injection molding process.
(8) Completion of development of multi-gauge strip copper materials for automotive application in specifications of thickness 0.61mm and 0.8mm; development of 2.5mm multi-gauge strip copper materials for new energy vehicle in 2 different specifications; and automotive fuse terminals in specifications of 0.6mm and 1.2mm.

Operation Policy

Currently, GEM continues to carry out an integration plan for production and sales of the group, with a priority focus on adjusting the strategic layouts and leveraging the strengths of each region. The Company continues to exploit the domestic sales market in China and aims to enter the Southeast Asian market. Through the implementation of W3C Standards alongside a variety of risk management and marketing strategies, we will create profit from research, purchase, production and marketing with stable management, expecting to increase market competitiveness and share, and improve product gross profit margins. In the face of sharp volatility in the market, the Company still maintains a good level of operational performance in the future.

1. GEM Terminal Ind.: Continual technological development, revitalization of assets within the original factory premises.

GEM Terminal Ind. has recently established a new copper refining plant, primarily focused on producing refined copper products. This facility distinguishes itself from GEM Vietnam's brass refining operations. It aims to supply the semiconductor market (products such as lead frames) and the new energy vehicle market in close proximity. Currently, the equipment is undergoing installation and testing, with trial production scheduled for the fourth quarter of 2023 and mass production anticipated in the first quarter of 2024.

GEM Terminal Ind.'s smelting technology enables the direct processing of multi-gauge strip materials through rolling and extrusion methods, thereby breaking the previous monopoly held by foreign imports. Additionally, it fills the gap in Taiwan's copper refining industry, driving overall industry upgrades. Moreover, when combined with the milling techniques, it further provides comprehensive market supply.

The new product, multi-gauge strip copper materials, is mainly used in the new energy vehicle and semiconductor (such as lead frames) markets. Its processing technology is primarily divided into two categories: namely the milling and rolling methods. The milling method is mainly applied in new energy vehicle products, offering the advantage of avoiding instability caused by residual internal stress in the products. Major competitors in this category of multi-gauge strip materials include Weiland and Kemper from Germany. On the other hand, the rolling method is mainly applied in the semiconductor (such as lead frames) market, offering the advantage of reducing the cost of material processing. By combining the rolling method with optimized copper refining technology from GEM Vietnam, the internal stress of rolling products is effectively eliminated.

Currently, the production of similar products are primarily concentrated in countries such as Japan and China. However, Taiwan has implemented strict controls over products originating from China. GEM, as a leading player in the industry, distinguishes itself by possessing both milling and rolling technologies, allowing for flexible processing tailored to product demands. This strategic advantage enables the Company to pursue the optimal balance between product quality and cost-effectiveness.

GEM Terminal Ind. demonstrates sophisticated and well-established research and development capabilities, enabling the customization of products to meet the specific needs of clients in the semiconductor and new energy vehicle industries. Coupled with precision mold development, the Company excels at satisfying the advancing demands of innovative technology.

2. GEM Suzhou and GEM Dongguan: Intergrating GEM Dongguan into the contract manufacturing plant for GEM Suzhou, and horizontally expanding the development of high-value-added products related to automobiles.

With the launch of the new patented project for one-step molding of insulated terminals in plug products, the Company now boasts cost advantages in materials, labor, and manufacturing compared to conventional secondary machining techniques in the industry.

Multi-gauge strip materials for automotive applications (automotive wire harness terminals for both new energy and conventional fuel vehicles): The primary process involves sourcing flat sheet materials locally in China for processing into multi-gauge strip materials. Given the substantial power demand of new energy vehicle charging systems, connectors typically necessitate precision milling. With its comprehensive milling process capabilities, GEM is well-equipped to accommodate customized customer requirements. In 2021, GEM successfully underwent the VDA6.3 qualification review.

Successfully entering the terminal fuse materials market through cutting-edge material profiling technology: Currently, discussions are underway for potential collaboration between Littelfuse, Inc., the world's top-selling terminal fuse manufacturer from the United States, Zeeman Industry Co., the world's third top-sellerfrom China, and GEM Suzhou.

The impacts of the China-U.S. trade war and pandemic-related lockdowns have led to increased transportation challenges and geopolitical factors, resulting in the formation of regional economies. In response, wire harness manufacturers are prioritizing localization efforts, aiming to enhance the market penetration rate of wire harness connectors among current customers while also continuously expand their customer base among machinery manufacturers.

3. GEM Vietnam: Continual vertical integration aimed at providing products featuring optimized copper refining technology.

GEM Vietnam's copper smelting plant primarily focuses on smelting brass products such as terminals and plug connectors. With relatively low capital expenditure for establishment, it holds a cost advantage over other copper plants in terms of processing. GEM has implemented its own copper scrap recycling projects, diversifying its copper raw material sources while reducing the impact of the 22% export tariff on brass scraps imposed by the Vietnamese government. This has further allowed the Company to gain a competitive edge in material costs. Currently, the plant's actual monthly production is approximately 400 metric tons, with projections to reach 700 metric tons per month by 2024.

GEM Vietnam's well-established and advanced smelting technology consistently supplies the C2800 "Environmental-Friendly, Lead-Free Copper" (GEM19-589), a world-class environmentally friendly, lead-free copper product, to various regions within the group to comply with the EU ROHS2.0 directive issued in 2011. This directive explicitly prohibits the importation of lead-containing free cutting brass rods into EU territories. Following the initiation of a new RoHS project (PACK22) on December 15, 2020, by the European Commission, GEM Terminal Ind. was invited to participate in an online stakeholder consultation conference for RoHS Exemptions on June 9, 2021, presenting a successful substitution case of the Company, titled 'GEM TERMINAL IND, Gem-Successful Case of Substituting Electrical Components'. Given the extensive impact of the product and its difficulty in application across all processes, the EU ultimately decided to grant an extension for the exemption, pending the full implementation of regulations requiring the use of non-toxic copper materials by July 21, 2026. It is expected that the product will undergo early evaluation due to the need for safety certification.

Tariff incentives for GEM Vietnam: Currently, duty-free privileges are granted upon obtaining a certificate of origin from the ASEAN-China Free Trade Area (ACFTA, or ASEAN 10+1). GEM benefits from Vietnam's participation in the ASEAN 10+1 and the Regional Comprehensive Economic Partnership (RCEP), which stands as the world's most expansive free trade agreement that officially came into effect on January 1, 2022. With its strategic presence in Vietnam, GEM can extend its reach beyond Southeast Asia, further covering a wide array of global markets.

Income tax incentives for GEM Vietnam: There are multiple income tax incentive measures, and applications are currently being actively processed.

The GEM Group is committed to supporting government policies and striving for ESG (Environmental protection, Social responsibility, and Governance) goals. We have been promoting green manufacturing, aiming for high environmental standards such as zero waste water discharge, leading the way in environmentally friendly lead-free copper, and implementing a circular economy for scrap recycling. We actively invest in environmental protection, long-term support for talent education at schools, and caring for the underprivileged and animal welfare. We hope, through innovation and a macro perspective, to do our best in our duties for employees, shareholders, customers, suppliers, stakeholders, and the social environment, and create maximum interests for shareholder, while gaining profit for the Company, in anticipation of moving towards corporate sustainable development.

Important Production and Marketing Policy

Based on the current economy, market supply and demand, and sales policy, the expected sales volume of products of the Group in 2024 is 4,500,000 thousand pcs.

In respect of production, GEM group owns the professional process capability for the assembly processing in product development, mold design and manufacturing, copper smelting, multi-gauge strip processing, stamping, injection, automatic lathe, electroplating, and automatic assembly, etc. Under the pressure of increasingly rising manpower mobility and labor cost, GEM Vietnam, invested by the GEM Group, was put into production in March 3, 2016. In order to respond to changes of transfer of market supply and demand under the influence of the China-US trade war, GEM Vietnam acquired the certification of the addition of production site of USA certified Products in the end of 2019, and prepared equipment ofr the production process of the said products, constructed and put into operation; in order to further achieve benefits of copper smelting process in the Vietnam plant, the Group filed an application for purchasing recycled local waste copper, which was approved in March 2022. GEM Vietnam even optimized self-smelting, developed mass production of optimized environmental-friendly micro lead-free materials, which may be respectively applied to turning or turning with stamping, so that GEM became one of the top manufacturers which has the capability to smelt copper and produce both terminal and connector. In 2023, capital was injected to expand equipment in the Vietnam plant, and increase the complete production lines of products in anticipation of expanding markets in Vietnam and Southeast Asian nations. It is expected that the smelting capacity will increase by 700 metric tons per month in 2024. Additionally, by capitalizing on the advantages of sourcing and recycling copper scarps locally in Vietnam, and integrating the copper refining expertise of Vietnam plant, this initiative can further supply the materials essential for GEM in Taiwan's production of multi-gauge strip copper materials. In addition, GEM Suzhou is set to integrate GEM Dongguan into its contract manufacturing plant, and horizontally expanding the development of high-value-added products related to automobiles. With the launch of the new patented project for one-step molding of insulated terminals in plug products, the Company now boasts cost advantages in materials, labor, and manufacturing compared to conventional secondary machining techniques in the industry. GEM in Taiwan also launched the construction progress of the special new copper milling plant. By the second half of 2023, the construction was completed, marking the commencement of production. It is expected that the trial production and shipment will commenced in 2024. As a whole, GEM Group will orient itself towards full automation, high speed, large capacity, and modurization of modules, in terms of production process to maximize equipment capacity, effectively reduce manpower, accompanied with sales and production strategies, and increase machine utilization; besides, the Group introduced new production technology from Europe and US, to improve process capability and quality of existing products, and further change production modes of products for reducing production cost, stabilizing product quality, and enhancing competitiveness.

For recent years, GEM Group makes strenuous efforts in promotion of sales and marketing. In addition to solidifying the existing customer sources, we actively opened new marketing bases in each province of China for developing the domestic demands in new China markets; meanwhile, we actively conduct on-site visits at the plants of customers who established plants in Southeast Asia, and provide them with opportunities for direct service from our plant in Vietnam. Under the influence of the COVID-19 pandemic, supply and demand underwent rapid changes. GEM was ready to adjust production to satisfy each need of customers. In the future, GEM's products will be developed in the following directors:

(1) High-speed turning machining technology application: Apply MIKRON high-speed turning technology, successfully develop environmental-friendly micro lead-free products in response to ROHS2.0 of UN requirements, combine each turning process equipment, and use turning or turning, stamping, and electroplating technology to exploit market of machining parts.

(2) Processing technology application of multi-gauge strip copper materials: GEM has more than 20-years of experience in mulit-gauge strip processing technology, multi-gauge strip materials are widely used in electrical plugs and lead frames. Recently, we have developed towards material of connector

terminals for automobiles. GEM adopted milling machining method to produce multi-gauge strip materials, which are consistent with the requirements of connector terminals, and can be used in automotive substrate terminals, airbag sensor terminals, battery connecting terminals of new energy cars, etc.

(3) Invest in theproduction of special new copper materials: At present, special new copper materials in the Taiwan market are almost imported from foreign countries. With copper smelting experience and multi-gauge strip processing technology, GEM can fill up vacancies in the market to make the entire industry more competitive.

In addition, recently GEM actively participated in international exhibitions for the purpose of not only increasing the international reputation of GEM' own brand, but simultaneously promoting new products and new technologies to expand GEM's innovative momentum, and collaborate with customers for joint growth. For the domestic sales market in China, due to the pandemic, business opportunities arise by replacing high-end connectors of imported parts and multi-gauge strip copper materials. This is exactly a good timing to exploit the huge market in China.

Effect of Environment of External Competition, Regulatory Environment and Macro Business Environment

1. Effect of Environment of External Competition: In 2023, the global economic environment continues to confront slow and uneven growth. It was not easy to control the purchase cost of raw materials because of the fluctuation of copper price. The Company adopted all kinds of response countermeasures: in terms of purchase, to purchase copper materials by the subsidiaries in China from several local suppliers in order to reduce purchase cost of the Group, meanwhile maintain win-win relations with suppliers, grasp favorable purchasing conditions and inventory control, and make proper allocation in line with copper smelting technology in GEM Vietnam. In respect of sales, to serve customers for building satisfaction of customers' reliability, adjust on a mobility basis, the selling price, customers' credit check, credit limitation control of the Group subject to market price changes, and expand the market share in the domestic demand market of China. With regard to research, development and production, to replace inefficient machines to improve productivity per unit machine with quantity of machines reduced but productivity goal enhanced, optimize peripheral equipment and reduce machine mobilization and maintenance, improve productivity and utilization, stabilize product quality, import automatic screening machine to cut down failure cost, introduce new production technology, enhance process capability of existing products, save production cost, develop high value-added products, etc. with a view to raising advantages of product competition, upgrading competitiveness, and increasing profitability. <= 這段 run-on sentence
2. Effect of Regulatory Environment: Currently, countries in Europe and US all impose strict requirements on green environmental protection. The Company has been promoting green environment and processes. We will recover and recycle waste electroplating water. Besides, because the structure of materials used in the Company's products is mainly copper and plastics, in order to ensure the product quality can comply with the requirements of RoHS environmental-friendly directives, the Company also purchased inside ICP-OES heavy metal testing equipment, GC/MS bromide testing equipment, and UV/VIS hexavalent chromium testing equipment to undertake the quality detection of feeds and products for the implementation of RoHS environmental protection directives. The Company and subsidiaries in China have acquired ISO14001 and QC080000 certificate, and actively completed the audit requirement of VDA6.3 process. For recent years, the China government has strongly promoted environmental protection governance. Dongguan plant and Suzhou plant of GEM can both reach discharge standards after renovation by the waste water disposal technology. In 2020, the city government in Suzhou requested electroplating enterprises, along with accompanying enterprises, to carry out zero discharge of industrial waste water; the plants were forced to close in case of failure in meeting the transformation requirements. In that regard, the zero discharge facility of GEM has been fully installed in place with running test conducted.

   In terms of corporate governance, the Company took the initiative in implementing the corporate governance systems. In the 10th corporate governance evaluation in 2023, the Company was ranked in the range of top 66% to 80% among the listed companies based on the evaluation results. In the meantime, in response to the implementation of corporate social responsibility system, we were actively dedicated to participation in the society. Our financial and tax regulations all comply with the bulletins of related standards, as well as domestic and foreign laws and acts. We prepared out financial statement in accordance with the IFRSs. We will continue to follow up, update, and abide by the adoption and changes of the future possible statutory regulations.
3. Effect of Macro Business Environment: Since the global economic environment is changeable, the

Company not only focuses on our own industry with more efforts to provide excellent products and services, but also pays attention, at all times, to changes of the international political and economic situation to flexibly adjust the paces of industry development for grasping good opportunities and creating maximum interests for the shareholders.

Business Prospect

Looking forward to the future, respecting research and development, the Company will continue to develop new technology, integrate the copper smelting technology in Vietnam with re-processing advantages by purchasing recycled waste copper, optimize UN-promoted environmental-friendly micro lead-free copper products and plans of expanding the South-East Asian Market, combine technologies of stamping, turning and injection molding, etc. to enlarge development of environmental-friendly micro leadfree turning process copper products, and development and mass production of products of round wire, flat wire, and square wire materials. In the meantime, in response with increased demands of goods supply from regions other than China, as requested by customers in the Southeast Asia market, we accelerate and further increase the production and sales proportion in the Vietnam plant to create international labor-division advantages and mass-produce the competitive products meeting the market's trends for occupying the market. Besides, GEM Suzhou is set to integrate GEM Dongguan into its contract manufacturing plant, transitioning towards development in place of importation higher value-added multi-gauge strip copper materials, and production of high-end wiring harness connecting products. With the launch of the new patented project for one-step molding of insulated terminals in plug products, the Company now boasts cost advantages in materials, labor, and manufacturing compared to conventional secondary machining techniques in the industry. This further strengthen the company's competitiveness. On the other hand, GEM in Taiwan continues its processing and shipment of multi-gauge strip copper materials, while the equipment for the new specialized copper milling plant undergoes accelerated tuning, with the goal of achieving a competitive advantage in the future.

At last, I would like to represent the entire staff of the Company to thank all shareholders for your support and encouragement to GEM. And I also extend my greatest personal gratitude to you.

Wish each shareholder, customer and staff good health and prosperous business.

Sincerely yours,

Chairman Su, Tun-Li

II. Company Profile

1. Establishment date

Registred Establishment date:1993, July 16

2. Company history

GEM Precision Industrial Co., Ltd. (hereinafter referred to as the Company), formerly known as Quanying Precision Industrial Co., Ltd., was established on June 25th, 1993. On July 16th, 1993, it was formed and registered in accordance with the regulations of the Company Law of the Republic of China. The Company changed its name to the current one in November 1993."

1993	-Established in July with a capital of 25,200 thousand NTD and purchased factory land.
1994	-Achieved a revenue of 348,408 thousand NTD and planned to build factories and office buildings. -Dveloped a specialized machine for milling copper plate, which helped to improve the quality of their products and gave them an edge over their competitors.
1995	-Constructed a new factory and office building, with a post-increase capital of NT$176,488 thousand, purchased various automation equipment, and the annual revenue reached NT$361,074 thousand. -Made an indirect investment in Dongguan GEM Electronic & Metal Co., Ltd., as part of our efforts to move towards internationalization.
1996	-Completed and put into operation the new plant and office building. Installed Two MIKRON fully-automatic multi-station transfer machining imported from Switzerland and began the line operation. The production efficiency was more than ten times faster than traditional machines, enabling us to expand into the European series plug products market.The capital was increased to NTD$211,786 thousand, and our revenue reached NTD$441,254 thousand. -Received approval from the regulatory authority, and the stocks were publicly issued.
1997	-The annual revenue grew to NTD 561,927 thousand, with a growth rate of 27%. After the capital increase, the total capital became NTD 250,250 thousand. -The company obtained the latest power plug certifications from UL, USA in the United States and CSA, Canada, thereby enhancing its competitive advantage in the international market. -The company re-elected and increased the number of directors and supervisors, and introduced professional institutional investors.
1998	-Introduced a fully-automatic multi-station production machining from Switzerland, entered the electrical plug product market of the Commonwealth of Nations, improved the automation production efficiency, and significantly increased market share. The annual revenue was NTD 713,357 thousand, with a growth rate of 27%, and the capital was increased to NTD 300 million. -Taiwan plant successively passed the international quality certifications of UL in the United States and BSI ISO 9002 in the United Kingdom, enhancing the competitiveness of its products. -Independently developed a surface treatment machine for copper sheet materials, enabling the terminal quality to meet international standards.
1999	-Carried out a capital increase by transferring surplus and capital reserves, with the total capital reaching NTD 345,000 thousand after the increase. -The company's application for over-the-counter trading was approved by the Taiwan Stock Exchange & Taipei Exchange Foundation. -China factory passed the UL ISO 9002 international quality certification from the United States. -Developed multiple new products and became the largest professional manufacturer of electrical terminals in the country, with over 600 product specifications.
2000	-Received approval to list its stocks on the Taiwan Stock Exchange & Taipei Exchange Foundation -Carried out a cash capital increase of NTD 40,000 thousand. -Carried out a capital increase by transferring surplus and capital reserves, with the total capital reaching NTD438,190 thousand after the increase.
2001	-Received approval to list its stocks on the Taiwan Stock Exchange Corporation -Carried out a capital increase by transferring surplus and capital reserves, with the total capital reaching NTD 528,110 thousand after the increase. -Introduced the manufacturing process technology for ceramic sleeves, and began the production.
2002	-Crried out a capital increase by transferring surplus and capital reserves, with the total capital reaching NTD 600,980 thousand after the increase. -Invested indirectly in Suzhou GEM Opto-electronics Terminal Co., Ltd. in China through its

subsidiary, GENIUS TERMINAL CO., LTD.
-Developed multiple new products for safe insulated plugs and started the production.

2003 -Carried out a capital increase by transferring surplus and capital reserves,with the total capital reaching NTD 702,000 thousand.
-Elected the fifth board of directors and supervisors.
-Expanded production capacity for safety-insulated plugs to meet the requirements of Australia's SAA and Japan's T-MARK, obtained multiple patents from various countries, and promoted the establishment of national safety standards for the Republic of China's CNS and the United States' NEMA.
-Introduced new manufacturing processes for clips and promoted domestication of the technology.
-Started the construction of a plant building for the subsidiary company, Suzhou GEM Opto-electronics Terminal Co., Ltd., in China.

2004 -Carried out a capital increase by transferring surplus and capital reserves (including employee bonuses),with the total capital reaching NTD 148,000 thousand.
-Issued the first unsecured convertible corporate bonds in the domestic market, totaling NTD 200,000 thousand. In 2004, the conversion of these bonds into new shares increased the capital by NTD 19,352 thousand, bringing the total capital to NTD 869,352 thousand by the end of 2004 .
-Expanded the new plant and implemented plans for upgrading equipment and accelerating stamping to meet future market demands.
-Completed the localization of the new process technology forclips manufacturing.
-Developed optical fiber sleeves (phosphor bronze sleeves) and LC/MU fiber optic adapter seats in the production of passive components for optical communication, reducing production costs and diversifying the product range.

2005 -Carried out a capital increase by transferring surplus and capital reserves (including employee bonuses), increasing the share capital by NTD 94,535 thousand. By the end of 2005, the share capital was NTD 963,930 thousand.
-Completed the expansion of the new factory and continued to carry out equipment renewal, stamping speed increase, and large-capacity projects to respond to future market demand.
-Restructured the investment structure of the Chinese subsidiary, Suzhou GEM Opto-electronics Terminal Co., Ltd., and increased investment by USD 3,780 thousand.
-On September 12th, the construction of the GEM Suzhou plant in China was completed and began operations.

2006 -Carried out a capital increase by transferring surplus and capital reserves with the total capital reaching NTD 1,108,828 thousand.
-Planned and implemented the introduction of power lead frame technology.
-Introduced high-capacity technology.
-Ceramic sleeve production equipment was transferred to the subsidiary company, Suzhou GEM Opto-electronics Terminal Co., Ltd., for production.
-Suzhou GEM Opto-electronics Terminal Co., Ltd. introduced heat treatment equipment and began to establish a database of heat treatment process conditions.

2007 -Carried out cash capital increase of NTD 78,125 thousand and earnings capital increase of NTD 236,197 thousand, bringing the total capital to NTD 1,423,150 thousand.
-Passed the UL TS-16949 certification of the United States.
-In November, the board of directors decided to restructure the investment framework of China-based subsidiary companies, Dongguan GEM Electronic & Metal Co., Ltd. And Suzhou GEM Opto-electronics Terminal Co., Ltd.
-Introduced multiple high-precision mold processing and inspection equipment to enhance the quality of mold processing, in response to the demand for high-precision molds such as power lead frames.
-Introduced large-capacity stamping equipment to improve machine utilization rate, streamline manpower, and increase production capacity.
-Developed the manufacturing process technology for power lead frame, passed preliminary certification from clients, and is currently undergoing small-scale testing.

2008 -Carried out a capital increase of NTD 256,850 thousand, by transferring surplus and capital reserves with the total capital reaching increasing the capital to NTD 1,680,000 thousand.
-Planned and executed multiple process automation solutions to reduce labor demands.
-GB safety insulated plug products were officially launched and entered the market.
-The power lead frame has passed customer certification and entered mass production, and the product line continues to expand.
-In response to the group's organizational restructuring, the order receiving mode was changed,

and the production mode of outsourcing to subsidiaries for processing was changed to selling raw materials and semi-finished products.

2009 -Cancelled treasury stock shares, reduce capital by NTD 14,000 thousand, and the capital after the reduction is NTD 1,666,000 thousand.
- by transferring surplus and capital reserves NTD 49,980 thousand, and the actual paid-in capital after the increase is NTD 1,715,980 thousand.
-Elected the seventh board of directors and supervisors of the company, with the independent directors selected through the candidate nomination system.
-GEM Suzhou set up a branch in Yuyao City, Zhejiang Province, to increase business locations and expand the second and third phase of the factory to enhance production capacity.
-Introduced advanced stamping technology from Europe to develop the large electrical wiring market.

2010 -GEM Suzhou established a branch in Zhongshan City, Guangdong Province, and increased its business locations.
-GEM Suzhou completed the expansion project of the second and third phase of the factory, improved its production capacity, and took a big step forward in the production scale of GEM Group.
-Purchased 100% equity of Vietnam Rui Exhibition Hardware Co., Ltd. and carried out investment license change procedures.
-Introduced advanced stamping technology from Europe to develop a large market for electrical wiring.
-Introduced automated production equipment for European rack products.
-Transferred the production line of power lead frame products to Suzhou GEM.
-Implemented an environmental material quality management system.
-Passed the CG6005 Corporate Governance Advanced Edition certification.

2011 -The shareholders' meeting resolved to increase the investment amount of USD 5,000thousand in the China subsidiary, Suzhou GEM Opto-electronics Terminal Co., Ltd.
-The transfer of equity in Vietnam Rui Zhan Hardware Co., Ltd. was completed, and environmental impact assessment and land red books were obtained.
-Completed the introduction and development of selective silver-plating process equipment for power lead frames in Suzhou and began production.
-Completed the introduction and development of UK product automated assembly process equipment and began production.
-Invested in the development of photovoltaic terminal products in response to the rapid growth of the solar energy industry and and began production and sales

2012 -Board of Directors decided to increase its investment in its mainland subsidiary, China Dongguan GEM Electronic & Metal Co., Ltd., by USD 4,500 thousand.
-Elected the eighth board of directors and supervisors, and adopted the nomination system for independent directors.
-Passed CG6007 certification for general corporate governance standards.
-Introduced VDE automated assembly process equipment, developed, and began production.
-Developed and began production of GB and UL integrated plug products and their automated production.
-Introduced equipment for welding thin plates and special-shaped materials.

2013 -Completed the conversion to IFRS in accordance with the regulations of the Financial Supervisory Commission, and began using IFRS to prepare our financial statements starting from 2013.
-Developed and began operating automated production equipment for vertical injection molding of European-style and various country plug inserts.
-Developed and began operating automated production equipment for vertical injection molding of semi-insulated plug blade inserts.
-Developed and began operating automated production equipment for molding sleeves.
-Began constructing a factory for Vietnam Rui Zhan Hardware Responsibility Co., Ltd.
-Passed ISO14001 certification and QC080000 environmental protection systems.

2014 -The factory building in Block D of Dongguan plant was put into production.
-In response to the demand for automated production, we re-planned and constructed the injection molding workshop, and began production.
-The production of AC terminals stamping was introduced with CCD inspection system, and began production.
-We carried out the first phase of factory construction for Vietnam Rui Zhan Electronic and Metal Co., Ltd.
-We purchased land for the second phase of Vietnam Rui Zhan Electronic and Metal Co., Ltd. and

obtained the red book.

2015 -Vietnam Rui Zhan Electronic and Metal Company Limited changed its name to Vietnam Gem Electronic and Metal Co., Ltd.

-Completed the construction of the first phase of Gem's factory in Vietnam. Established workshop water, electricity, gas, and supply systems, and began to install the production equipment.

-Fully upgraded the group's wastewater treatment process, contributing to environmental protection efforts.

-Carried out theconstruction work for the third and fourth phases of Gem's factory in Suzhou

2016 -Vietnam GEM officially commenced operations in the first quarter.

-In coordination with the group's production schedule, stamping and lathe processes were concentrated at Suzhou GEM's production facilities.

-Carried out the construction of the second phase of GEM's plant in Vietnam

2017 -Developed mass production of eco-friendly micro lead-free copper products.

-Vietnam GEM passed the international quality management system BSI ISO9001-2015.

-Suzhou GEM 's wastewater discharge met the requirements of Table 3 of China's environmental protection regulations.

-Vietnam GEM obtained the environmental impact assessment (EIA) license for the third phase.

2018 -Eco-friendly micro lead-free products passed VDE and BSI safety certifications.

-Vietnam plant put the copper refining process into operation

2019 -UL 2-pin and 3-pin integrated products that made with flat copper alloy wire obtained UL product certification.

-Lead-free products for plugs in various countries were successfully developed and supplied to the market.

2020 -Upgraded the Mikron machining and high-speed stamping workshops at the Suzhou plant, and introduced VDA6.3 process audit requirements.

-The Suzhou plant implemented zero discharge of industrial wastewater.

2021 -The machining process passed the TE qualified supplier review.

-Suzhou plant expanded its quality assurance laboratory and renovated the assembly workshop.

2022 -Taiwan plant invested in the planning and construction of a special new copper milling plant.

-Taiwan and Suzhou plants produced and manufactured multi-gauge strip.

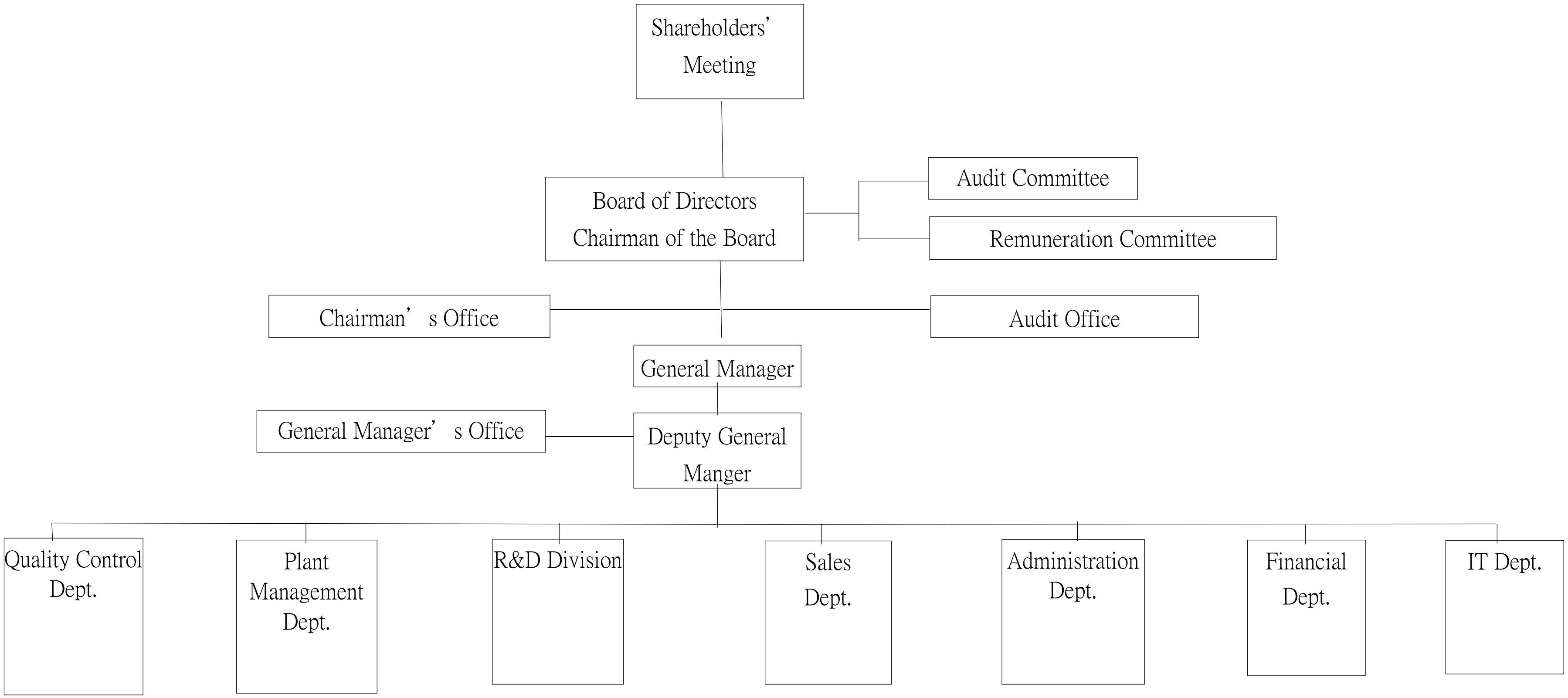
2023 - Completed the construction of the special new copper milling plant in Taiwan. Equipment has been brought in for testing, and trial production has commenced.

III. Corporate Governance Report

1.Organization Structure

(1). Company Structure

Company Organization Chart



2. The main department's business operations.

department	main business
Plant Management Department	1. Receiving and checking incoming materials and subcontracted products, and returning non-conforming products. 2. Controlling material issuance with batch numbers and reporting excess materials. 3. Planning and organizing warehouse space, and maintaining safety measures. 4. Reporting inventory of inactive items, as well as valuable waste products. 5. Receiving and storing finished products, handling outgoing shipments, and managing accounting records. 6. Conducting inventory,checking accounts, and reporting inventory of inactive items. 7. Planning production schedules, reviewing orders, determining shipment dates, and balancing production capacity. 8. Managing production personnel, scheduling, and controlling material usage. 9. Coordinating the quality of products for production and sales delivery. 10. Processing product surface treatment and packaging.
Quality Assurance Department	1. Incoming inspection of raw materials, recording of process inspection, inspection and functional testing of finished products. 2. Handling and tracking of quality abnormalities, handling of quality abnormalities in customer complaints. 3. Analysis and reporting of causes of quality defects, and inspection of subcontracted products. 4. Application for safety certifications in various countries.
Research and Development Department	1. Research and improvement of existing product designs. 2. Research and development of new and special products, and design of user manuals for new products. 3. Research and management of customer blueprints and samples, and control of sample progress. 4. Collection, analysis, and review of new material data. 5. Application of product characteristics and patent rights.
Sales Department	1. Development and achievement of sales targets. 2. Handling of quotations and orders, market research and analysis, establishment of customer databases, and development of new customers. 3. Issuance of manufacturing notifications, verification of export letters of credit, and establishment of sales conditions. 4. Signing of business contracts, handling of customer complaints and providing assistance, and submission of new product information. 5. Estimation of costs and pricing for new products.
Administration Department	1. Handling of employee attendance, payroll, personnel appointment, relocation, and resignation. 2. Handling of labor insurance, access control of plants, employee welfare, document management, employee education and training, and public relations. 3. Handling of factory mai engineering projects, as well as management ntenance and and insurance of company assets. 4. Processing and selling of defective products. 5. Purchase of raw materials, goods, and equipment.
Fianace Department	1. Accounting cost processing, cost calculation,profit and loss settlement, and preparation of management reporting data. 2. Calculation of efficiency bonus, summary of annual budget data. 3. Review of income and expense documents, preparation and organization of accounting books. 4. Various tax declarations, fund scheduling and budget operations, inventory of finance and property, tax planning. 5. Revision, analysis, and management analysis of standard costs, budget preparation, and product profit analysis. 6. Approval, preparation, and execution of investment plans, and follow-up.
Audit Department	1. Audit of various written systems. 2. Audit of personnel, procurement, accounting, business, production, and other operational matters. 3. Other related auditing operations.
Information Technology Department	1. Company computerization planning, promotion, and integration. 2. Maintenance of computer hardware and software, and organization and storage of data files. 3. Design, modification, and design of various software functions.

2. Information of Directors, Supervisors, General Manager, Deputy General Manager, Department and Branch Officers

1. Information of Directors and Independent Directors

(1) Information of Directors and Independent Directors (I)

April 15, 2024/ Unit: Shares

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Elected (Appointed) date	Term	First elected date	Shareholding when elected		Current shareholding		Shareholdings of the spouse and monir children		Shareholding in other people's names		Primary (academic) experience (Note 3)	Current positions held in this Company and doubling at other companies	Shareholdings of the spouse and monir children			Note (Note 4)
							Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %			Title	Name	Relationship	
Chairman	R.O.C	Cheng-Feng Investment Co. Ltd. Representative: Su, Tun-Li	Male 61~70	July 27, 2021	3 years	November 22, 1997 November 22, 1997	20,278,409 27,285	11.98 0.02	20,278,409 27,285	11.98 0.02	- 655,695	- 0.39	- -	- -	National Taipei University of Technology Chairman of GEM Terminal Ind. Co., Ltd.	Chairman of GEM Terminal Ind. Co., Ltd. Director of Genius Terminal Co., Ltd. Director of Global Electronics Terminal (Cayman) Co., Ltd. Director of Global Electronics Terminal (Hong Kong) Co., Ltd. Director of Vibo GEM International Co., Ltd. Director of GEM Terminal (Cayman) Co., Ltd. Chairman of Vietnam GEM Electronic And Metal Co., Ltd. Director of Suzhou GEM Opto-electronics Terminal Co., Ltd.	Vice Chairman	Su, Chung-Hong	Brother	–
Vice Chairman	R.O.C	You-Feng Investment Co. Ltd. Representative: Su, Chung-Hong	Male 51~60	July 27, 2021	3 years	November 22, 1997 June 20, 2009	13,983,236 231,030	8.26 0.14	13,983,236 231,030	8.26 0.14	-	-	-	–	Kaohsiung County Kangshan Agricultural Vocational High School Chairman of GEM Terminal Ind. Co., Ltd.	Vice Chairman of GEM Terminal Ind. Co., Ltd. Director of You-Feng Investment Co., Ltd. Director of Genius Terminal Co., Ltd. Director of Vibo GEM International Co., Ltd. Director of GEM Terminal (Cayman) Co., Ltd. Chairman of Dongguan GEM Electronic & Metal Co., Ltd. Director of Suzhou GEM Opto-electronics Terminal Co., Ltd. GM of Vietnam GEM Electronic And Metal Co., Ltd.	Chairman	Su, Tun-Li	Brother	–
Director	R.O.C	Tsung-Fu Investment Co. Ltd. Representative: Su, Hsing-Hsien	Male 30~40	July 27, 2021	3 years	November 22, 1997 August 12, 2021	31,467,914 0	18.6 0	31,467,914 0	18.60 0	-	-	-	–	Department of Electrical Engineering at the University of California, Riverside Firmware Engineer at the Taiwan Branch of Hewlett-Packard Enterprise Special Assistant to the General Manager's Office at GEM Terminal Ind. Co., Ltd.	Special Assistant to the General Manager's Office at GEM Terminal Ind. Co., Ltd. Director of Vietnam GEM Electronic And Metal Co., Ltd	–	–	–	–
Director	R.O.C	Ting-Yao Investment Co. Ltd. Representative: Su, Po-Chen	Male 30~40	July 27, 2021	3 years	June 20, 2018 June 20, 2018	23,483,792 162,470	13.88 0.10	23,393,792 162,470	13.83 0.10	-	-	-	–	Department of Finance, Taxation and Law at Ching Kuo Institute of Management Special Assistant to the General Manager at GEM Terminal Ind. Co., Ltd. General Manager at Suzhou GEM Opto-electronic Terminal Co., Ltd. Vice Chairman at GEM Terminal Ind. Co., Ltd.	Director of Ting-Yao Investment Co., Ltd.	–	–	–	–

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Elected (Appointed) date	Term	First elected date	Shareholding when elected		Current shareholding		Shareholdings of the spouse and monir children		Shareholding in other people's names		Primary (academic) experience (Note 3)	Current positions held in this Company and doubling at other companies	Shareholdings of the spouse and monir children			Note (Note 4)
							Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %			Title	Name	Relationship	
Independent Director	R.O.C	Yang, Chen-Yang	Male 51~60	July 27, 2021	3 years	June 20, 2003	-	-	-	-	-	-	-	–	Institute of Business Administration, National Taiwan University Project Manager and Customer Service Manager at Jie Cheng Corporation Business Director (Tax Advisor) at PCA Life Assurance Co Ltd.	Contract Business Personnel of China Life Insurance Co., Ltd.	–	–	–	–
Independent Director	R.O.C	Hsu, Hsin-Chieh	Male 51~60	July 27, 2021	3 years	June 20, 2006	-	-	-	-	-	-	-	–	Management Master's Program, Tunghai University Investment Manager at Hotung Venture Capital Corporation Deputy Manager of Project Investment Department at Mercuries Life Insurance Co., Ltd.	Senior Vice-President of Investment Dept. at XunJie Investment Co. Ltd.	–	–	–	–
Independent Director	R.O.C	Lin, Hsun-Kuo	Male 61~70	July 27, 2021	3 years	July 27, 2021	142,000-	0.08	21,000	0.01	-	-	-	–	Department of International Trade, Tamkang University Assistant Manager of CHIPMOS Co., Ltd.	–	–	–	–	–

Note 1: For corporate shareholders, the name of the corporate shareholder and its representative should be separately listed. (If the representative is also a corporate shareholder, the name of the corporate shareholder should be indicated.)

Note 2: Please list the actual age and it can be expressed in the form of age range, such as 41-50 years old or 51-60 years old.

Note 3: During the aforementioned period, the relevant work experience related to the current position was not employed in the audit signing accounting firm or related enterprise.

Note 4: The Company's Chairman and the highest-level executive officer (General Manager or equivalent position) are the same person, spouses or first-degree relatives. The reasons, rationality, necessity and corresponding measures should be explained are not applicable.

(2) Information on Directors and Independent Directors II

1. Disclosure of Director's professional qualifications and Independent Directors' independence:

Criteria / name	Professional qualifications and experience (Note 1):	Independence status (Note 2):	Number of other independent directors in publicly traded companies serving concurrently
Cheng-Feng Investment Co., Ltd. Representative: Su, Tun-Li	Founder of GEM Group, being commited to the development and innovation of electronic components and multi-gauge strip copper materials, implementing a sustainable management philosophy. Has a strong international perspective and insightful market development trend analysis capabilities, as well as extensive experience in leadership decision-making, risk management, and business management. Currently serves as the chairman of the company.	Directors who have spousal or second-degree relative relationships with each other are detailed on page 14~15 of the annual report.	0
Yu Feng Investment Co., Ltd. Representative: Su, Chung-Hong	Has extensive experience in the management of terminal product industry. Extended to upstream copper refining industry and developed eco-friendly and lead-free copper alloy products compliant with European regulations, leading the industry. Currently serves as the Vice Chairman of the company.		0
Tsung-Fu Investment Co., Ltd. Representative: Su, Hsing-Hsien	System Firmware Engineer at HPE Taiwan Branch, a Singaporean company. Experienced in production process management at the company.		0
Ting-Yao Investment Co., Ltd. Representative: Po-Chen Su	Formerly served as General Manager at subsidiary Suzhou GEM Opto-electronics Terminal Co., Ltd. Possesses industry management skills.		0
Yang, Chen-Yang (Independent Director)	A Master's degree in Business Administration from National Taiwan University with extensive knowledge Previously worked as an Account Executive (Tax Consultant) at PCA Life Assurance Co., Ltd. , with abundant experience in tax planning. During the tenure as an independent director, audit committee member, and chairman of the compensation committee of the company, provided tax planning advice from an independent and objective standpoint and fulfilled the supervisory duties effectively.	The Independent directors of the Company are all in accordance with Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companie, please refer to note 2 for details.	0
Hsu, Hsin-Chieh (Independent Director)	A Master's degree in Management from Tunghai University and a professional accounting certificate with extensive knowledge. Currently holding the position of Senior Deputy General Manager in the Investment Department at Hsun Chieh Investment Co., Ltd. , has professional experience in accounting, finance, and industry market analysis. During the tenure as an independent director, audit committee member, and compensation committee member in the company, provided financial management advice with an independent and objective perspective, fulfilling supervisory responsibilities.		0
Lin, Hsun-Kuo (Independent Director)	Department of International Trade at Tamkang University, and has rich operational experience in the technology industry having worked at Namchow Group. During the tenure as an independent director, audit committee member, and compensation committee member,provided objective and independent management advice and fulfilled supervisory responsibilities.		0

Note 1: Each director (including independent directors) of the Company has not been involved in any of the situations listed in Article 30 of the Company Act.

Note 2: Provisions of the "Regulations on the Appointment and Obligations of Independent Directors in Publicly Traded Companies" Article 3 state:

(1) The independent director, his/her spouse, and relatives within the second degree of kinship have not served as a director, supervisor, or employee of the Company or its affiliated enterprises.

(2) The independent director, his/her spouse, and relatives within the second degree of kinship or any natural person shareholder who holds less than 1% of the total number of shares issued by the Company or does not rank among the top ten shareholders of the Company.

(3) The spouse, relatives within the second degree of kinship, or direct lineal relatives within the third degree of kinship of the director, supervisor, or manager of the Company or its affiliated enterprises who hold less than 1% of the total number of shares issued by the Company or do not rank among the top ten natural person shareholders.

(4) The independent director has not served as a director, supervisor, or employee of any company that has a special relationship with the Company.

(5) The independent director has not received any compensation for providing audit, legal, financial, accounting, or other related services to the Company or its affiliated enterprises in the past two years.

2. Diversity of Board and Independence:

(1) Board Diversity

(a) Board Diversity Policy: According to Article 20 of our company's corporate governance guidelines, the composition of the board of directors should consider diversity. Except for directors who also serve as company executives, who should not exceed one-third of the board seats, appropriate diversity policies should be formulated based on the board's own operations, business model, and development needs.

When selecting directors, the company should consider the overall configuration of the board. The composition of the board should take into account diversity and formulate appropriate diversity policies based on the board's own operations, business model, and development needs. Standards should include, but not be limited to, the following two aspects:

A.Basic characteristics and values: gender, age, nationality, and culture.

B.Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience

Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board as a whole should have the following abilities:

A. Operational judgment ability.
B. Accounting and financial analysis ability.
C. Business management ability.
D. Crisis handling ability.
E. Industry knowledge.
F. International market perspective.
G. Leadership ability.
H. Decision-making ability.

(b) Diversity objectives and achievements of the board:

The management objectives of board diversity are as follows:

Management objectives	Achievement Status:
At least one-third of the board members should have manufacturing-related industry experience.	achieved
No more than one-third of the board members should be executives of the company.	achieved
There should be at least one female board member among the board members.	planning

(c) Diversity of the Board of Directors: shown in the table below

the 11th Board of Directors of the company is composed of 7 directors, of which 4 non-independent directors possess professional skills covering different fields such as industry operation and management, operational judgment, leadership decision-making, R&D and technological innovation, risk management. Among the 3 independent directors, Yang, Chen-Yang, an independent director, has a master's degree in business from National Taiwan University and rich experience in tax planning. Hsu, Hsin-Chieh, an independent director, has professional knowledge and rich experience in accounting, finance, and industry market analysis, and holds an accounting certificate. Lin, Hsun-Kuo , an independent director, has rich experience in operation and management in the technology industry, having previously worked in a prominent technology company. Three of them can provide management advice from an independent and objective standpoint and fulfill their supervisory duties well, fully implementing the concept of diversified board members. The composition of the company's board of directors includes 2 directors aged 61-70, 3 aged 51-60, and 2 under the age of 31-40.

Diversification Key Focus Items / Names of directors	Basic composition										Professional knowledge and skills							
	nationality	sex	Concurrent employment as an employee of the Company	age				Length of tenure for independent directors.			operational judgement ability	Accounting and financial analysis ability	Business management ability	Crisis management ability	Industry knowledge	International market perspective	Leadership ability	Decision-making ability
				30 to 40	41to 50	51 to 60	61 to 70	less than 3 years	3 to 9 yeas	more than 9 years								
Su, Tun-Li	R.O.C	male					V				V	V	V	V	V	V	V	V
Su, Chung-Hong	R.O.C	male	V			V					V	V	V	V	V	V	V	V
Su, Hsing-Hsien	R.O.C	male	V	V							V		V	V	V	V	V	V
Su, Po-Chen	R.O.C	male		V							V	V	V	V	V	V	V	V
Yang, Chen-Yang	R.O.C	male				V				V	V	V		V	V	V		V
Hsu, Hsin-Chieh	R.O.C	male				V		V			V	V		V	V	V		V
Lin, Hsun-Kuo	R.O.C	male					V	V			V	V		V	V	V		V

(2) Board of Directors Independence:

(a) The proportion of directors who are employees of the Company is 28.57%, and the proportion of independent directors is 42.86%. One independent director has served for more than 9 years consecutively, and the other two independent directors have served for less than 3 years consecutively.

(b) As stipulated in Article 26-3(3) and (4) of the Securities and Exchange Act, if there are spousal or blood relationships up to the second degree of kinship between directors, supervisors, or between directors and supervisors, it shall be disclosed.

Su, Tun-Li, the representative of Cheng-Feng Investment Co., Ltd., and Su, Chung-Hong, the representative of You-Feng Investment Co., Ltd., are brothers.

None of the other directors have the circumstances stipulated in Article 26-3(3) and (4) of the Securities and Exchange Act.

(c) Major Shareholders of Corporate Shareholders

Corporate Shareholder Name	**Major Shareholders of Corporate Shareholder**
Cheng-Feng Investment Co., Ltd.	Su, Che-Ming（24.19%）,Su, Tun-Li,（14.23%）,Su Hung, Yueh-Chi（13.20%）,Su, Li-Wen（24.19%）,Su, Sheng-Mao（24.19%）
You-Feng Investment Co., Ltd.	Su, Chong-Hong,（36.88%）,Su, Yu-Ting（31.56%）,Su, Yu-Hsiang（31.56%）
Tsung-Fu Investment Co., Ltd.	Su, Heng-Hui（21.26%）,Tsou, Hsiu-Ming（20.97%）, Su, Hsing-Hsien（21.26%）, Su, Chun-Yi（25.26%）, Su, Hsin-Ning（11.25%））
Ting-Yao Investment Co., Ltd.	Su, Po-Chen（26.67%）,Su Tun-I（37.97%）,Wang Tzu Jung（35.36%）

2.Information of General Manager, Deputy General Manager, Associate Manager, Heads of Each Department and Branch Offices

April 15, 2024/ Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Elected (Appointed) date	Shareholding		Shareholdings of the spouse and monir children		Shareholding in other people's names		Primary (academic) experience (Note 2)	Current positions doubling at other companies	Managers with Spousal or Second-Degree Relationships			Note (Note 3)
					Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %			Title	Name	Relationship	
General Manager	R.O.C	Ho, Yi-Lin	Male	July 2018	191,015	0.11	15,277	0.01	–	–	National Taiwan University of Science and Technology Deputy General Manager of R&D Technology Department at GEM Terminal Ind. Co., Ltd.	Director of Dongguan GEM Electronic & Metal Co., Ltd. General Manager of Suzhou GEM Optoelectronic Terminal Co., Ltd.	–	–	–	–
Deputy General Manager	R.O.C	Chou, Chin-Hsiu	Female	July 2018	103,677	0.06	–	–	–	–	Kun Shan University of Technology, Department of Electronics Engineering Quality Assurance Section Chief of GEM Terminal Ind. Co., Ltd. Senior Manager of Management Department at GEM Terminal Ind. Co., Ltd.	Director of Global Electronics Terminal (Hong Kong) Limited.	–	–	–	–
Deputy General Manager	R.O.C	Chen, Li-Yi	Male	April 2024	10,000	0.01	–	–	–	–	Department of Business Administration (Accounting Division), Sun Yat-sen University Senior Manager of Financial Department at GEM Terminal Ind. Co., Ltd.	Director of Vietnam GEM Electronic And Metal Co., Ltd.	–	–	–	–
Manager	R.O.C	Tsai, Ming-Che	Male	January 2008	50,989	0.03	2,001	–	–	–	Electronics Department, Kunshan Technical College Manager of Business Department at GEM Terminal Ind. Co., Ltd..	None	–	–	–	–
Manager	R.O.C	Lin, Yu-Min	Male	March 2022	–	–	–	–	–	–	National Kaohsiung University of Business and Technology, Department of Mold Engineering Deputy Manager of R&D Technology Department at GEM Terminal Ind. Co., Ltd.	None	–	–	–	–
Manager	R.O.C	Chen, Cheng-Hao	Male	May 2023	–	–	–	–	–	–	Department of Accounting Information, Dayeh University KPMG Taiwan	None	–	–	–	–
Manager	R.O.C	Wu Feng Yin	Male	April 2024	12,116	0.01	1,000	–	–	–	Dept. of Agricultural Mechanical Engineering, The Affiliated Senior High School of National University of Tainan Deputy Manager of R&D Technology Department at GEM Terminal Ind. Co., Ltd.	None	–	–	–	–
Manager	R.O.C	Liu Zhi Cheng	Male	April 2024	–	–	–	–	–	–	Department of Information Management, National Sun Yat-sen University Assistant Manager of Information Department at Flexium Interconnect Inc. Service Section Chief of Genesis Technology, Inc.	None	–	–	–	–
Auditing Dept. Supervisor	R.O.C	Lee, Kun-Hsueh	Male	May 2023	–	–	–	–	–	–	Department of Fiber and Composite Materials, Feng Chia University R&D and Business Specialist-Southern Region Manager of San Shing Spinning Co., Ltd. Auditor of GEM Terminal Ind. Co., Ltd.	None	–	–	–	–

Note 1: The information should include the General Manager, Deputy General Managers, Senior Manager, and the heads of each department and branch. Those who hold positions equivalent to General Manager, Deputy General Manager or Senior Manager, regardless of their title, should also be disclosed.
Note 2: The above-mentioned personnel have not worked for the auditing and certifying accounting firm and its related enterprises during their tenure.
Note 3: The General Manager or the highest executive officer, who is also the Chairman, the spouse of the Chairman, or a close relative within the first degree of kinship, is not applicable.
Note 4: The personnel information listed above is up to the printing date of the annual report, and the shareholding information is up to April 15, 2024.

3.Remuneration Paid to Directors, Supervisors, General Manager, and Deputy General Managers in The Most Recent Fiscal Year

(1) Remuneration of Non-Independent and Independent Directors (disclose names and remuneration methods separately)

Unit: NT$ thousands

Title	Name	Remuneration of directors								The total amount and the proportion to net income after tax of A, B, C, and D		Related compensation received by employees who hold concurrent positior								The total amount and the proportion to the after-tax net profit of A, B, C, D, E, F, G		Compensation received from invested enterprises outside of subsidiaries or from the parent company
		Remuneration (A)		Pension (B)		Directors' remuneration (C)		Business execution expenses (D)				Salary, bonus, and special allowances (E)		Pension (F)		Employee bonus (G)						
																The Company		Companies in the consolidated financial report				
		The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	Cash amount	Stock amount	Cash amount	Stock amount	The Company	Companies in the consolidated financial report	
Chairman	Cheng-Feng Investment Co., Ltd. Representative: Su, Tun-Li	-	1,370	-	-	0	0	30	30	30 -0.02%	1,400 -0.81%	-	-	-	-	-	-	-	-	30 -0.02%	1,400 -0.81%	None
Vice Chairman	You-Feng Investment Co., Ltd. Representative: Su, Chung- Hong	-	-	-	-	0	0	30	30	30 -0.02%	30 -0.02%	1,997	3,631	108	108	-	-	-	-	2,135 -1.23%	3,769 -2.17%	None
Director	Tsung-Fu Investment Co., Ltd. Representative: Su, Hsing-Hsien	-	-	-	-	0	0	30	30	30 -0.02%	30 -0.02%	749	987	46	46	-	-	-	-	825 -0.48%	1,063 -0.61%	None
Director	Ting-Yao Investment Co., Ltd. Representative: Su, Po-Chen	-	-	-	-	0	0	30	30	30 -0.02%	30 -0.02%	-	-	-	-	-	-	-	-	30 -0.02%	30 -0.02%	None
Independent Director	Yang, Chen-Yang	424	-	-	-	0	0	66	66	490 -0.28%	490 -0.28%	-	-	-	-	-	-	-	-	490 -0.28%	490 -0.28%	None
Independent Director	Hsu, Hsin-Chieh	424	-	-	-	0	0	66	66	490 -0.28%	490 -0.28%	-	-	-	-	-	-	-	-	490 -0.28%	490 -0.28%	None
Independent Director	Lin, Hsun-Kuo	454	-	-	-	0	0	36	36	490 -0.28%	490 -0.28%	-	-	-	-	-	-	-	-	490 -0.28%	490 -0.28%	None

1. The policy, system, standards, and structure for the payment of independent director remuneration are based on the "Articles of Incorporation" and the "Remuneration Regulations for Directors and Members of Functional Committees," and are submitted to the Board of Directors for approval after review by the Remuneration Committee, taking into account factors such as their responsibilities, risks, and time input.
2. Remuneration payments made to directors of the Company for services provided in the most recent fiscal year, such as serving as consultants for the parent company, all companies listed in financial reports, or non-employee advisors to invested companies:none
3. The Company’s net loss after tax in 2023 was NTD 173,438 thousand.

(2) Remuneration of General Manager, and Deputy General Managers (Disclose the names and remuneration methods individually.)

Unit: NT$ thousands

Title	Name	Salary(A)		Pension (B)		Bonuses and special allowances (C)		Employee bonus (D)				The total amount and the proportion to net income after tax of A, B, C, and D (%)		Compensation received from invested enterprises outside of subsidiaries or from the parent company
		The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company		Companies in the consolidated financial report		The Company	Companies in the consolidated financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Ho, Yi-Lin	1,997	1,997	108	108	-	-	-	-	-	-	2,105 -1.21%	2,105 -1.21%	None
Deputy General Manager	Chou, Chin-Hsiu	1,440	1,440	86	86	-	-	-	-	-	-	1,526 -0.88%	1,526 -0.88%	None

＊Regardless of the title, any position equivalent to General Manager or Deputy General Manager (e.g. President, CEO, Director General) should be disclosed.

(3) Managerial Officers with The Top Five Highest Remuneration Amounts in The Company (disclose their names and remuneration method)

Title	Name	Salary(A)		Pension (B)		Bonuses and special allowances (C)		Employee bonus (D)				The total amount and the proportion to net income after tax of A, B, C, and D (%)		Compensation received from invested enterprises outside of subsidiaries or from the parent company
		The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company	Companies in the consolidated financial report	The Company		Companies in the consolidated financial report		The Company	Companies in the consolidated financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Ho, Yi-Lin	1,997	1,997	108	108	-	-	-	-	-	-	2,105 -1.21%	2,105 -1.21%	None
Deputy General Manager	Chou, Chin-Hsiu	1,440	1,440	86	86	-	-	-	-	-	-	1,526 -0.88%	1,526 -0.88%	None
Senior Manager	Chen, Li-Yi	1,151	1,151	70	70							1,221 -0.7	1,221 -0.7	None
Manager	Tsai, Ming-Che	1,210	1,210	75	75	-	-	-	-	-	-	1,285 -0.74%	1,285 -0.74%	None
Manager	Chen, Cheng-Hao	1,008	1,008	56	56	-	-	-	-	-	-	1,064 -0.61	1,064 -0.61	None

＊The content of the disclosed remuneration in this table is different from the income concept under the Income Tax Act. Therefore, the purpose of this table is for information disclosure only and not for tax purposes.

Note 1: The Company's net loss after tax in 2023 was NTD 173,438 thousand.

(4) Names of The Managers Allocating Employee Bonus and The Distribution Situation

December 31, 2023 Unit: NT$ thousand

<table>
<tr><th></th><th>Title (Note 1)</th><th>Name (Note 1)</th><th>Stock amount</th><th>Cash amount (Note 2)</th><th>Total</th><th>Percentage of total amount to after-tax net income (%)</th></tr>
<tr><td rowspan="6">Manager</td><td>General Manager</td><td>Ho, Yi-Lin</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0%</td></tr>
<tr><td>Deputy General Manager</td><td>Chou, Chin-Hsiu</td></tr>
<tr><td>Senior Manager</td><td>Chen, Li-Yi</td></tr>
<tr><td>Manager</td><td>Tsai, Ming-Che</td></tr>
<tr><td>Manager</td><td>Lin, Yu-Min</td></tr>
<tr><td>Manager</td><td>Chen, Cheng-Hao</td></tr>
</table>

Note 1: Individual names and titles should be disclosed, but profit distribution may be disclosed in aggregate form.
Note 2: The proposed distribution amount is calculated based on the proportion of employee compensation amounts allocated to managers in the most recent comparable year.
Note 3: The scope of application for managers is defined in accordance with the March 27th, 2003 letter of the Taiwan Securities and Futures Bureau with reference number No. 0920001301, as follows:
(1) General Managers and equivalent positions.
(2) Deputy General Managers and equivalent positions.
(3) Senior Manager and equivalent positions.
(4) Officers of financial departments.
(5) Officers of accounting departments.
(6) Other individuals with management responsibilities and signing authority for the Company.
Note 4: Directors of the Company do not receive employee bonus (including stocks and cash).
Note 5: The Company's net loss after tax in 2023 was NTD 173,438 thousand.

(5) The company shall disclose the remuneration of individual directors and supervisors in the following circumstances:

A. If the company has incurred a net loss in any of the past three years, individual remuneration of directors and supervisors should be disclosed, unless the net loss has been fully offset by the net profit of the current year. The individual names of directors and their compensation methods are disclosed in detail on page 20 of the annual report..
B. If a director's shareholding falls below a certain level for more than three consecutive months, their individual remuneration should be disclosed: Not applicable.
C. If the average pledged share ratio of a director or supervisor is over 50% in any three months of the year, their individual remuneration should be disclosed: Not applicable.
D. If the total remuneration of all directors and supervisors exceeds 2% of the company's net profit after tax and an individual director or supervisor's remuneration exceeds NTD 15 million, their individual remuneration should be disclosed. The individual names of directors and their compensation methods are disclosed in detail on page 20 of the annual report.
E. If the TWSE/TPEx Listed Companies have been rated the lowest level in corporate governance evaluation or has undergone major changes in trading methods, or have been suspended or delisted from the stock market, their individual remuneration should be disclosed: Not applicable.
F. For TWSE/TPEx listed companies, there is no disclosure requirement if the annual average salary of full-time employees who are not in managerial positions in the most recent year is less than NTD 500,000: Not applicable.
G. If the TWSE or TPEx listed company had an increase of 10 percent or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding fiscal year: Not applicable.
H. If the TWSE or TPEx listed company had a decline in after-tax net income reaching 10 percent and exceeding NT$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching 10 percent or more and exceeding NT$100,000: Not applicable.

4. A comparison and analysis of the total remuneration paid to the directors, supervisors, general manager, and deputy general manager of the Company and all the companies in the consolidated financial statements over the past two years as a percentage of the after-tax net income in the individual or separate financial reports and explaination of the policy, standards, and combination of remuneration, the procedure for setting remuneration, and the relationship between business performance and future risks.

Title	2023 The total amount of remuneration paid to the directors, supervisors, general manager, and deputy general manager of this Company and all companies within the consolidated financial statements as a percentage of the individual financial report's net income	2022 The total amount of remuneration paid to the directors, supervisors, general manager, and deputy general manager of this Company and all companies within the consolidated financial statements as a percentage of the individual financial report's net income
Directors (Including Independent Directors) and Supervisors	(4.46)	(8.48%)
General Manager and Deputy General Managers	(2.09)	(5.0%)

(1) The differences in the ratios of remuneration paid to directors (including independent directors), general managers, and deputy general managers are due to the net loss after tax of 2023 being NT$ 173,438 thousand, the net profit after tax of 2022 being NT$ 103,114 thousand.

(2) Policy, Standards and Composition for Remuneration, Procedures for Setting Remuneration, and Relationship between Business Performance and Future Risks.

A. Policy, Standards and Composition for Remuneration

(1) Directors and Independent Directors

The Company has established a board performance evaluation method to periodically evaluate the performance of the board of directors and each functional committee. According to the Company's Articles of Incorporation, if the Company makes a profit in a given year, no more than 5% shall be allocated for director compensation, which will be determined by the board of directors and distributed in the form of stocks or cash.

(2) Managers and Employees

The salary and compensation of the Company's managers and employees are determined based on their job responsibilities, education and performance evaluations to ensure that they are fair and reasonable. In order to provide clear guidelines for employees and to boost morale, the Company has established the "Salary Management Regulations" and "Regulations for Transfer and Promotion Management" to achieve the Company's business goals. Additionally, if the Company makes a profit in a given year, no less than 3% shall be allocated for employee compensation, which will be determined by the board of directors and distributed in the form of stocks or cash.

B. The process of determining the compensation and its relationship with the company's future risks and business performance

The company considers the overall business performance and the management risks comprehensively to establish a reasonable system for the compensation of directors and members of various functional committees. Therefore, the "Compensation Regulations for Directors and Members of Various Functional Committees" was established to execute the compensation for directors and members of various functional committees based on their level of participation and contribution to the company's operation.

For managers, their job objectives and actual performance are measured to evaluate their contribution to the company's profits and management decision risks, which are reflected in their relevant salary compensation.

The 2023 salary and compensation of directors and managers have been reviewed by the Remuneration Committee, submitted to the Board of Directors, and distributed after resolution.

IV. Corporate Governance Status

(1) Implementation Status of the board

The board of directors held 5 meetings in the past year (A), and the attendance of directors and supervisors is as follows:

title	name(note1)	Actual no. of meetings attended B	No. of meetings with entrusted attendance	Acutal percentage of attendence【B/A】(note 2)	note
Chairman	Cheng-Feng Investment Co., Ltd. Representative: Su, Tun-Li	5	0	100	
Vice President	You-Feng Investment Co., Ltd. Representative: Su, Chung-Hong	5	0	100	
Director	Ting-Yao Investment Co., Ltd. Representative: Su, Po-Chen	5	0	100	
Director	Tsung-Fu Investment Co., Ltd. Representative: Su, Hsing-Hsien	5	0	100	
Independent director	Hsu, Hsin-Chieh	5	0	100	
Independent director	Yang, Chen-Yang	5	0	100	
Independent director	Lin, Hsun-Kuo	3	0	60	

Other Matters that should be Disclosed:

1. Matters listed in Article 14-3 of the Securities and Exchange Act and resolutions passed by the Board of Directors with objections or reservations from independent directors recorded or in written statements shall specify the date and session of the Board of Directors meeting, the content of the motion, the opinions of all independent directors and the company's response to the opinions of independent directors, as shown in the following table:
2. The implementation status of directors recusing themselves from stakeholders shall specify the names of directors, the content of the motion, the reasons for recusal and their participation in the vote, as shown in the following table:

Board meeting	Cause of action	Resolution Result (Reasons for Recusal and Voting Participation)	Matters listed under Article 14-3 of the Securities and Exchange Act	Independent directors holding opposing or reservation opinions	Company's handling of independent directors' opinions
2023.03.21 11th , 11th	3. The independence and competency of certified public accountants of the Company is proposed for review.	The agenda item regarding the independence and suitability of the appointed accountant relates to their own interests, so the attending member, Accountant Chiang, Chia-Ling, recused herself in accordance with the law. This case was passed by the original proposal.	V	none	none
2023.05.10 11th 12th	5. The proposal to discuss and approve the promotion of Chen, Cheng-Hao, former Auditing Department Supervisor, to the position of Manager of the Administration Department, and simultaneously relieve him of his role as Auditing Department Supervisor.	This case was passed by the original proposal.	V	none	none
	6. The proposal to discuss and approve the promotion of Lee, Kun-Hsueh, former Vice Auditing Department Supervisor to the position of Auditing Department Supervisor.	This case was passed by the original proposal.	V	none	none
	9. The company proposes to provide a loan to its sub-subsidiary, Vietnam Gem Electronic And Metal Co., Ltd., with a financing amount of USD 3 million, and is proposed for resolution.	This case was passed by the original proposal.	V	none	none
2023.08.09 11th 13th	2. The proposal to appoint Deloitte Taiwan to audit and review the financial statements of the Company for the fiscal years 2023 and 2024, with an annual fee of NT$5.15 million, is proposed for resolution.	The agenda item regarding the appointment of Deloitte Taiwan, and signing of audit service fee contract, involves personal interests, relates to their own interests, so the attending member, Accountant Chiang, Chia-Ling, recused herself in accordance with the law. This case was passed by the original proposal, with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.	V	none	none

	6. In response to corporate operational and developmental needs , the Company proposes to provide a loan to its sub-subsidiary, Vietnam Gem Electronic And Metal Co., Ltd., with a financing amount of USD 3 million (or equivalent in foreign currency), and is proposed for resolution.	This case was passed by the original proposal, with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.	V	none	none
2023.11.09 11th 14th	3.The "Internal Audit Plan for the Year 2024" has been formulated and completed. Please approve and implement it.	This case was passed by the original proposal, with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.	V	none	none
2024.03.12 11th 16th	3. The proposal to discuss and approve the change of certified public accountants, along with the evaluation results of the independence and suitability of the certified public accountant are proposed for resolution	The agenda item regarding the independence and suitability of the appointed accountant relates to their own interests, so the attending member, Accountant Chiang, Chia-Ling, recused herself in accordance with the law. This case was passed by the original proposal.	V	none	none
	4. The proposal to discuss and amend the company's articles of association, and submit it to the shareholders' meeting is proposed for resolution.	This case was passed by the original proposal.	V	none	none
2024.04.30 11th 17th	6. The proposal to discuss and approve the promotion of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department.	The agenda item regarding the promotion of of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department, involves personal interests, relates to their own interests, so the attending member, Senior Manager Chen, Li-Yi, recused himself in accordance with law. This case was passed by the original proposal.	V	none	none
	8.The proposal to discuss and approve the monthly salary increase for Lee, Kun-Hsueh, Auditing Dept. Supervisor.	The agenda item regarding the monthly salary increase for Lee, Kun-Hsueh, the Auditing Dept. Supervisor, involves personal interests, relates to their own interests, so the attending member, Auditing Dept. Supervisor Lee, Kun-Hsueh, recused himself in accordance with law. This case was passed by the original proposal.	V	none	none

3. Implementation of Board of Directors Performance Evaluation

The company has implemented corporate governance and enhanced the functions of the Board of Directors. On March 25th, 2020, the "Board of Directors Performance Evaluation Measures" were established and implemented after being approved by the Compensation Committee and the Board of Directors. The evaluation results are shown in the table below, and detailed information can be found on the company's website.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Contents of evaluation
Once a year	January 1st, 2023 to December 31st, 2023	1.Board of Directors Performance Evaluation 2.Audit Committee Performance Evaluation 3. Remuneration Committee Performance Evaluation	Self-evaluation of the Board of Directors, functional committees, and remuneration committee Performance Evaluation	1.The items evaluated in the Board of Directors Performance Evaluation include: (1) Level of participation in company operations. (2) Improvement in the quality of the Board of Directors' decision-making. (3) Composition and structure of the Board of Directors. (4) Selection and continuing education of directors. (5) Internal control. 2/The items evaluated in the self-evaluation of individual directors include: (1) Understanding of company goals and missions. (2) Awareness of director's duties and responsibilities. (3) Level of participation in company operations. (4) Management of internal relationships and communication. (5) Professional knowledge and continuing education of directors. (6) Internal control. 3.The items evaluated in the Performance Evaluation of Functional Committees include: (1) Level of participation in company operations. (2) Awareness of the duties and responsibilities of the functional committee. (3) Improvement in the quality of the functional committee's decision-making. (4) Composition of the functional committee and selection of members. (5) Internal control.
Once every 3 years conducted by external professional independent institute	January 1,2022 to December 31,2022	Board of Directors Performance Evaluation	The Taiwan Association of Board Governance is entrusted to evaluate the effectiveness of governance of the Board of Directors of the Company through procedures such as reviewing questionnaires and virtual interviewing	Performance analysis of 7 dimensions: (1) Composition and structure of the Board of Directors. (2) Selection and continuing education of directors. (3) Level of participation in company operations of the board (4) Improvement in the quality of the Board of Directors's decision-making. (5) Internal control (6)Environment, society, and company governance. (7)Creating values

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.

A. The company has established the Remuneration Committee and the Audit Committee. It has formulated and implemented related directives such as the "The Remuneration Committee Charter," "The Audit Committee Charter," "Performance Evaluation of the Board of Directors," "Corporate Governance Best Practice Principles," "Directions for the Implementation of Continuing Education for Directors," “Guidelines for the Adoptions of Codes of Ethical Conduct for Directors and Managers,” “Rules governing the Scope of Powers of Independent Directors” to strengthen the functions of the Board of Directors and enhance the transparency of company information.

B. For internal evaluation results of the performance of the Board of Directors in 2023, please refer to the company website.

C. The Company not only reports essential information about the Company (including financial and business reports of operations, the implementation of internal audits, and implementation of related resolutions of the Board of Directors) to the directors through the Board of Directors but also strengthens the function of directors through passing “Regulations of Corporation Risk Management” and “Standard Operation Procedures for Handling Requests from Directors.”

D. In terms of enhancing information transparency, the Company added an English version in the Corporate Governance section on the company website, providing English versions of the financial report, related regulations on elevating information transparency, and corporate governance, taking into consideration the convenience for foreign shareholders to obtain information.

E. Succession Planning for Board Members and Key Management Personnel:

The Company adheres to the principle of sustainable operations by nominating and appointing a diverse range of board members, and it places significant emphasis on the professional development of key management personnel. As part of this commitment, the following succession plans have been formulated:

Succession Planning for Board Members:

The Company's board of directors directs company strategies, supervises management, and is responsible to the Company and shareholders. The various procedures and arrangements of the Company's corporate governance system ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Company's Articles of Incorporation, and resolutions of shareholders meetings.

The structure of the Company's board of directors shall be determined by selecting a number of board members equal to the number of director seats specified in the Articles of Incorporation, taking into account its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors should consider diversity. Except for directors who also serve as company executives, who should not exceed one-third of the board seats, appropriate diversity policies should be formulated based on the board's own operations, business model, and development needs. Standards should include, but not be limited to, the following two aspects:

A.Basic characteristics and values: gender, age, nationality, and culture.

B.Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience

Board members should generally possess the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board as a whole should have the following abilities:

A. Operational judgment ability. B. Accounting and financial analysis ability.
C. Business management ability. D. Crisis handling ability.
E. Industry knowledge. F. International market perspective.
G. Leadership ability. H. Decision-making ability.

Board members conducts an annual evaluation of the performance of each board members , and the operational efficiency of the Board of Directors in accordance with the Rules for Performance Evaluation of Board of Directors. The evaluation results of the Board's performance will serve as a basis for future election and nomination of board members.

Succession Planning for Key Management Personnel:

The Company's organizational structure comprises senior management personnel at the manager level or above for each department, responsible for leading and managing the Company's operations. Additionally, deputies are appointed for each senior management position, all possessing professional expertise and leadership capabilities that align with the Company's business philosophy.

To develop key management personnel and their deputies, the Company provides targeted professional training and offers courses on corporate governance to enhance individual management capabilities. Beginning in the fiscal year 2023, attendance of executives at the vice president level and above has been mandatory at all board meetings. Additionally, monthly operational management meetings include reports on operational performance by executives at the vice president level and above. Furthermore, the Company facilitates the transfer of professional skills from senior executives to grassroots managers in their daily responsibilities, ensuring the development of future talent for succession planning.

The Company conducts quarterly performance evaluations of employees to assess their performance and determine promotions based on merit. This process aims to unlock employees' potential, leverage their individual strengths, and align their performance with the Company's expectations, serving as a reference for future succession planning.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2: (1) If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

(2) If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(2) Implementation Status of Audit Committee

1. The Audit Committee of the Company is composed of three independent directors.

2. The first term of office for the committee members is from July 27, 2021 to July 26, 2024. The Audit Committee met four times during fiscal year 2024, and the attendance of independent directors is as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Acutal percentage of attendence(B/A) (note 1, note 2)	note
Independent Director	Yang, Chen-Yang	4	0	100	
Independent Director	Hsu, Hsin-Chieh	4	0	100	
Independent Director	Lin, Hsun-Kuo	2	2	50	

Other matters that should be disclosed:

1. If the Audit Committee has any of the following circumstances, the date, term, agenda, dissenting opinions of independent directors, contents of reserved opinions or significant recommendations, decision results of the Audit Committee, and the company's handling of the Audit Committee's opinions should be disclosed.
   (1) Matters listed in Article 14-5 of the Securities and Exchange Act: see Note (1) below.
   (2) Other resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of the entire board of directors: none.
2. The execution status of independent directors' recusal from interested party matters should include the names of the independent directors, the content of the agenda, reasons for recusal due to interests, and participation in voting: none.
3. The communication status between independent directors and the internal audit supervisor and accountant (including significant matters, methods, and results of communication on the company's financial and business status): see Note (A) below.

Note 1: If there is independent directors who resigns before the end of the year, their departure date should be noted in the remarks column. The actual attendance rate (%) should be calculated based on the number of times the independent directors attended the audit committee during their tenure and the actual attendance.

Note 2: If there are changes in independent directors before the end of the year, both the new and old independent directors should be listed, and the remarks column should indicate whether the independent director is old, new, or re-elected, as well as the date of the change. The actual attendance rate (%) should be calculated based on the number of times the independent directors attended the audit committee during their tenure and the actual attendance.

Note (1):

(1) The Audit Committee of our company is composed of three independent directors, and the primary purpose of the Audit Committee's operation is to supervise the following matters:

1. The proper expression of the company's financial statements.
2. The selection (dismissal) and independence and performance of the signing certified public accountant.
3. The effective implementation of the company's internal control.
4. The company's compliance with relevant laws and regulations.
5. The management of existing or potential risks of the company.

(2)The duties of this committee are as follows:

1. Develop or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assess the effectiveness of the internal control system.
3. Develop or amend procedures for significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending of funds to others, endorsement or guarantees for others in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving conflicts of interest of directors themselves.
5. Significant asset or derivative transactions.
6. Significant lending, endorsement, or guarantee of funds.
7. Offering, issuance, or private placement of equity securities.
8. Appointment, removal, or remuneration of auditors.
9. Appointment or removal of financial, accounting, or internal audit directors.
10. The annual financial report signed or stamped by the chairman, manager, and accounting director, and the second quarter financial report that must be audited and certified by the auditor.
11. Other significant matters required by the company or regulatory authorities.

(3).The resolution of the 2023 Audit Committee meeting, as shown in the table below.

Date / Resolution Unit	Cause Of Action	Udit Committee Resolution/Result.	Content of the independent director's dissenting opinions, reservations, or significant recommendations.	Handling of opinions about the audit committee from the company.	Matters having been approved by two-thirds or more of all directors without the approval of the audit committee.
1st ,10th 2023.03.21	1.The business report, individual financial statement, and consolidated financial statement of 2022 have been completed, and are submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	2.A deficit compensation proposal for the year 2022 has been drawn up, and the deficit compensation plan has been completed and submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	3.The independence and competency of certified public accountants of the Company is proposed for review.	The agenda item regarding the independence and competency of the appointed accountant involves personal interests, so the attending member, Accountant Chiang Jia-Ling, recused herself in accordance with the law. This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	4.The company has completed the self-inspection of the internal control system for the year 2022, and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection and was submitted for approval by the board of directors.	None	-	None
	5.The Proposal to formulate a pre-approved review method for non-assurance service provided by certified public accountants of the Company is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection.	None	-	None
	6.The pre-approval proposal for non-assurance services provided by Deloitte Taiwan (certified public accountants) of 2023 is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection.	None	-	None
1st ,11th 2023.05.10	1.The financial report for the first quarter of 2023 has been completed and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	2. Allocation of directors remuneration is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	3. The Company proposes to revise the "Remuneration Regulations for Directors and Members of Functional Committees ", and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	4. Proposal for review of the promotion of Chen, Cheng-Hao, former Auditing Department Supervisor, to the position of Manager of the Administration Department, and simultaneously relieve him of his role as Auditing Department Supervisor.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	5. Proposal for review of the promotion of Lee, Kun-Hsueh, former Vice Auditing Department Supervisor to the position of Auditing Department Supervisor.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None

Date / Resolution Unit	Cause Of Action	Udit Committee Resolution/Result.	Content of the independent director's dissenting opinions, reservations, or significant recommendations.	Handling of opinions about the audit committee from the company.	Matters having been approved by two-thirds or more of all directors without the approval of the audit committee.
	6. Proposal for review of a loan of USD 3 million to the subsidiary Vietnam Gem Electronic And Metal Co., Ltd..	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
1st ,12th 2023.08.09	1.The financial report for the second quarter of 2023 has been completed and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	2. The proposal to appoint Deloitte Taiwan to audit and review the financial statements of the Company for the fiscal years 2023 and 2024, with an annual fee of NT$5.15 million, is submitted for review.	Since this proposal concerns the appointment of Deloitte Taiwan, and signing of audit service fee contract, involves personal interests, which relates to their own interests, the attending member, Accountant Chiang, Chia-Ling, recused herself in accordance with the law. This proposal has been passed by the chairman after consulting all attending committee members without objection, and has been submitted for approval by the board of directors.	None	-	None
	3. Proposal for review of a loan of USD 3 million to the subsidiary Vietnam Gem Electronic And Metal Co., Ltd..	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
1st ,13th 2023.11.09	1.The financial report for the third quarter of 2023 has been completed and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	2.The “Internal Audit Plan for the year 2024" of our company has been completed and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	3.The pre-approval proposal for non-assurance services provided by Deloitte Taiwan (certified public accountants) of 2023 is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection.	None	-	None
1st ,14th 2024.03.12	1.The business report, individual financial statement, and consolidated financial statement of 2023 have been completed, and are submitted for review	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	2.A deficit compensation proposal for the year 2023 has been drawn up, and the deficit compensation plan has been completed and submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	3.The independence and competency of certified public accountants, and the proposal for the change of certified public accountants of the Company are proposed for review.	The agenda item regarding the independence and competency of the appointed accountant involves personal interests, so the attending member, Accountant Chiang Jia-Ling, recused herself in accordance with the law. This case was passed by the chairman after consulting all attending committee members without objection, and was submitted for approval by the board of directors.	None	-	None
	4.The company has completed the self-inspection of the internal control system for the year 2023, and is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection and was submitted for approval by the board of directors.	None	-	None

Date / Resolution Unit	Cause Of Action	Udit Committee Resolution/Result.	Content of the independent director's dissenting opinions, reservations, or significant recommendations.	Handling of opinions about the audit committee from the company.	Matters having been approved by two-thirds or more of all directors without the approval of the audit committee.
	5. Proposal for review of the summary report of individual approvals for non-assurance service provided Deloitte Taiwan (certified public accountants) for the fiscal year 2023.	This case was passed by the chairman after consulting all attending committee members without objection.	None	-	None
	6.The pre-approval proposal for non-assurance services provided by Deloitte Taiwan (certified public accountants) of 2024 is submitted for review.	This case was passed by the chairman after consulting all attending committee members without objection.	None	-	None
1st, 15th 2024.04.30	1. The proposal to discuss and approve the promotion of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department.	The agenda item regarding the promotion of of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department, involves personal interests, relates to their own interests, so the attending member, Senior Manager Chen, Li-Yi, recused himself in accordance with law.	None	-	None

Note (A): Communication between Independent Directors, Internal Audit Supervisor, and Accountant

1.Communication Policy between Independent Directors, Internal Audit Supervisor, and Accountant

(1) Independent directors, internal audit supervisors, and accountants shall hold regular meetings at least twice a year to report to the independent directors on the company's financial status, the financial and operational status of domestic and foreign subsidiaries, and the status of internal control audits; and should fully communicate on significant adjustments or changes in laws and regulations that may affect the company's accounting. In case of significant abnormal matters, meetings may be called at any time.

(2) The internal audit supervisor shall regularly report to the audit committee on:

(a) The annual internal audit plan.

(b) The annual professional training plan for audit personnel.

(c) The status of internal audit business execution.

(3) The accountant shall attend the audit committee meetings at least twice a year to report on the results of the annual audit.

(4) Other matters: In case of significant abnormal matters, or when independent directors, internal audit supervisors, and accountants find it necessary to hold independent meetings, meetings may be called irregularly at any time.

2.Summary of communication between independent directors, internal audit executives, and accountants in each period:

Date	Attendant	Communication Highlights	Communication Result
2023/03/21	Independent directors: Yang, Chen-Yang Independent directors: Hsu, Hsin-Chieh Independent directors: Lin, Hsun-Kuo Accountant: Chiang, Chia-Ling Internal audit executive: Chen, Cheng-Hao	Communicate with the governance unit - conclusion of auditing financial reports of 2022 1. Audit method, scope, and report format of the 2022 financial report. 2. Independence of the accountant. 3. Significant risks and key auditing matters. 4. Material misstatements that have been corrected and those that have not been corrected: None. 5. Significant uncertainties that cast doubt on the entity's ability to continue as a going concern: None. 6. Matters on which there was a disagreement with management: None.	The independent directors had no opinions at this meeting.
2023/11/09	Independent Director: Yang, Chen-Yang Independent Director: Hsu, Hsin-Chieh Accountant: Chiang, Chia-Ling Auditing Dept. Supervisor : Lee, Kun-Hsueh	Communication regarding the audit planning for auditing the financial reports for the fiscal year 2023: • Quality management system of Deloitte Taiwan (certified public accountants). • Audit scope and methods. • Significant risks and key audit matters (KAM). • Findings of the internal control process audit. • International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards. • Pre-approval for non-assurance services by the governance unit. • Statement of Independence. • 2023 Transparency Report of Deloitte Taiwan (certified public accountants).	The independent directors had no opinions at this meeting.

(3) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has established its Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and disclosed them on the company website.	None
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters. If yes, have these procedures been implemented accordingly?		V	To ensure shareholders' rights, the Company's spokesperson, acting spokesperson, or stock agency handles suggestions for best-handling shareholders' suggestions, concerns, and disputes.	None
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		The Company knows the identity of its major shareholders and the parties with ultimate control of the major shareholders according to the shareholder register provided by the stock agent on the ex-dividend date and declares the changes in shareholdings and changes in increase and decrease of pledges of the directors, supervisors, managers, and major shareholders regularly in accordance with regulations to ensure stability in management franchise.	None
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		The risk management of the Company and its affiliates includes "Regulations for Supervising Subsidiaries," "Rules Governing Financial and Business Matters Between Related Parties," "Regulations of Corporation Risk Management," and" Regulations Governing Related Party Transactions," in addition to the credit facility of corporate clients and related internal control systems, enabling timely risk management system and a firewall.	None
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		The company has established the "Codes of Ethical Conduct for Directors and Managers" and "Procedures for Handling Material Inside Information" applicable to the directors, managers, and employees of the Company; related information is updated and promoted at various intervals	None.
3. Composition and responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		The Company's Board of Directors has formulated a Board Diversity Policy regarding the board's composition, specific management objectives, and implementation status can be referred to in p17 and 18 of the annual report.	None.
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	The Company has established the audit committee and the remuneration committee by law; the rest of the corporate governance operations are held responsible by the various department according to the content. Other functional committees have not been established and will do so in the future when evaluated as necessary.	Other functional committees will be established in the future when necessary
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		The Company established "Regulations for Evaluating Performance of the Board of Directors" in 2020; self-evaluation is conducted annually, and evaluation by external independent professional institutions or an external team of experts and scholars at least once every 3 years. The results of performance evaluations shall be a reference for the election and nomination of directors, and the assessment results of individual directors shall be a reference when the remuneration committee reviews and determines salary/compensation. The external evaluation results of the 2022 performance of the Board of Directors entrusted to the Taiwan Association of Board of Governance by the Company have been submitted to the Board of Directors on March 21, 2023, as a basis for review and improvement. The overall operation of the 2023 Board of Directors and functional committees (audit committee, remuneration committee) have been evaluated as "excellent". The evaluation results, relevant evaluation content, methodology, implementation status, and evaluation results can be referred to on the company's website: www.gem.com.tw Section on Corporate Governance.	None.
(4) Does the Company regularly evaluate its	V		The Certified Public Accountant hired by the Company has already avoided direct	None.

external auditors' independence?			or indirect interest relationships, the independence statement issued by the Certified Public Accountant. The independence and competency of the Certified Public Accountant have been reviewed and approved by the Board of Directors on March 21, 2023, and submitted to the Board of Directors. The evaluation chart of the independence and competency of the Certified Public Accountant can be referred to (note 1).	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The corporate governance practices of the Company are currently handled part-time by the financial department, including but not limited to providing information necessary for directors and supervisors to perform their duties, organizing board meetings and annual general meetings of shareholders as required by law, registration and changes of the company, compiling minutes of board meetings and annual general meetings.	None.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has established a stakeholders section on the company website, establishing channels for communicating with our shareholders, employees, customers, and suppliers, timely and appropriately responding to stakeholders' questions and concerns on important corporate social responsibility issues.	None.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has designated a professional shareholder services agent, the Stock Agency Department of SinoPac Securities Corporation, to handle matters related to our shareholder meetings.	None.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The Company has set up Investor's Relations Section on the company's website to disclose information regarding the Company's financials, business and corporate governance. The website of the company is : www.gem.com.tw. The Company established regulations such as "Corporate Governance Best Practice Principles," "Guidelines for the Adoptions of Codes of Ethical Conduct for Directors and Managers," "Rules Governing the Exercise of Rights and Participation in Resolutions by Juristic Person Shareholders With Controlling Power"and "Ethical Corporate Management Best Practice Principles" to implement corporate governance, the regulations related to corporate governance are placed in the Corporate Governance Section available for shareholders and stakeholders to review and read.	None.
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The Company has established a spokesperson and acting spokesperson system for information collection and disclosure, serving as the main bridge of external communication. The company maintains an English-language website, attaching English content in the corporate governance section, enhancing information transparency, and implementing English versions of corporate governance-related regulations to provide company information for foreign investors.	None.
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		V	The Company has published and reported its annual financial statements, and financial statements for Q1, Q2, and Q3, and filed monthly operating status within the regulated deadline.	None.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(I) Protecting employee rights and interests and employee care: 1. To protect the well-being of all the employees, the Company stipulates the rights and obligations of both the employer and the employees, strengthens a sound management system and organizational functions, provides a safe, healthy, and fair working environment by formulating "GEM TERMINAL IND.CO., LTD. Work Rules Handbook." 2. In addition to establishing various management regulations to protect the rights and interests of employees by law, the Company formulated "Regulations Governing Year-end Bonuses" and "Regulations Governing Handling Employee Stocks and Employee Bonuses" to enhance employee welfare according to the business performance of the Company and individual performance of the employee. The partial amendments to the "Regulations Governing Handling Employee Stocks and Employee Bonuses" and bonuses of employees of earnings distribution proposal were thoroughly discussed by the Remuneration Committee and submitted to the Board of Directors for resolution. 3. The Company establishes good communication channels for the employees. Besides the proposal system that regulates bonuses for effective proposed suggestions, each employee of the Company has their e-mail, there is a suggestion box in the Security Room, and Labor-Management Coordination and Employee Welfare Committee meetings are convened at regular intervals. The employees' opinions can be directly communicated to the	None.

<table>
<tr><td></td><td></td><td></td><td>management, and responses and complaints can be heard through the suggestion box.
4. Regarding Employee care： The Company has established the Employee Welfare Committee, which oversees planning and managing employee welfare. Holding regular health check-ups, regular subsidies for domestic travel, and irregular subsidies for foreign travel, also providing Employee's Children Scholarship Program, wedding subsidy, and funeral subsidy, emphasizing the employees' health and leisure activities.
(2) Regarding Investor relations and Stakeholder rights：:
1. The Stakeholder section of the Company website has a bulletin board system and investor service email; the spokesperson is in charge of investor relations and reports to the Chairman of the Board of Directors. Besides visiting the Company and meeting with spokespersons, investors inquire mostly by phone and email. Therefore the Company website also provides the contact email for the Audit Committee so that the investing public and directly contact the Audit Committee.
2. The Company formulated "Procedures for Handling Material Inside Information" as the basis for announcing material information and disclosing immediate, complete, and accurate information to the public.
(3) Regarding Continuing Education of Directors:
1. The status of continuing education according to regulations of the current term (11th) of the Company's Directors in the year 2023 and up to the date of publication of the annual report (Note 2).
(4) Risk Management Policies and Risk Evaluation Standards： The Company established "Regulations of Corporation Risk Management" implemented after approval by the Board of Directors, regulating related risk management policies and risk evaluation standards. The Company also establishes a risk management organizational structure to supervise, plan and implement related risk management issues and the function and duties of related departments.
(5) The Implementation of Customer Relations Policies： The Company and its subsidiaries have established a business line of credit for business customers to regulate the credits of customers. At the same time, the Company provides customers with high-quality products, delivers on time, and maintains satisfactory and trustworthy service as the highest principle, striving to reduce production costs and creating a win-win and co-growth relationship with the customers.
(6) Purchasing Liability Insurance for Directors and Supervisors: The Company has purchased liability insurance for directors, supervisors, and essential managers.</td><td></td></tr>
<tr><td colspan="5">9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)
The Company placed 66%-80% in the 9th Company Governance Evaluation results, with many indicators that needed improvement. After evaluating relative operation procedures, the Company proposes the following items as priority improvement goals in the future:
1. Establishing and Implementing Board Diversity Policy of the Board of Directors
2. Establishing exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development, drafting sustainable development roadmap, and compiling sustainability reports.
3. Continuously increasing investment in energy-saving or green energy-related environmental protection and sustainable machinery and equipment.</td></tr>
</table>

(Note 1): Assessment form of independence and suitability of appointed accountant:

Item	Evaluation Item	Appointed Accountants: Accountant Wu, Chiu-Yen Accountant Chang, Tzu-Yuan.	
		Evaluation Result:	Whether they meet the criteria for independence and suitability
1	Whether the appointed accountant has no significant financial interest with the company.	Yes	Yes
2	Whether the appointed accountant has no inappropriate relationship with the company.	Yes	Yes
3	Whether the appointed accountant ensures that their assistants abide by honesty, impartiality, and independence.	Yes	Yes
4	Whether the appointed auditor now has or had in the past two years, any significant financial interests or relationships with the company that may compromise their independence and suitability.	Yes	Yes
5	During the audit period, whether the appointed accountant, their spouse, or dependent relatives have held positions as directors, supervisors, managers, or other roles that have a direct and significant impact on the audit work of the company. If a relative within the fourth degree of kinship of the appointed accountant holds a position as a director, supervisor, manager, or other role that has a direct and significant impact on the audit work of the company, their violation of independence must be reduced to an acceptable level.	Yes	Yes
6	Whether the appointed auditoreceived significant gifts or presents (whose value does not exceed the standard of general social etiquette) from the company, directors, or managers?	Yes	Yes
7	Whether the appointed auditor used their name for the benefit of others?	Yes	Yes
8	Whether the appointed auditor had any financial borrowing or lending with the company, yet normal financial transactions in the financial industrareis not included?	Yes	Yes
9	Whether the appointed auditor engaged in any other business that may compromise their independence?	Yes	Yes
10	Whether the appointed auditor received any commission related to the company's business?	Yes	Yes
11	Whether the appointed auditor have specialized knowledge and experience and a good understanding of the company?	Yes	Yes
12	Whether the appointed auditor not been subject to significant penalties by the competent authority?	Yes	Yes

(Note 2): Continuing education of directors and supervisors:

The continuing education of the current (11th) directors and supervisors of the Company of the year 2023 and up to the date of publication of the annual report is as follows according to regulations:

Title	Name	Date of first appointment	Date of training	Organizer	Name of course	Hours of training	Whether The Training Follows The Protocol
Chairman	Su, Tun-Li	1997/11/22	2023/08/09	Taiwan Corporate Governance Association (TCGA)	Directors and Supervisors: Strengthening Corporate Governance through Risk and Crisis Management Oversight	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes
Vice President	Su, Chung-Hong	2009/06/20	2023/08/09	Taiwan Corporate Governance Association (TCGA)	Directors and Supervisors: Strengthening Corporate Governance through Risk and Crisis Management Oversight	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes
Director	Su, Po-Chen	2018/06/20	2023/08/09	Taiwan Corporate Governance Association (TCGA)	Directors and Supervisors: Strengthening Corporate Governance through Risk and Crisis Management Oversight	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes
Director	Su, Hsing-Hsien	2021/8/12	2023/08/09	Taiwan Corporate Governance Association (TCGA)	Directors and Supervisors: Strengthening Corporate Governance through Risk and Crisis Management Oversight	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes
Independent Director	Yang, Chen-Yang	2003/06/20	2023/08/09	Taiwan Corporate Governance Association (TCGA)	Directors and Supervisors: Strengthening Corporate Governance through Risk and Crisis Management Oversight	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes
Independent Director	Hsu, Hsin-Chieh	2006/06/20	2023/08/09	Taiwan Corporate Governance Association (TCGA)	Directors and Supervisors: Strengthening Corporate Governance through Risk and Crisis Management Oversight	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes
Independent Director	Lin, Hsun-Kuo	2021/07/27	2023/11/29	Securities & Futures Institute (SFI)	Seminar on Legal Compliance for Insider Trading of Equity Securities 2023	3	Yes
			2023/12/28	Taiwan Corporate Governance Association (TCGA)	Talent Development for Sustainable Operations	3	Yes

(4) If the Company has established a Remuneration Committee, the Composition, Responsibilities and Operations of the Remuneration Committee shall be disclosed:

1.Information on Remuneration Committee Members

Capacity (Note 1) \ Name \ Qualifications		Professional Qualificatoins and Experience (Note 2)	Independence Analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	Yang, Chen-Yang	Related information on the professional qualification of the Directors and independence analysis of independent directors are disclosed, please refer to p16 of the annual report.		0
Independent Director	Hsu, Hsin-Chieh			0
Independent Director	Lin, Hsun-Kuo			0

2. Operation of the Remuneration Committee

I. The Company's remuneration committee has a total of 3 members.

II. The term of the current members is from August 11, 2021 to July 26, 2024. The number of remuneration committee meetings held in 2023 was 2 (A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A) (Notes)	Remarks
Convener	Yang, Chen-Yang	2	0	100	
Member	Hsu, Hsin-Chieh	2	0	100	
Member	Lin, Hsun-Kuo	1	0	50	

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): none.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: none.

Notes:

(1) If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

(2) If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

2 remuneration committee meetings was held in 2023.

(3) The duty and responsibilities of the remuneration committee are in accordance with Ariticle 7 of The Remuneration Committee Charter. Please refer to Corporate Goverance Section of the Company website: www.gem.com.tw.

(4)The meeting date, meeting session number, content of the motion, the outcome of the resolution of the Remuneration Committee, and the measures taken by the Company based on the opinion of the Remuneration Committee:as shown in the following table.

Remuneration Committee	Content of the Motion and Measures Taken	Outcome of the Resolutoin	Measures taken by the Company based on the opinion of the Remuneration Committee
5th, 6th May 10, 2023	1. Proposal to discuss and approve the allocation of directors remuneration.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	2. Proposal to discuss and approve the revision of " Remuneration Regulations for Directors and Members of Functional Committees ".	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	3. Proposal to discuss and approve the promotion of Chen, Cheng-Hao, former Auditing Department Supervisor, to the position of Manager of the Administration Department, and simultaneously relieve him of his role as Auditing Department Supervisor.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	4. Proposal to discuss and approve the promotion of Lee, Kun-Hsueh, former Vice Auditing Department Supervisor to the position of Auditing Department Supervisor.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	5. Proposal to discuss and approve the establishment of a corporate governance personnel.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	6. Proposal to discuss and approve the transfer of Wang, Ying-Ying, former manager of administration department, to the position of assistant manager of administration department.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
5th, 7th August 09, 2023	1. Proposal to discuss and approve the downgrading of Tsai, Ming-Che, former deputy general manager of sales department, to the position of manager of sales department.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	2. Proposal to discuss and approve the dismissal of Tsai, Ming-Che, former deputy general manager of sub-subsidiary Suzhou GEM Opto-electronics Terminal Co., Ltd., and the appointment of Kuo, Hsi-Chen, current deputy general manager of Dongguan GEM Electronic & Metal Co., Ltd. as concurrent deputy general manager of sub-subsidiary Suzhou GEM Opto-electronics Terminal Co., Ltd..	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	3. Proposal of raise in the monthly salary structure and benefit amount for Kuo, Hsi-Chen, current deputy general manager of Dongguan GEM Electronic & Metal Co., Ltd..	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Board of Directors, approved and passed by entire bodies of directors
5th, 8th April 30, 2024	1. Proposal to discuss and approve the appointment of Liu Zhi Cheng as Manager of IT Department.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Board of Directors, approved and passed by entire bodies of directors
	2. Proposal to discuss and approve the transfer of Lin, Yu-Min, former Manager of R&D Division, to the position of Manager of Plant Management Department.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Board of Directors, approved and passed by entire bodies of directors
	3. The proposal to discuss and approve the promotion of Wu Feng Yin, former Assistant Manager of R&D Division, to the position of Manager of R&D Division.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Board of Directors, approved and passed by entire bodies of directors
	4. Proposal to discuss and approve the promotion of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Audit Committee and Board of Directors, approved and passed by entire bodies of directors
	5. Proposal to discuss and approve the monthly salary increase for Chen, Cheng-Hao, Manager of Administration Department.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Board of Directors, approved and passed by entire bodies of directors
	6. Proposal to discuss and approve the monthly salary increase for Lee, Kun-Hsueh, Auditing Dept. Supervisor.	This case was passed according to the original proposal by all attending committee members without objection.	Submitted to the Board of Directors, approved and passed by entire bodies of directors

(5)Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The Company has established its "Corporate Social Responsibility Best Practice Principles" by resolution of the Board of Directors on June 15, 2011. The exclusive unit dedicated to promoting sustainable development is the Corporate Social Responsibility Operation Unit, composed of the highest executives from each departments. This unit was further segmented into three groups: the Deputy General Manager of the Financial Department being responsible for corporate governance matters, the Manager of the Plant Management Department being responsible for environmental matters, and the Manager of the Administration Department being responsible for social issues. Their collective responsibilities included promoting sustainability initiatives, with the General Manager leading decision-making processes, determining the sustainable issues relevant to the operation of the Company that stakeholders focus on, establishing various management measures of energy saving and carbon reduction, reducing environmental pollution, compliance with labor laws and protection of employee rights. The implementation results are review on a regular interval in order to ensure the Sustainable Development Strategies are fully implemented in the daily operation of the Company. The Corporate Social Responsibility Operation Unit presented a report to the Board of Directors concerning the implementation of sustainable development for the year and outlined future operational policies on December 28, 2023. Following the report, members of the Board of Directors contributed valuable insights and professional recommendations. Furthermore, they assumed the responsibility of overseeing the management team to ensure the effective implementation of the relevant strategies.	None
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		The disclosed information covers the Company's sustainable development performance at all main operational locations from January to December 2023. The risk assessment boundary primarily focuses on the Company and current operational locations in Taiwan, China, and Vietnam. Subsidiaries such as Suzhou GEM, Dongguan GEM, and Vietnam GEM are included within the scope based on their relevance to the core business operations and their potential impact on significant issues. In accordance with the materiality principle, the Company conducts risk assessments of environmental, social, and corporate governance (ESG) issues related to the company's operations focusing on the major influences that corporate governance and sustainable development-related issues have on the investors and stakeholders. 1. Environment: Emphasizing environmental protection and reducing the impacts on the environment, strengthening the safety management of production, and systemized management cycle, setting goals and project plans to ensure the goal is achieved. A. Implementing wastewater treatment, air pollution prevention, and local government environmental regulations management to achieve long-term compliance with emission standards and contribute to the protection of the Earth's environment. B. In 2023, the Company appointed the consultant team from the Commercialization and Industry Service Center of Industrial Technology Research Institute to conduct an annual greenhouse gas inventory in accordance with ISO/CNS 14060 standards. The internal inventories has been completed at the Taiwan, Suzhou, Dongguan, and Vietnam plants. Additionally, a contract has been signed with the verification institute TUV SUD for external verification at the Taiwan plant. The verification process is currently underway, with certification expected to be obtained by February 2024. External verification for the Suzhou, Dongguan, and Vietnam plants are scheduled for May 2024. C. Developing internal audit plan annually to assess the Company's compliances to various environmental regulations and to audit each operational process for compliance.	None

			2. Society: Focusing on occupational safety and product safety, holding at irregular intervals each year industrial safety training, training of emergency personnel, and fire drill to cultivate the emergency response capabilities of the employee. Also, our Company product complies with the limitations of hazardous substance standards of RoHS (Restriction of Hazardous Substances). The Company website also provides a smooth and open communication channel for various stakeholders; the complaints are handled by special personnel to maintain high-quality service and satisfaction of the consumers and customers. 3. Corporate Governance: Implementation of internal control so that all operations of employees can fully comply with the related laws and regulations. Planning related issues on continuing education of Directors, providing the Directors with the newest rules and regulations each year, purchasing liability insurance for directors and managers, and strengthening the functions of the directors by protecting them from lawsuits or claims. The insurance coverage status was reported to the Board of Directors on August 9, 2023. To prevent risks of business or litigation caused by misunderstanding due to different positions of the stakeholders and the Company, the Company established various communication channels with the stakeholders to reduce confrontation and misunderstanding and has an investor mailbox, handled and responded to by the spokesperson. The Company has also established Regulations of Corporation Risk Management, covering market risks, credit risks, liquidity risks, operational risks, and legal risks, providing the head of the departments for reference and abide by to achieve the sustainable development business philosophy of the Company.	
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	V		The Company has obtained several quality management and environmental certifications, including IATF 16949, ISO14001, and QC080000, as well as management systems for greenhouse gas emissions. These certifications serve as the foundation for the Company’s management systems. Additionally, the Company has appointed the Taiwan Accreditation Foundation to assist in obtaining the ISO/IEC17025 verification for Testing and Calibration Laboratories. The Suzhou Plant has passed the second-level standardized safety management system, implementing risk control for primary environment considerations, control of hazardous materials, and occupational safety and health risks, using proposals to improve the goals and the management of projects for priority in advancement, the lower risks are managed and controlled by process centering management methods. Regarding the increasingly important environmental issue, our company complies with the EU ROHS directive and global environmental trends, leading the way in obtaining VDE and BSI safety certifications, and fully developing environmentally friendly lead-free copper products for plugs in various countries to sustainably supply the market. As our company uses only regular materials, such as C2800 optimized environmentally friendly lead-free copper alloy (GEM19-589), as the material for connector terminals, and produces this type of copper alloy in-house at our Vietnam factory, we have become the exclusive manufacturer of connector terminals using in-house drawn copper alloy in the international market, possessing first-class EU environmental material manufacturing and lathe product processing capabilities. On June 9, 2021, GEM was invited to participate in an online meeting of RoHS exemption beneficiaries on the “Successful Replacement of Electrical Contact Components” and to discuss and share successful experiences together. The EU Advisory Council evaluated GEM’s case as a viable alternative product for Door Opener, however, due to the broad impact of the product, it is difficult to apply to all processes. As a result, the European Union has ultimately decided to grant an exemption, extending the deadline until July 21, 2026. Moreover, the EU still mentioned in the final report that the participants generally agreed with GEM’s successful conversion case.	None
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		The current unit order completion rate of all units under Plant management is 98.7%, and the application of large-capacity facilities allows the order completion rate to reach over 99%. All the raw materials of copper plates are supplied by qualified suppliers and meet the hazardous substance restriction standards of RoHS. The batches of raw material are tested for heavy metal content by ICP and GC/MS bromide detector after each delivery; only the material reaching the regulated standards are processed for production. In 2023, the Company has completed the constructions and installation of solar	None

<table>
<tr><td></td><td></td><td></td><td>energy and energy storage-related facilities, promoting sustainable development values of ESG-ideal green energy to lower the impact of environmental burdens.

Information regarding 2023 investment in new solar energy and energy storage-related facilities
<table><tr><td>Equipment</td><td>Investment amount (NT$)</td><td>Total installed capacity</td><td>Total accumulated electricity sales</td></tr><tr><td>Renewable energy generation equipment - Photovoltaic</td><td>11.44 million</td><td>307.875 kW</td><td>143000Wh</td></tr></table>Recently, Vietnam GEM has further increased its copper scrap recycling efforts to promote a circular economy, creating a more diversifed sources of copper raw materials. Similarly, GEM's Taiwan plant plans to enhance its copper scrap recycling and reuse projects, capitalizing on cost advantages. With these foundational conditions in place, the Company's product quality and supply remain commendable and reliable, allowing us to fulfill our environmental responsibilities.</td><td></td></tr>
<tr><td>(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</td><td>V</td><td></td><td>1. Reducing the usage of electroplated electric heating pipes, in place, concentrate heating in stainless steel thermal insulation water tanks. The coil circulation provides high-safety and energy-saving heating, reducing carbon and greenhouse gas emissions.
2. Application of related large-capacity facilities(material recall equipment/ welding machine) increasing the order completion rate to 99%, reducing copper material waste.
3. Regarding global environmental pollution and severe ecological damage, major environmental problems threaten the future survival and development of humans, including damage to the ozone layer, global warming, and loss of biodiversity; in response to the development of international environmental protection, the Company has passed the ISO9001 and ISO IATF16949 certifications for quality management. Additionally, in response to international environmental regulations, the Company has developed low-lead copper products certified by the BSI in England and the VDE in Germany. Furthermore, to address climate change, the Company has obtained certification of ISO14001 and QC080000 Environment Protection System.
Starting from the 3rd quarter of 2022, the Company shall report the implementation of the schedule of Greenhouse Gas Inventory Plans to the Board of Directors for management, implementing the environmental impact evaluations and response measures due to climate change.</td><td>None
The Company has not count up the amount of greenhouse gas emission.</td></tr>
<tr><td>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>The Company conducts statistical control of water consumption and waste regularly and appropriately posts slogans and signs to reduce water usage near water facilities. As for waste disposal, the Company entrusts professional and qualified Waste Disposal Companies to dispose of waste in accordance with the “Waste Disposal Act.”
Power Cosumption for the Past Two Fiscal Years:<table><tr><td></td><td>2022</td><td>2023</td></tr><tr><td>kilowatt-hour</td><td>2,806,500</td><td>2,642,884</td></tr><tr><td>Carbon Emission (Unit：KG)</td><td>1,416,730</td><td>1,321,824</td></tr></table>Water Cosumption for the Past Two Fiscal Years：<table><tr><td></td><td>2022</td><td>2023</td></tr><tr><td>Degrees (Water meter)</td><td>5,309</td><td>6,408</td></tr><tr><td>Carbon Emission (Unit：KG)</td><td>866</td><td>1,013</td></tr></table></td><td>None</td></tr>
</table>

4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		1. The Company establishes the Work Rules Handbooks and various management regulations according to the International Labor Organization's "Declaration on Fundamental Principles and Rights at Work", "International Human Rights Law" and " The 10 principles of United Nations Global Compact (UNGC)", ensuring the employees and supply chain a safe working environment, the employees are respected and dignified, operation of business promote environmental protect and abide code of ethics, regularly convening labor-management coordination meetings, keeping a healthy labor-management communication platform, also establishing Employee Welfare Committee to conduct various welfare matters. 2. The employment policy of the Company has no discrimination in sex, race, age, marital and family status, implementing equality in remuneration, employment qualifications, training, and promotion opportunities. 3. Implementation policy (1) The supervisors and employees conduct communication meetings irregularly. (2) 24-hour service hotline and suggestion box for employees (3) Propaganda for Prevention of Sexual Harassment irregularly (4) Providing Employee Health Checkups irregularly (5) Conducting questionnaires on Employee Satisfaction (6) Eliminating illegal discrimination to ensure equal working rights (7) Simplifying work process, elevating work efficiency, keeping a clean and safe environment, protecting the well-being of the environment and employees, enhancing the communication efficiency between departments (8) Paying the salary on time, maintaining the basic living conditions of the individual and family (9) Stipulate clear bonus and punishment regulations and financial bonuses policies to increase work efficiency and the feeling of being valued. (10) Continuing internal and external educational training irregularly to increase the long-term dedication and reliance of employees to the Company (11) Increasing long-term loyalty of employees to the Company.	None
(2) Has the Company established and implemented reasonable employee welfare measures (including salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		The Company is committed to providing employees with a workplace that values dignity and safety. We ensure fairness in employment diversity, compensation, and promotion opportunities, regardless of race, gender, religion, age, political affiliation, or any other protected status. Discrimination, harassment, or unequal treatment based on these factors is strictly prohibited. We value diversity among our employees and comply with regulations outlined in the People with Disabilities Rights Protection Act by hiring individuals with disabilities. Furthermore, our Company has established comprehensive employee work rules covering various areas such as labor relations, occupational safety, employee welfare, channels for reporting and addressing workplace harassment, and violence prevention. We prioritize corporate social responsibility by promoting workplace diversity and advocating for gender equality policies. Gender equality and diversity Exployee race index: <table><tr><td>Category</td><td>Percentage of total workforce</td></tr><tr><td>R.O.C. nationals</td><td>80.8</td></tr><tr><td>Foreign nationals</td><td>19.2</td></tr></table> Female diversity index: <table><tr><td>Index</td><td>Percentage (%)</td></tr><tr><td>Female employees in the total workforce (%)</td><td>39.2</td></tr><tr><td>Female managers among all managers (%)</td><td>31.03</td></tr></table>	None

<table>
<tr>
<td></td>
<td></td>
<td></td>
<td>
Other diversity index:
<table>
<tr><td colspan="2">Category</td><td>Percentage of total full-time workforce</td></tr>
<tr><td rowspan="4">All employees</td><td>Grouping by age: < 30</td><td>16</td></tr>
<tr><td>Grouping by age: 30~50</td><td>53.6</td></tr>
<tr><td>Grouping by age: >50</td><td>30.4</td></tr>
<tr><td>Total</td><td>100</td></tr>
</table>

Pay equity index
<table>
<tr><td>Pay equity index</td><td>Difference (%)</td></tr>
<tr><td>Difference in average salary between male and female</td><td>5.12</td></tr>
</table>

The Articles of Incorporation of the Company clearly stipulates that when Company has a profit before tax for each fiscal year, the Company shall set aside no less than 3% of the remaining profit for distribution to the employees. The Company also stipulates a reasonable Policy on Salary, Bonuses, and Remunerations, enlisting clear and effective incentive rewards and punishments and bonuses in related regulations. By means of performance evaluation each quarter, the Company assesses various indicators to evaluate contributions of managers and individual employee to the Company's operations. These indices include Performance (25%), Capability (25%), Ethics (25%), and Knowledge (25%). Evaluation criteria cover achievement of performance goals, execution and planning capabilities, cooperativeness and coordination, as well as professional knowledge and communication skills. Rewards and punishments are handed out according to the evaluation results quarterly. Future promotions and compensation for both managers and employees are determined based on these evaluations, encouraging employees to enhance their professional skills and grow together with the Company.
The Company places great emphasis on the promotion of talents through a complete performance management system; the hard work of the employees is reflected in bonuses, salaries and remunerations, training and promotions, building effective development and training of career abilities for excellent and potential talents, to enhance the overall positive development of the Company.
</td>
<td></td>
</tr>
<tr>
<td>(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?

(4) Has the Company established effective career development training programs for employees?</td>
<td>V

V</td>
<td></td>
<td>
The Company's production environment has installed many air-conditioning facilities, a central material supply system is installed between plastic molding cars, using special airtight pipelines to transport the material, also using a central dust collection system to prevent dust problems between work cars, maintaining a quality work environment for employees. The Company also holds health checkups for all employees. In terms of labor health protection, the Company employs Specialist in Occupational Medicine to provide the following services:
● The planning and implementation of health education, health promotion, and hygiene guidance for employees.
● Prevention and treatment of work-related injuries and illnesses, health consultations, as well as first aid and emergency response.
● Assisting the Company in selecting appropriate job placements for employees.
● Analysis, assessment, management, and preservation of employees' physical and health examination records.
● Research reports on occupational health and the preservation of records on injuries and illnesses.
Designating employees to attend "Level A Business Supervisor for Labor
</td>
<td>None

None</td>
</tr>
</table>

			Safety" classes, "Crane Operation in-job training," and "Second training of First-Aid Personnel", to ensure employee safety. The Company also installed an employee coffee bar for recess and the rest of the employees. In 2023, there were no employee occupational accidents, fire hazards, or public safety incidents reported within the Company. The Company evaluates annually whether the workability of the employee is appropriate for their position by the needs of the organization, department, and individual. Using the work function questionnaire, department managers draft annual training plans based on employees' job responsibilities. These plans include participation in external training programs to acquire relevant certifications, enhancing professional skills, and developing career advancement.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		Countries such as Europe and the U.S. currently have high regulations on green environmental protection; the Company has always promoted green production. Due to the material structure of the Company product being copper and plastic, to ensure the product quality reaches the requirements of the RoHS environment protection directives, internally, the Company purchased ICP-OES heavy metal detector, GC/MS bromide detector, UV/VIS hexavalent chromium detector to conduct a quality inspection of the materials and products, fully implementing the RoHS environmental protection directives. The Company's leading development of environmental micro lead-free copper alloy processing technology results has obtained the certification of the VDE and BSI product assessment, with the EU ROHS directive determining the lead content in the copper alloys is less than 4% (40000ppm), the current exemption date is set until July 21, 2026, the Company will then be able to be considered fulfilling its Corporate Social Responsibility for environmental protection. Also, the Company's website provides a smooth communication channel for various stakeholders, and special personnel is in charge of handling complaints to maintain high-quality service and satisfaction to the consumers and customers.	None
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		The Company pays great attention to the sustainable cooperation relationship with the suppliers, therefore establishing the "Management Procedure Manual for Material Suppliers," requiring the related regulations be complied with by the suppliers in environmental protection and occupational safety, evaluating the related certifications regarding management quality of suppliers (ISO9001, IATF16949) and environmental system (ISO14001, QC080000) and "Inspection and Audit of the Environmental Quality Assurance System" to ensure the materials supplied by the supplier are in compliance to the hazardous and toxic substance restriction standards of RoHS, registered as qualified supplier after inspection. The Company establishes a comprehensive supply-chain management system, and conducts monthly supplier evaluations using supplier evaluation forms. These evaluations focus on the selection procedure of suppliers, evaluation and audit management, the grading and evaluation guidance in anticipation of building a sustainable growth environment together with suppliers.	None
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The compilation of the Company's sustainability report is scheduled to begin in the third quarter of 2024.	Currently under assessment.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has established the "Corporate Social Responsibility Best Practice Principles" by resolution of the Board of Directors in June 2011. These principles have undergone three revisions to strengthen their implementation. The implementation results are review on a regular interval. The Company has reviewed and improved in accordance with the principles by inspecting the status of the implementation regularly; the implementation to date shows no difference.				

7. Other important information to facilitate better understanding of the company's promotion of sustainable development:

1. In areas of community participation, social contribution, social services, social charity, and other activities of social responsibility, the Company invested NT$ 1.7 million in 2023; activities are as follows:

(1) Full support in social care in emergency relief, with a total of NT$ 0.4 million: Donations were made to support the 2023 Turkey-Syria earthquakes relief efforts, House of the Little Angels Kaohsiung for care of disadvantaged children.

(2) Striving in the promotion of education and giving back to the districts and people, with a total of NT$ 1.01 million:

A. The Company made separate donations to Dashe Elementary School, Luzhu Elementary School, Yijia Junior High School, Wu Chia Junior High School, and Luzhu High School to promote regional education.

Donations to community educational initiatives in 2023

School	Initiative	Number of beneficiaries
Dashe Elementary School	Financial assistance for tuition and miscellaneous fees for underprivileged/vulnerable families	10 persons
	Social club events in 2023	Team
Yijia Junior High School	Financial assistance for tuition and miscellaneous fees for underprivileged/vulnerable families	99 persons
Luzhu Elementary School	Financial assistance for tuition and miscellaneous fees for underprivileged/vulnerable families	36 persons
	Emergency relief fund for 2023	3 persons
Luzhu Junior/Senior High School	Financial assistance for tuition and miscellaneous fees for underprivileged/vulnerable families	14 persons

B. The Company made donations to the Tsaiwen Community Development Association, and Yaliau Baoan Temple.

(3) Regarding animal care, with a total of NT$ 0.29 million：

The Company made donations to the Animal Protection Association of the Republic of China, the Kaohsiung Association of Caring for Stray Animals, and TNR. Animal, Pingtung County Pingtung City Stray Dogs Love Association, Hsu's Animal Protection Association, Tainan City, Tainan City Tung Bowwow Stray Furry Kids Life Care Association, Love Love Dog Stray Dogs Halfway Association, and Animal Rescue Team Taiwan.

2. Regarding Environmental Protection and Energy Saving：

(1) In terms of environmental protection and energy saving, besides implementing recycling and reusing the electroplating wastewater, the Company requires the employees to recycle, establish energy-saving management regulations, grow a habit of turning the lights off during the daily lunch break, set Thursday as the Recycle Day, in response to the policy of recycle and reuse. All the air conditioners in the Company have temperature signs attached, the temperature set at above 28℃

(2) Except for a few cases of electric heating, the majority heating systems have been transitioned to central heating systems and heat pumps, to achieve the goal of energy saving and carbon reduction.

(3) The Company and its subsidiaries have been certified by ISO14001 and QC080000 in 2013.

(4) Posting slogans and signs to reduce water usage near water facilities, reminding the employees to save energy and cherish water resources at all times.

3. Regarding Human Rights and Safety related areas：

(1) Workplace sexual harassment prevention measures, complaints, and disciplinary actions.

(2) Written statement on the prevention of workplace violence.

(3) For safety measures of the on-site personnel, the wearing of safety helmets and safety shoes are mandatory.

(4) A central material supply system is installed between plastic molding cars to prevent dust problems between work cars.

(5) Providing a complete series of occupational safety training classes: Fire Services, First-Aid Personnel, Emergency responses, etc.

4. Regarding the Protection of Consumer Rights and Interests

Countries such as Europe and the U.S. currently have high regulations on green environmental protection; the Company has always promoted green production. Due to the material structure of the Company product being copper and plastic, to ensure the product quality reaches the requirements of the RoHS environment protection directives, besides actively developing optimized environmentally friendly micro lead-less copper in Vietnam, internally, the Company purchased ICP-OES heavy metal detector, GC/MS bromide detector, UV/VIS hexavalent chromium detector to conduct a quality inspection of the materials and products, fully implementing the RoHS environmental protection directives.

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future.

Note 2: The materiality principle refers to focusing on environmental, social and corporate governance issues likely to have a material impact on the Company's investors and other stakeholders.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(6) Climate-Related Information of TWSE/TPEx Listed Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	According to the "Sustainable Development Roadmap" issued by the Financial Supervisory Commission R.O.C. (Taiwan) in March 2022, the Company, being a listed company with a capital of less than NT$5 billion, shall be subjected to Phase 3 of greenhouse gas inventory and assurance action plans. This requires completing individual company inventories by 2026 and assurance by 2028. We will continue to conduct greenhouse gas inventory and assurance operations in accordance with the guidelines and regulations provided by the competent authorities. The Company has established a Greenhouse Gas Inventory Promotion Task Force to address issues related to climate change. The organizational boundary is established with the Taiwan plant leading the implementation of greenhouse gas inventory, covering overseas plants within the inventory scope. Subsequent governance plans will be developed based on the assessment results of the inventory. The Company submits quarterly progress reports regarding the implementation status of greenhouse gas inventory and assurance to the Board of Directors for supervision, following the disclosure schedule established by the Financial Supervisory Commission R.O.C. (Taiwan).
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The Company's short-term strategy involves the implementation of the ISO 14001: Environmental Management Systems. We thoroughly assess the environmental impact of our product production process, from the purchasing of raw materials, design, manufacturing, logistics, shipment, to customer usage, aiming to minimize our environmental footprint and achieve the goals of sustainable business operation and Earth conservation. The Company's medium and long term strategy involves effectively managing and achieving a balanced approach to environmental, social, and conomic aspects, aligning with international standards through the implementation of the ISO 14001: Environmental Management Systems. This also serves as a crucial step towards achieving the Company's objectives in pursuing ESG sustainable development. The Company has established 2022 as the baseline year for greenhouse gas inventory. In 2023, greenhouse gas inventory was conducted to monitor progress and gain continuous understanding into the Company's internal greenhouse gas emissions. Based on the inventory results, we are identifying sources of carbon emissions internally to explore opportunities for reducing our internal carbon footprint.
3. Describe the financial impact of extreme weather events and transformative actions.	Global warming in recent years has led to significant climate change, resulting in extreme weather events around the globe. In the shipping industry, some canals may experience decreased water levels due to climate-induced drought, leading to increased international freight rates. Consequently, this raises operating costs for the Company, impacting financial expenditures. In response to the risks posed by climate change, the Company complies with the EU ROHS directive and global environmental trends, developing environmentally friendly lead-free copper products for plugs in various countries, and leading the way in obtaining VDE and BSI safety certifications. This postions the Company with significant advantages in the EU market, and is expected to make a substantial contribution to our future financial revenue.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The Company's Board of Directors monitors the progress of greenhouse gas inventory and verification activities. On the other hand, the identification, assessment, and management of climate-

	related risks are handled by existing organizational departments responsible for control. These departments are also tasked with developing relevant internal management policies and operational procedures, as well as integrating climate change issues into the Company's overall risk management system.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company is currently in the greenhouse gas inventory phase and has not yet disclosed any specific data or indicators.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	Please refer to the detailed explanation below.

Greenhouse Gas Inventory Information for 2023

(1) The Company completed the internal assurance for the 2023 organizational greenhouse gas inventory on August 17, 2023. This internal assurance was entrusted to the Industrial Technology Research Institute (ITRI) and conducted specifically for the Taiwan plants. Additionally, external assurance was conducted by TUV SUD, an internationally recognized third-party assurance institution.

(2) The disclosure of inventory information for Scope 1, Scope 2, Scope 3, and Scope 4 in the Taiwan plant in 2022 is shown in the following table:

	Scope 1				Scope 2	Scope 3	Scope 4	Biomass emission equivalent	Total emission volume
	Fixed	Production	Mobile	Fugitive	Indirect energy emissions	Indirect emissions from transportation	Indirect upstream emissions		
Emission equivalent (tCO2e/year)	48.7440				1389.3660	11.3012	1278.6099	0	2728.021
	1.8968	0.0000	34.6760	12.1712					
Emission percentage (%)	1.79%				50.93%	0.41%	46.87%	-	100.00%
	0.07%	0.00%	1.27%	0.45%					

(7) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs				None
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		1. The Company established the "Ethical Corporate Management Best Practice Principles," the various department practice policies on conducting corporate ethics according to their duties and responsibilities, supervised by the Audit Office and reported to the Board of Directors. 2. The Company established the "Codes of Ethical Conduct for Directors and Managers," regulating that Directors and Managers shall pursue the overall interest of the Company as the primary goal when exercising their duties, shall not damage the rights of the Company for any person or group in particular, and shall fairly treat all shareholders when exercising duties. The Director and Manager shall meet the duty of care as a good administrator when exercising duties, emphasizing honesty, integrity, and fairness principles, upholding high self-discipline, and abiding by laws and regulations, the Articles of Incorporation of the Company, and resolutions of the shareholders' meeting. The Company has also established a "Code of Ethical Conduct for Practitioners below Managers," guiding the employees of the Company to conduct according to ethical standards, preventing illegal, out-of-order behavior, and enabling the stakeholders of the Company better to understand the code of ethical conduct for the Company.	
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		1 The Company established the "Ethical Corporate Management Best Practice Principles," establishing a risk assessment mechanism against unethical conduct, analyzing and assessing business activities within the business scope that are at a higher risk of being involved in unethical conduct, and establishing prevention programs accordingly and review their adequacy and effectiveness regularly. 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services. 2. The Company established the "Ethical Corporate Management Best Practice Principles," regulating directors and managers when engaging in commercial activities, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts, including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. 3. The Company established the "Code of Ethical Conduct for Practitioners below Managers," guiding the Royees of the Company to conduct according to ethical standards through the internal audit mechanism, preventing dishonest business activities, offering and acceptance of bribes, and illegal political donations from happening. 4. To implement the code of ethics and integrity of the business, the Company establishes "Management Regulations for Reporting Cases of Illegal, Immoral, or Dishonest Behavior" to ensure sustainable development of the Company business, encouraging reports of any illegal or behavior against the Codes of Ethical Conduct or Ethical Corporate Management Best Practice Principles	None
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		1. The Company has also established a "Code of Ethical Conduct for Practitioners below Managers," guiding the employees of the Company to conduct according to ethical standards, preventing illegal, out-of-order behavior. 2. Every employee of the Company has a Work Rules Handbook, given at the time of employment and trained on the contents in the new-employee education training. The Work Rules Handbook states all employees must obey all Codes of Ethical Conduct and the rewards and punishment for breaking the Code.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
	V		3. To implement the code of ethics and integrity of the business, the Company establishes "Management Regulations for Reporting Cases of Illegal, Immoral, or Dishonest Behavior" and "Ethical Corporate Management Best Practice Principles" to ensure sustainable development of the Company business, encouraging reports of any illegal or behavior against the Codes of Ethical Conduct or Ethical Corporate Management Best Practice Principles	None
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		The Company has established an assessment mechanism for all its customers and suppliers; when signing a contract, the rights and obligations of both parties are recorded in detail of the contract; important contracts are signed after the contract has been reviewed and approved of the legal consultant or accountant of the Company.	None
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?		V	The company has not set up a unit dedicated to managing and promoting corporate integrity. Each department implements the corporate integrity management policy according to its duties and responsibilities; implementation status is supervised by the Audit Office and reported to the Board of Directors.	The Company plans to set up a unit dedicated to Corporate Integrity in the future.
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		1. Every employee of the Company has a Work Rules Handbook, given at the time of employment and trained on the contents in the new-employee education training. The Work Rules Handbook states all employees must obey all Codes of Ethical Conduct and the rewards and punishment for breaking the Code. 2. Each employee of the Company has an e-mail, and a stakeholder communication channel is established on the Company website there is a suggestion box in the Security Room. The employees' opinions can be directly communicated to the management, and can be also reported to the Audit Committee.	None.
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		The company has established accounting system, internal control system and internal audit implementation regulations. Auditors will draw up an audit plan based on risk assessment every year and implement the audit work according to the plan. When there are suggestions, the audit unit shall propose an improvement plan after receiving the audit report. Auditors will create an "Internal Audit Problem Correction and Improvement Tracking Table" every month to track the improvement of the last suggestion.	None
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		The company keeps track of corporate governance-related course information, notifies directors and relevant managers to participate in a timely manner, and encourages employees to participate in corporate social responsibility and integrity management related issues of internal and external education training, regularly holds yearly employee technical assessments, and propaganda in meetings to implement the Ethical Corporate Management Best Practice Principles.	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?	V		The Company has established “Management Regulations for Reporting Cases of Illegal, Immoral, or Dishonest Behavior”, specifically establishing reporting and reward systems, and building channels to facilitate reporting, and assign appropriate special personnel to accept reports according to the reporttee.	None
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		The Company has established “Management Regulations for Reporting Cases of Illegal, Immoral, or Dishonest Behavior”, formulating investigation standard operating procedures for accepting reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms.	None
(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		The Company has established “Management Regulations for Reporting Cases of Illegal, Immoral, or Dishonest Behavior”, with measures to protect whistleblowers from being improperly dealt with due to reporting.	None
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has a website, disclosing information on Company products, basic information and financial information, also disclosing the information of the Company on MOPS in a immediate, public and transparent conduct. Also, establishing and disclosing “Ethical Corporate Management Best Practice Principles”, “Management Regulations for Reporting Cases of Illegal, Immoral, or Dishonest Behavior”to specifically promote management integrity.	None
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation:None.				

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): 1. The Company established the "Ethical Corporate Management Best Practice Principles", regulating (1) The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management (2) Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved. (6) When entering into contracts with their agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts. 2. The Company abides with the Company Act, Securities and Exchange Act, TWSE/TPEx Listed Companies and related laws and regulation as the basis grounds for implementing Ethical Corporate Management. 3. The Regulations of the Meetings of the Board of Directors stipulates the avoidance of conflict of interest for directors, A director who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal interest. Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter. If there are concerns of damaging the interest of the Company, shall not join in and shall recusal from discussion or vote of the proposal, and shall not act as proxy for other directors. 4. The company has established "Procedures for Processing Internal Material Information, " clearly stipulating the Directors, Managers, and Employees of the Company duties and notices of a good administrator. Under the code of ethics, when exercising duties, the Directors, Manager, and Employees shall not inquire or collect undisclosed material internal information not related to personal duties from personnel with knowledge of material information of the Company and shall not disclose the company's undisclosed material internal information obtained other than related to duty to other people.				

(7)Articles of Incorporation and related regulations Established by the Company, method of inquiry:

Please refer to the Company Website: www.gem.com.tw and Market Observation Post System (MOPS) newmops.tse.com.tw

(8) Other important information to facilitate a better understanding of the status of operation of the company:

Please refer to the Company Website: www.gem.com.tw and Market Observation Post System (MOPS) newmops.tse.com.tw

(9) The implementation status of the internal control system should disclose the following matters:

1.Internal Control Statement.

Internal Control System Statement of Publicly Traded Company Declation that the design and implementation are effective

(This statement applies when all laws and regulations are declared to be followed.)

GEM Terminal Ind. Co., Ltd.

Internal Control System Statement of Publicly Traded Company Declation

Date: March 12, 2024

We hereby declare the following regarding the internal control system of the company for the year 2023, based on the results of our self-assessment:

1. The company recognizes that the establishment, implementation, and maintenance of an internal control system is the responsibility of the board of directors and management, and we have already established such a system. Its purpose is to provide reasonable assurance in achieving the objectives of operational effectiveness and efficiency (including profitability, performance, and asset security), the reliability, timeliness, and transparency of financial reporting, as well as compliance with relevant laws and regulations.
2. The effectiveness of internal control systems is inherently limited, and regardless of how well-designed they may be, they can only provide reasonable assurance in achieving the aforementioned objectives. Additionally, due to changes in the environment and circumstances, the effectiveness of internal control systems may change. However, our company's internal control system has a mechanism for self-monitoring, and we will take corrective action if any deficiencies are identified.
3. The company evaluated the effectiveness of our internal control system based on the judgment criteria outlined in the "Handling Guidelines for Publicly Traded Companies to Establish Internal Control Systems" (hereinafter referred to as the "Guidelines"). The Guidelines use five components to divide internal control systems: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) monitoring. Each component includes several items. Please refer to the Guidelines for more information.
4. The company used the aforementioned judgment criteria to assess the effectiveness of our internal control system's design and implementation.
5. Based on the results of the aforementioned assessment, the Company considered that our internal control system, including the supervision and management of subsidiaries, as of December 31, 2023, regarding the design and implementation of internal control systems related to objectives such as understanding the degree of achieving operational effectiveness and efficiency, the reliability, timeliness, and transparency of financial reporting, as well as compliance with relevant laws and regulations, is effective and can reasonably ensure the achievement of the aforementioned objectives.
6. This statement will become the main content of our annual report and public disclosure, and will be made public. If any unlawful matters such as falsehoods or concealment are found in the public disclosure, we will be liable under legal provisions such as Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. This statement was approved by the board of directors on March 12, 2024. Of the seven directors present, none opposed, and all agreed with the contents of this statement.

GEM Terminal Ind. Co., Ltd.

Chairman: Su, Tun-Li’s sigature

General Manager: Ho, Yi-Lin’s sigature

2. If the internal control system is reviewed by a commissioned accountant, the accountant's review report should be disclosed: None.

(10) In the past year and as of the date of publication of the annual report, if the company and its insiders were punished according to the law, or if the company punished its insiders for violating the internal control system regulations, and the punishment results may have a significant impact on shareholder equity or security prices, the details of the punishment, main shortcomings, and improvement status should be disclosed: None.

(11) important resolutions of the shareholders' meeting and board of directors In the past year and as of the date of publication of the annual report

(11.1) The content and implementation status of important resolutions of the 2023 annual shareholders' meeting.

Date of the meeting	Matters for Ratification and Matters for Discussion	Implementation Status
2023.06.15	Ratification 1: The 2022 operating report and financial statements of the Company are submitted for ratification.	The 2022 operating report and financial statements have been announced and reported in accordance with relevant laws and regulations.
	Ratification 2: The proposal for offsetting Company’s losses in 2022 is submitted for ratification.	The case was approved by the vote according to the original proposal.

(11.2) Important resolutions of the board of directors in the past year and as of the date of publication of the annual report

Date / Resolution Unit.	Cause Of Action	Resolution Result	Matters listed in Article 14-3 of the Securities and Exchange Act.	Independent directors holding opposing or reservation opinions	Company's handling of independent directors' opinions
March 21,2023 11th 11th	1.The business report, individual financial statement, and consolidated financial statement of 2022 have been completed, and are submitted for review	The case was approved by the vote according to the original proposal		None	None
	2. A deficit compensation proposal for the year 2022 has been drawn up, and the deficit compensation plan has been completed and submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	3. The independence and competency of certified public accountants of the Company is proposed for review.	The agenda item regarding the independence and competency of the appointed accountant involves personal interests, so the attending member, Accountant Chiang Chia-ling, recused herself in accordance with the law. The case was approved by the vote according to the original proposal	V	None	None
	4. In response to amends in regulations and practical operations, proposal for amendment of the Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises and amend the title to Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises of the Company, and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	5. In response to amends in regulations and practical operations, the Company proposes to amend Directions for the Implementation of Continuing Education for Directors, and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	6. In response to amends in regulations and practical operations, the Company proposes to amend Corporate Governance Best Practice Principle , and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	7. The company has completed the self-inspection of the internal control system for the year 2022, and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	8. Proposal of the date and venue of the 2023 shareholders'meeting is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	9. Matters regarding the 2023 Annual shareholders' meeting accepting matters related to shareholder proposal rights is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	10. Sub-subsidiary Vietnam GEM Electronics and Metal Co., Ltd. plans to apply for a financing credit line from Hua Nan Commercial Bank, Ltd., proposal of issuing Letter Of Support by the Company to express support for the shareholding and operation of Vietnam GEM Electronics ad Metal Co., Ltd. is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	11. The company proposes to apply for a financing credit line from various banks and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
May 10,2023 11th 12th	1.The consolidated financial report for the first quarter of 2023 of our company has been completed and is submitted for discussion.	The case was approved by the vote according to the original proposal		None	None
	2.The first-updated consolidated financial forecast for 2023 has been prepared and is submitted for	The case was approved by the vote according to the original proposal		None	None

Date / Resolution Unit.	Cause Of Action	Resolution Result	Matters listed in Article 14-3 of the Securities and Exchange Act.	Independent directors holding opposing or reservation opinions	Company's handling of independent directors' opinions
	discussion.				
	3.The proposal of the allocation of directors remuneration is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	4. The Company proposes to revise the "Remuneration Regulations for Directors and Members of Functional Committees ", and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	5. The proposal for the promotion of Chen, Cheng-Hao, former Auditing Department Supervisor, to the position of Manager of the Administration Department, and simultaneously relieve him of his role as Auditing Department Supervisor, is submitted for discussion.	The case was approved by the vote according to the original proposal	V	None	None
	6. The proposal for the promotion of Lee, Kun-Hsueh, former Vice Auditing Department Supervisor to the position of Auditing Department Supervisor, is submitted for discussion	The case was approved by the vote according to the original proposal	V	None	None
	7. The proposal for the establishment of a corporate governance personnel is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	8. The proposal for the transfer of Wang, Ying-Ying, former manager of administration department, to the position of assistant manager of administration department, is submitted for discussion.	The case was approved by the vote according to the original proposal		None	None
	9. The Company proposes to provide a loan to its sub-subsidiary, Vietnam GEM Electronics and Metal Co., Ltd. with a financing amount of USD 3 million, and seeks for resolution.	The case was approved by the vote according to the original proposal	V	None	None
	10. The company proposes to apply for a financing credit line from various banks and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
August 09,2023 11th 13th	1.The consolidated financial report for the second quarter of 2023 of our company has been completed and is submitted for discussion.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
	2. The proposal for the appointment of Deloitte Taiwan to audit and review the financial statements of the Company for the fiscal years 2023 and 2024, with an annual fee of NT$5.15 million, is submitted for resolution.	The agenda item regarding the appointment of Deloitte Taiwan, and signing of audit service fee contract, involves personal interests, so the attending member, Accountant Chiang Chia-Ling, recused herself in accordance with the law. The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.	V	None	None
	3. The proposal for the downgrading of Tsai, Ming-Che, former deputy general manager of sales department, to the position of manager of sales department, is submitted for discussion.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
	4.The proposal for the dismissal of Tsai, Ming-Che, former deputy general manager of sub-subsidiary Suzhou GEM Opto-electronics Terminal Co., Ltd., and the appointment of Kuo, Hsi-Chen, current deputy general manager of Dongguan GEM Electronic & Metal Co., Ltd. as concurrent deputy general manager of sub-subsidiary Suzhou GEM Opto-electronics	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None

Date / Resolution Unit.	Cause Of Action	Resolution Result	Matters listed in Article 14-3 of the Securities and Exchange Act.	Independent directors holding opposing or reservation opinions	Company's handling of independent directors' opinions
	Terminal Co., Ltd., is submitted for discussion.				
	5. The proposal for the raise in the monthly salary structure and benefit amount for Kuo, Hsi-Chen, current deputy general manager of Dongguan GEM Electronic & Metal Co., Ltd., is submitted for discussion.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
	6.The company proposes to provide a loan to the subsidiary, Vietnam GEM Electronics and Metal Co., Ltd., with a financing amount of USD 3 million (or equivalent in foreign currency) and submitted for resolution.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.	V	None	None
	7. The company proposes to apply for a financing credit line from various banks and is submitted for resolution.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
November 09,2023 11th 14th	1.The consolidated financial report for the third quarter of 2023 of our company has been completed and is submitted for discussion.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
	2.The "Operating Plan for 2024" of the company has been finalized and is submitted for discussion.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
	3.The “Internal Audit Plan for the year 2024" of our company has been formulated and completed. Please approve and implement it.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.	V	None	None
	4.Each subsidiary company proposes to apply for a financing limit from various banks, and the company plans to issue a letter of support to express support for the shareholding and operation of each subsidiary and is submitted for resolution.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
	5.The company proposes to apply for a financing credit line from various banks and is submitted for resolution.	The case was approved by the vote according to the original proposal , with a No Objection Statement supporting the proposal filed by Independend Director Lin, Hsun-Kuo.		None	None
December 28,2023 11th 15th	1.The second-updated consolidated financial forecast for 2023 has been prepared and is submitted for discussion.	The case was approved by the vote according to the original proposal		None	None
	2.The consolidated financial forecast for 2024 has been prepared and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	3.The company proposes to apply for a financing credit line from various banks and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
March 12,2024 11th 16th	1.The business report, individual financial statement, and consolidated financial statement of 2023 have been completed, and are submitted for review	The case was approved by the vote according to the original proposal		None	None
	2. A deficit compensation proposal for the year 2023 has been drawn up, and the deficit compensation plan has been completed and submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	3. The independence and competency of certified public accountants of the Company is proposed for review.	The agenda item regarding the independence and competency of the appointed accountant involves personal interests, so the attending member, Accountant Chiang Chia-Ling, recused herself in accordance	V	None	None

Date / Resolution Unit.	Cause Of Action	Resolution Result	Matters listed in Article 14-3 of the Securities and Exchange Act.	Independent directors holding opposing or reservation opinions	Company's handling of independent directors' opinions
		with the law. The case was approved by the vote according to the original proposal			
	4.The discussion of amending the Articles of incorporation of the Company is submitted for resolution and report to the shareholders' meeting for resolution.	The case was approved by the vote according to the original proposal	V	None	None
	5. In response to amends in regulations and practical operations, the Company proposes to amend the Directions for the Implementation of Continuing Education for Directors, and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	6. In response to amends in regulations and practical operations, the Company proposes to amend the Regulations of the Meetings of the Board of Directors, and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	7. The Company has completed the self-inspection of the internal control system for the year 2023, and is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	8. The proposal for the re-election of the 12th Board of Directors (including independent directors) of the Company is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	9. Matters regarding the 2024 Annual shareholders' meeting accepting matters related to the nomination of directors and independent directors is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	10. The proposal for releasing the Prohibition on Elected Directors and Independent Directors of 12th Board of Directors from Participating in Competitive Business is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	11. Proposal of the date and venue of the 2024 shareholders'meeting is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	12. Matters regarding the 2024 Annual shareholders' meeting accepting matters related to shareholder proposal rights is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
	13. Sub-subsidiary Vietnam GEM Electronics and Metal Co., Ltd. plans to apply for a financing credit line from Hua Nan Commercial Bank, Ltd., proposal of issuing Letter Of Support by the Company to express support for the shareholding and operation of Vietnam GEM Electronics ad Metal Co., Ltd. is submitted for resolution.	The case was approved by the vote according to the original proposal		None	None
April 30, 2024 11th 17th	1.The proposal for the roster of nominees for the 12th Board of Directors (including independent directors) election of the Company is submitted for review and resolution.	This case was passed by the original proposal.		None	None
	2. The proposal for releasing the Prohibition on Elected Directors and Independent Directors of 12th Board of Directors from Participating in Competitive Business is submitted for resolution.	This case was passed by the original proposal.		None	None
	3.The proposal for the appointment of Liu Zhi Cheng as Manager of IT Department is submitted for resolution.	This case was passed by the original proposal.		None	None
	4.The proposal for the transfer of Lin, Yu-Min, former Manager of R&D Division, to the position of Manager of Plant Management Department is submitted for	This case was passed by the original proposal.		None	None

Date / Resolution Unit.	Cause Of Action	Resolution Result	Matters listed in Article 14-3 of the Securities and Exchange Act.	Independent directors holding opposing or reservation opinions	Company's handling of independent directors' opinions
	resolution.				
	5.The proposal for the promotion of Wu Feng Yin, former Assistant Manager of R&D Division, to the position of Manager of R&D Division is submitted for resolution.	This case was passed by the original proposal.		None	None
	6.The proposal for the promotion of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department is submitted for resolution.	The agenda item regarding the promotion of of Chen, Li-Yi, former Senior Manager of Financial Department Supervisor to the position of Deputy General Manager of Financial Department, involves personal interests, relates to their own interests, so the attending member, Senior Manager Chen, Li-Yi, recused himself in accordance with law. This case was passed by the original proposal.	V	None	None
	7.The proposal for the raise in the monthly salary of Chen, Cheng-Hao, Manager of Administration Department is submitted for resolution.	This case was passed by the original proposal.		None	None
	8.The proposal for the raise in the monthly salary of Lee, Kun-Hsueh, Auditing Dept. Supervisor is submitted for resolution.	The agenda item regarding the monthly salary increase for Lee, Kun-Hsueh, the Auditing Dept. Supervisor, involves personal interests, relates to their own interests, so the attending member, Auditing Dept. Supervisor Lee, Kun-Hsueh, recused himself in accordance with law. This case was passed by the original proposal.	V	None	None
	9.The company proposes to apply for a financing credit line from China Bills Finance Corporation and is submitted for resolution.	This case was passed by the original proposal.			

(12) In the past year and as of the date of publication of the annual report, if a director or independent director has a different opinion on important resolutions passed by the board of directors and has a record or written statement, the main content is: None.

(13) Summary of resignation or removal of the company's chairman, general manager, accounting supervisor, finance supervisor, internal audit supervisor, corporate governance supervisor, and research and development supervisor in the past year and as of the date of publication of the annual report:

Data date:April 30, 2024

Title	Name	Date of Appointment	Date of Dismissal	Reason for Resignation or Dismissal
Auditing Department Supervisor	Chen, Cheng-Hao	November 11, 2014	May 10, 2023	Duty adjustment
Manager of R&D Division	Lin, Yu-Min	March 23, 2022	April 30, 2024	Duty adjustment

Note: The company's relevant personnel refer to the chairman, general manager, accounting officers, finance officers, internal audit officers, corporate governance officers, and research and development officers.

5. Information on CPA (External Auditor) Professional Fees

A. The Company shall disclose the audit fee, non-audit fee, and the content of non-audit service of the certified public and the accounting firm and related corporations:

Audit Fee of CPA

Unit：NT$ thousands

<table>
<tr><th>Name of Accounting Firm</th><th>Name of CPAs</th><th>Period Covered by CPA’s Audit</th><th>Audit Fees</th><th>Non-Audit Fees</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">Deloitte Taiwan</td><td>Chiang, Chia-Ling</td><td rowspan="2">2023</td><td rowspan="2">4,460</td><td rowspan="2">1,255</td><td rowspan="2">5,715</td><td rowspan="2">-</td></tr>
<tr><td>Wu, Chiu-Yen</td></tr>
</table>

Note: The non-audit fees include the Certification of CFC regulations statements 120 thousand NTD, Assessment and Certification of Profit-seeking Enterprise Income Tax 250 thousand NTD, Reimbursed expenses 320 thousand NTD, Assessment and Certification of Direct Deduction Method of Business Tax 50 thousand NTD, Fee for Master File 120 thousand NTD, Non-Arm’s-Length Transfer Pricing 275 thousand NTD, R&D tax credit under Article 10-1 of the Industrial Innovation Act 120 thousand NTD.

B. If the Company has changed CPA or Accounting Firm during the current fiscal year and the audit fees paid have decreased in comparison to the previous year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason: The Company has not changed the Accounting Firm.

C.Companies with a 10% or above reduction in Audit fee shall disclose the reduction amount of Audit fees, percentage and reason for the reduction: Not Applicable.

6. Information of Replacement of CPAs

.If the Company has changes CPAs in the past two years, durations before or after

A.Information regarding the former CPA

<table>
<tr><td>Date of Replacement</td><td colspan="5">Approved by the Board of Directions on March 12, 2024</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="5">In accordance with the internal rotation mechanism of Deloitte, starting from the first quarter of 2024, the certified public accountant will be changed from Accountants Chiang, Chia-Ling and Wu, Chiu-Yen to Accountants Wu, Chiu-Yen and Chang, Tzu-Yuan.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="3">Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="3">Terminated the engagement</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td colspan="3">No longer accepted (discontinued) the engagement</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons.</td><td colspan="5">None</td></tr>
<tr><td rowspan="6">Disagreement with the Company?</td><td rowspan="4">Yes</td><td></td><td colspan="3">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="3">Audit scope or steps</td></tr>
<tr><td></td><td colspan="3">Other</td></tr>
<tr><td>No</td><td colspan="4">✓</td></tr>
<tr><td colspan="5">Specify details: None</td></tr>
</table>

Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None

B.Information Regarding the Successor CPAs

Name of accounting firm	Deloitte Taiwan
Names of CPAs	Wu, Chiu-Yen, Chang, Tzu-Yuan.
Date of engagement	Approved by the Board of Directions on March 12, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs’ written opinion regarding the matters of disagreement between the Company and the former CPAs	None.

C. The reply letter from the former CPA regarding the Company’s disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations.：Not Applicable.

7. The Company’s Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company’s independent auditing firm or its affiliates during the past year: None.

8. In the past year and as of the date of publication of the annual report, changes in the transfer and pledge of equity by directors, managers, and shareholders who hold more than 10% of the shares.

(1) Changes in the transfer and pledge of equity by directors, managers, and major shareholders who hold more than 10% of the shares.

Unit : share

Title (Note 1)	Name	2023		In the past year and as of April 15, 2024	
		Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)	Shareholding Increase/(Decrease)	Pledged share Increase/(Decrease)
Chairman	Su, Tun-Li Representative of Cheng-Feng Investment Co., Ltd.	—	—	—	—
vice president	Su, Chung-Hong Representative of You-Feng Investment Co., Ltd.	—	—	—	—
Director	Su, Hsing-Hsien Representative of Tsung-Fu Investment Co., Ltd.	—	—	—	—
Director	Su, Po-Chen Representative of Ting-Yao Investment Co., Ltd.	—	—	(90,000)	—
Independent Director	Yang, Chen-Yang	—	—	—	—
Independent Director	Hsu, Hsin-Chieh	—	—	—	—
Independent Director	Lin, Hsun-Kuo	(51,000)	—	(70,000)	—
General Manager	Ho, Yi-Lin	—	—	—	—
Deputy General Manager	Lin Chou, Chin-Hsiu	—	—	—	—
Deputy General Manager	Chen, Li-Yi	—	—	—	—
Manager	Tsai, Ming-Che	—	—	—	—
Manager	Chen, Cheng-Hao	—	—	—	—
Manager	Lin, Yu-Min	—	—	—	—
Manager	Wang, Ying-Ying (Note 3)	—	—	—	—
Manager	Wu Feng Yin (Note 4)	—	—	—	—
Manager	Liu Zhi Cheng (Note 4)	—	—	—	—

Note 1: Shareholders holding more than 10% of the total shares of the company should be identified as major shareholders and listed separately.

Note 2: In the case of equity transfers or pledges involving related parties, information on the equity transfer should still be provided.

Note 3: Wang, Ying-Ying, Manager of Administration Department, was dismissed on May 10, 2024.

Note 4: Wu Feng Yin, Manager of R&D Division, andLiu Zhi Cheng, Manager of IT Department, assumed their positionon April 30, 2024.

(2) Information on equity transfer:

Information on equity transfer by related parties of directors, supervisors, managers, and major shareholders holding more than 10% of the shares: none

(3)Information on Pledged share:

Information on pledged share by related parties of directors, supervisors, managers, and major shareholders holding more than 10% of the shares: None.

9.(1) Information on the relationships between the top ten shareholders in terms of shareholding percentage.

As of April 15th, 2024

Name (Note 1)	Own shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		If There Are Any Related Parties Or Relatives Within The Second-Degree Of Kinship Between The Top Ten Shareholders, Including Spouses, Their Headings Or Names Or And Relationships Shall Be Disclosed. (Note 3)		Note
	Shareholding	Shareholding %	Shareholding	Shareholding %	Shareholding	Shareholding %	Heading or name	Relationship	
Cheng-Feng Investment Co., Ltd.	20,278,409	11.98	–	–	–	–		None	–
Representative of Cheng-Feng Investment Co., Ltd.: Su, Tun-Li	27,285	0.02	655,695	0.39	–	–	Su, Chung-Hong	Brother	–
You-Feng Investment Co., Ltd.	13,983,236	8.26	–	–	–	–		None	–
You-Feng Investment Co., Ltd. Representative: Su, Chung-Hong	231,030	0.14	–	–	–	–	Su, Tun-Li	Brother	–
Tsung-Fu Investment Co., Ltd.	31,467,914	18.60	–	–	–	–		None	–
\Tsung-Fu Investment Co., Ltd Representative.: Su, Hsing-Hsien	0	–	–	–	–	–		None	–
Ting-Yao Investment Co., Ltd	23,393,792	13.83	–	–	–	–		None	–
Ting-Yao Investment Co., Ltd Representative: Su,Po-Chen	162,470	0.1	–	–	–	–		None	–
Lai, Ming-Tung	2,876,000	1.70	–	–	–	–		None	–
Su, Bang-Jia	1,830,000	1.08	–	–	–	–		None	–
Li, Chung-Lin	1,615,000	0.95	–	–	–	–		None	–
J.P.Morgan Chase Bank, N.A. in custody for investment account of Japan Securities Finance Co., Ltd.	1,367,000	0.81	–	–	–	–		None	–
Chuang Chung Ming	1,310,000	0.77	–	–	–	–		None	–
Luo, Ruei-Lung	830,000	0.49	–	–	–	–		None	–

Note 1: Shareholders' names should be listed separately (if the shareholder is a legal person, the name of the legal person and its representative should be listed separately).
Note 2: The calculation of shareholding ratio is based on the calculation of shareholding percentage under one's own name, spouse, minor children, or using other people's names.
Note 3: The disclosure of the relationship between the shareholders listed above, including legal persons and natural persons, shall be made in accordance with the disclosure requirements of the financial reporting standards of the issuer.

Main shareholder is a corporation and its major shareholders

Main shareholder is a corporation and its major shareholder.	Major shareholder(s) of the corporate shareholder.
Cheng-Feng Investment Co., Ltd.	Su, Che-Ming（24.19%）,Su, Tun-Li,（14.23%）,Su Hung, Yueh-Chi（13.20%）,Su, Li-Wen（24.19%）,Su, Sheng-Mao（24.19%）
You-Feng Investment Co., Ltd.	Su, Chong-Hong,（36.88%）,Su, Yu-Ting（31.56%）,Su, Yu-Hsiang（31.56%）
Tsung-Fu Investment Co., Ltd.	Su, Heng-Hui（21.26%）,Tsou, Hsiu-Ming（20.97%）, Su, Hsing-Hsien（21.26%）, Su, Chun-Yi（25.26%）, Su, Hsin-Ning（11.25%）
Ting-Yao Investment Co., Ltd.	Su, Po-Chen（26.67%）,Su Tun-I（37.97%）,Wang, Tzu-Jung（35.36%）

9. The company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company shall combine and calculate their comprehensive shareholding ratios in the same investment enterprise.

Unit: share %

Investees(Note)	The Company's investment		Direct or Indirect investment by Directors/Supervisors/Managers		Total investment	
	shareholding	shareholding%	shareholding	shareholding%	shareholding	shareholding%
GENIUS TERMINAL CO.,LTD.	750,000	100%	－	－	750,000	100%
Global Electronics Terminal (Cayman) Co.,LTD.	40,137,184	100%	－	－	40,137,184	100%
GEM Terminal (Cayman) Co.,LTD.	18,598,333	100%	－	－	18,598,333	100%

Note: The company adopts investment adjustments for Using Equity Method

IV.Funding

1. Capital and shareholding

(1). Source of Share Capital

A.formation of share capital

April 15, 2023

Y Y / M M	Par Value(NT$)	Approved Capital		Paid-in Capital		note		
		Number Of Shares	Amount	Number Of Shares	Amount	Source of Share Capital	Capital Increased by Assets Other than Cash	Others
Jul 1993	10	2,520,000	25,200,000	2,520,000	25,200,000	Establishment with cash	none	none
Oct 1995	10	17,648,820	176,488,200	17,648,820	176,488,200	Cash 137,340,000 Earning 13,948,200 Total 151,288,200	none	none
Jul 1996	10	21,178,584	211,785,840	21,178,584	211,785,840	Earning 35,297,640(note 1)	none	none
Jul 1997	10	30,000,000	300,000,000	25,025,000	250,250,000	Cash 29,992,700 Earning 4,659,290 Reserve 3,812,170 Total 38,464,160(note 2)	none	none
Sep 1998	10	30,000,000	300,000,000	30,000,000	300,000,000	Cash 10,210,500 Earning 12,512,500 Reserve 27,027,000 Total 49,750,000(note 3)	none	none
Nov 1999	10	34,500,000	345,000,000	34,500,000	345,000,000	Earning 15,000,000 Reserve 30,000,000 Total 45,000,000(note 4)	none	none
Aug 2000	10	65,000,000	650,000,000	39,819,000	398,190,000	Employee bonus 1,440,000 Earning 34,500,000 Reserve 17,250,000 Total 53,190,000(note 5)	none	none
Nov 2000	10	65,000,000	650,000,000	43,819,000	438,190,000	Cash 40,000,000 Total 40,000,000 (note 6)	none	none
Sep 2001	10	65,000,000	650,000,000	52,811,024	528,110,240	Employee bonus 2,282,240 Earning 50,391,850 Reserve 37,246,150 Total 89,920,240(note 7)	none	none
Sep 2002	10	95,000,000	950,000,000	60,098,000	600,980,000	Employee bonus 1,574,870 Earning 35,911,500 Reserve 35,383,390 Total 72,869,760(note 8)	none	none
Jul 2003	10	95,000,000	950,000,000	70,200,000	702,000,000	Employee bonus 4,863,200 Earning 96,156,800 Total 101,020,000(note 9)	none	none
Jul 2004	10	145,600,000	1,456,000,000	85,000,000	850,000,000	Employee bonus 7,600,000 Earning 140,400,000 Total 148,000,000(note 10)	none	none
Oct 2004	10	145,600,000	1,456,000,000	86,788,293	867,882,930	Convertible bonds for capital increase 17,882,930(note 11)	none	none
Jan 2005	10	145,600,000	1,456,000,000	86,935,157	869,351,570	Convertible bonds for capital increase 1,468,640(note 12)	none	none
Apr 2005	10	145,600,000	1,456,000,000	86,939,476	869,394,760	Convertible bonds for capital increase 43,190(note 13)	none	none
Jun 2005	10	145,600,000	1,456,000,000	96,392,992	963,929,920	Employee bonus 7,600,000 Earning 86,935,160 Total 94,535,160(note 14)		
Jun 2006	10	145,600,000	1,456,000,000	108,1000,000	1,081,000,000	Employee bonus 5,254,200 Earning 111,815,880 Total 117,070,080(note 15)	none	none
Nov 2006	10	145,600,000	1,456,000,000	110,882,779	1,108,827,790	Convertible bonds for capital increase 27,827,790 Total 27,827,790(note 16)	none	none
Jul 2007	10	221,000,000	2,210,000,000	118,695,279	1,186,952,790	Cash 78,125,000 Total 78,125,000(note 17)	none	none
Aug 2007	10	221,000,000	2,210,000,000	142,315,000	1,423,150,000	Employee bonus 14,431,650 Earning 221,765,560 Total 236,197,210(note 18)	none	none
Sep 2008	10	221,000,000	2,210,000,000	168,000,000	1,680,000,000	Employee bonus 14,914,500 Earning 241,935,500 Total 256,850,000(note 19)	none	none
Apr 2009	10	221,000,000	2,210,000,000	166,600,000	1,666,000,000	Cancellation of treasury stocks for capital reduction 14,000,000(note 20)	none	none
Sep 2009	10	221,000,000	2,210,000,000	171,598,000	1,715,980,000	Earning 49,980,000(note 21)	none	none
Dec 2015	10	221,000,000	2,210,000,000	169,200,000	1,692,000,000	Cancellation of treasury stocks for capital reduction 23,980,000(note 22)	none	none

Note 1: Approved by letter No. 41710 issued by Taiwan Securities and Futures Bureau on July 6, 1996.
Note 2: Approved by letter No. 51753 issued by Taiwan Securities and Futures Bureau on July 8, 1997.
Note 3: Approved by letter No. 58543 issued by Taiwan Securities and Futures Bureau on July 7, 1998.
Note 4: Approved by letter No. 89461 issued by Taiwan Securities and Futures Bureau on October 12, 1999.
Note 5: Approved by letter No. 56345 issued by Taiwan Securities and Futures Bureau on June 30, 2000.
Note 6: Approved by letter No. 78284 issued by Taiwan Securities and Futures Bureau on September 26, 2000.
Note 7: Approved by letter No. 144283 issued by Taiwan Securities and Futures Bureau on July 18, 2001.
Note 8: Approved by letter No. 0910140161 issued by Taiwan Securities and Futures Bureau on July 18, 2002.
Note 9: Approved by the letter No. 0920130851 of the Taiwan Stock Exchange on July 10, 2003.
Note 10: Approved by the letter No. 0930129290 of the Securities and Futures Bureau on July 5, 2004.
Note 11: Approved by the letter No. 09301200530 of the Ministry of Economic Affairs on October 29, 2004.
Note 12: Approved by the letter No. 09401012110 of the Ministry of Economic Affairs on January 28, 2005.
Note 13: Approved by the letter No. 09401072190 of the Ministry of Economic Affairs on April 29, 2005.
Note 14: Approved by the letter No. 0940126044 of the Financial Supervisory Commission on June 29, 2005.
Note 15: Approved by the letter No. 0950127547 of the Financial Supervisory Commission on June 30, 2006.

Note 16: Approved by the letter No. 09501245260 of the Ministry of Economic Affairs on November 1, 2006.
Note 17: Approved by the letter No. 0960023044 of the Financial Supervisory Commission on May 17, 2007.
Note 18: Approved by the letter No. 0960032654 of the Financial Supervisory Commission on June 28, 2007.
Note 19: Approved by the letter No. 0970032061 of the Financial Supervisory Commission on June 27, 2008.
Note 20: Cancellation of treasury stock reduction approved by the letter No. 09801078180 of the Ministry of Economic Affairs on April 22, 2009.
Note 21: Approved by the letter No. 0980036143 of the Financial Supervisory Commission on July 20, 2009.
Note 22: Cancellation of treasury stock reduction approved by the letter No. 10401278060 of the Ministry of Economic Affairs on December 29, 2015.

B. types of shares that have been issued.

April 15, 2024

Types of shares	Approved Capital			Note
	Shares Outstanding	Unissued Stock	Total	
Registered common shares	Listed stocks169,200,000 shares	51,800,000shares	221,000,000 shares	3,000,000 shares are reserved for issuance of employee stock options.

C.Summary declaration system related information: Not applicable.

(2). Status of Shareholders

April 15, 2024 unit: person; share

Status of Shareholders / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number of Shareholders	0	4	159	30,499	41	30,703
Shareholding (shares)	0	55,142	92,782,071	72,839,990	3,522,797	169,200,000
Percentage	—	0.03%	54.84%	43.05%	2.08%	100.00%

(3). Shareholding Distribution Status

1.Common shares

April 15, 2024

Shareholding Tiers	Number of Shareholders	Shareholding	Shareholding(%)
1~ 999	22,052	752,376	0.44
1,000~ 5,000	6,695	13,569,933	8.02
5,001~ 10,000	923	7,364,538	4.35
10,001~ 15,000	325	4,194,213	2.48
15,001~ 20,000	189	3,478,680	2.06
20,001~ 30,000	179	4,618,094	2.73
30,001~ 40,000	83	3,007,000	1.78
40,001~ 50,000	60	2,747,232	1.62
50,001~ 100,000	105	7,451,664	4.4
100,001~ 200,000	47	6,517,194	3.85
200,001~ 400,000	21	6,074,030	3.59
400,001~ 600,000	7	3,167,000	1.87
600,001~ 800,000	6	4,005,695	2.37
800,001~ 1,000,000	1	830,000	0.49
more than 1,000,001	10	101,422,351	59.95
Total	30,703	169,200,000	100.00

2.Preferred Stocks: No preferred stocks were issued by the Company

(4). Major Shareholders Name, total number of shares held, and percentage of shareholding of shareholders who own more than 5% of the total shares.

April 15, 2024

share / names of Major Shareholders	Shareholding	Shareholding(%)
Cheng-Feng Investment Co., Ltd.	20,278,409	11.98
You-Feng Investment Co., Ltd.	13,983,236	8.26
Tsung-Fu Investment Co., Ltd.	31,467,914	18.6
Ting-Yao Investment Co., Ltd.	23,393,792	13.83
Lai, Ming-Tung	2,876,000	1.70
Su, Bang-Jia	1,830,000	1.08
Li, Chung-Lin	1,615,000	0.95
J.P.Morgan Chase Bank, N.A. in custody for investment account of Japan Securities Finance Co., Ltd.	1,367,000	0.81
Chuang Chung Ming	1,310,000	0.77
Luo, Ruei-Lung	830,000	0.49
Total	98,951,351	58.47

2. Major shareholders of corporate shareholders holding more than 5% of the total shares

Corporate Shareholder Name	Major Shareholders of Corporate Shareholder
Cheng-Feng Investment Co., Ltd.	Su, Che-Ming（24.19%）,Su, Tun-Li,（14.23%）,Su Hung, Yueh-Chi（13.20%）,Su, Li-Wen（24.19%）,Su, Sheng-Mao（24.19%）
You-Feng Investment Co., Ltd.	Su, Chong-Hong,（36.88%）,Su, Yu-Ting（31.56%）,Su, Yu-Hsiang（31.56%）
Tsung-Fu Investment Co., Ltd.	Su, Heng-Hui（21.26%）,Tsou, Hsiu-Ming（20.97%）, Su, Hsing-Hsien（21.26%）, Su, Chun-Yi（25.26%）, Su, Hsin-Ning（11.25%）
Ting-Yao Investment Co., Ltd.	Su, Po-Chen（26.67%）,Su, Tun-I（37.97%）,Wang, Tzu-Jung（35.36%）

(5) Recent two-year data on market price per share, net asset value, earnings, dividends, and related information.

Unit: New Taiwan Dollars (NTD) , thousand shares.

Item		Year	2022	2023	As of March 31, 2024, the current year
Market price per share	Highest Market Price		32.50	30.15	41.6
	Lowest Market Price		12.15	16.1	27.75
	Average Market Price		20.04	23.37	33.8
Net asset value per share	Before distribution		13.95	12.69	13.77
	After distribution		(Note 1)	(Note 1)	(Note 1)
Earnings per share	Weighted average number of shares		165,899	165,899	165,899
	Basic earnings per share		(0.62)	(1.05)	(0.23)
Dividends per share	cash dividend		(Note 1)	(Note 1)	(Note 1)
	Retrospectively adjusted cash dividends		-	-	-
	Free stock dividends	-	-	-	-
		-	-	-	-
	Accumulated unpaid dividends		-	-	-
Investment return analysis	Price-to-book ratio		(Note 1)	(Note 1)	(Note 1)
	Price-to-earnings ratio		(Note 1)	(Note 1)	(Note 1)
	Dividend yield		(Note 1)	(Note 1)	(Note 1)

Note 1: The proposal for offsetting losses has been discussed at the board meeting as of March 12, 2024, but has not yet been approved by the shareholders' meeting for the year 2024.

Note 2: (1) Price-to-earnings ratio) = Average closing price per share for the current year / Earnings per share.
(2) Price-to-book ratio= Average closing price per share for the current year / Cash dividends per share.
(3) Dividend yield= Cash dividends per share / Average closing price per share for the current year.

(6) Dividend Policy and Implementation Status:

1.Dividend Policy of the Company

When the Company makes the final accounting to obtain a net income, after all taxes and dues have been paid and losses have been covered and at the time of allocating surplus profits, it shall first set aside 10% of such profits as a legal reserve; provided that no legal reserve may be set aside when such legal reserve has reached the Company's total paid-in capital. If necessary, it may set aside or reverse a special reserve or retain surplus earnings with discretion in accordance with the relevant laws from the balance plus undistributed earnings.

If there is still a balance, together with accumulated undistributed profits, the Board of Directors shall draft a resolution for the distribution of profits and distribute it through the issuance of new shares, which shall be submitted to the shareholders' meeting for resolution.

Pursuant to article 240 of the Company Law, the Board of Directors is authorized, with the presence of two-thirds of the directors and the resolution of more than half of the present directors, to distribute all or part of the dividends, bonuses or the statuary reserves and the capital reserves as stipulated in article 241 of the Company Law, in the form of cash and report to the shareholders' meeting.

Considering the Company's current status and future expansion development, the share dividend may be "Residual Dividend Policy". In the future, the company consider the economic environment for sustainable development. The distribution plan needs to be proposed by the Board of Directors and approved by the shareholders' meeting. The cash dividends shall not be less than 10% of the total dividends. However, if the cash dividend less than 0.2 per share, it would change to distribute stock dividend.

2.The proposal distribution of dividends submitted to this shareholders' meeting

(The proposal has been passed by the March 12, 2024 meeting of the Board of Directors of the Company, and has not been passed by the 2024 shareholders'meeting)

The Company proposes not to distribute dividends.

3.When there are major changes in the anticipated dividend policy, explanation is needed:

Considering the Company's current status and future expansion development, the share dividend may be "Residual Dividend Policy". Under the circumstance of no earnings in the year 2023, the anticipated bonus dividend rate is 0.

(7) Proposal on the Impact of Stock Dividend Issuance on Business Performance of the Company and Earnings Per Share

Not Applicable (The Company has not disclosed the Financial Predictions for 2023)

There is no proposal of stock dividends this time, therefore no effect on the Business Performances of the Company and Earnings per share.

(8) Profit-sharing compensation of employees and directors:

1. The percentages or ranges with respect to employee, director, and supervisor profit-sharing compensation, as set forth in the company's articles of incorporation.

Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 3% of the remaining profit for distribution to the employees of parents or subsidiaries of the Company as remuneration and no more than 5% of the remaining profit for distribution to directors as remuneration.

2. The basis for estimating the amount of employee, director, and supervisor profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

There is no earnings before tax of the Company in 2023, therefore no estimation of the remunerations of the employees and directors.

3. Information on any approval by the board of directors of distribution of profit-sharing compensation:

(1) The amount of any employee profit-sharing compensation and director and supervisor profit-sharing compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

There is no proposal of distribution of bonuses and remunerations of the employees and directors in cash or stocks, thus not applicable.

(2) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation.

There is no proposal of distribution of remunerations of the employees in stocks in 2023, thus not applicable.

4.The actual distribution of employee, director, and supervisor profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor profit-sharing compensation, additionally the discrepancy, cause, and how it is treated: None.

(9) Buyback of Treasury Stock

Buyback of Treasury Stock

April 15, 2024

Treasury stocks: Batch Order	First (order)	Second (order)	Third (order)	Fourth（order）
Purpose of buy-back	To remain the company's credit and shareholders' interests	To remain the company's credit and shareholders' interests	Transfer shares to Employees	Transfer shares to Employees
Timeframe of buy-back	2008/11/17~2008/12/25	2015/8/27-2015/10/8	2020/8/13~2020/10/6	2020/11/13~2020/12/11
Price range	lowest $11 highest $21.5	lowest$8.3 highest $14	lowest $10.45 highest $13	lowest $13.85 highest $16.95
Class, quantity of shares bought back	1,400,000common shares	2,398,000common shares	2,115,000 common shares	1,186,000 common shares
Value of shares bought-back (in NT$ thousands)	NTD 17,764,886	NTD22,851,830	NTD25,617,407	NTD17,441,856
Percentage of the actual repurchased quantity to the planned repurchase quantity, expressed as a percentage.	100%	100%	64.09%	79.07%
Shares sold/transferred	1,400,000 shares	2,398,000 shares	0 share	0 share
Accumulated number of company shares held	0 share	0 share	2,115,000 shares	3,301,000 shares
Percentage of total company shares held (%)	0%	0%	1.25%	1.95%

2. Corporate Bond: None.
3. Preferred Stock: None.
4. Overseas Depositary Receipts: None.
5. Employee Stock Options: None.
6. Restricted Stock to Employees: None.
7. Mergers and acquisitions or the issuance of new shares due to the acquisition or transfer of shares in other companies : None.
8. Execution of Capital Utilization Plan: The Company has not issued any incomplete plans or plans that have not shown benefits within the past three years.

Ⅴ. Operations Profile

I. Business Content

i. Business Scope

1. The main business activities
   (1) Manufacturing of steel wire and steel cable
   (2) Copper chain industry.
   (3) Copper casting industry.
   (4) Copper rolling, drawing and extrusion industry.
   (5) Other non-ferrous metal basic industries.
   (6) Manufacturing of metal wire products.
   (7) Other metal product manufacturing.
   (8) Heat treatment industry.
   (9) Surface treatment industry.
   (10) Manufacturing of machinery and equipment.
   (11) Other machinery manufacturing.
   (12) Manufacturing of electronic components.
   (13) Manufacturing of other electrical and electronic machinery and equipment.
   (14) Manufacturing of other optical and precision instruments.
   (15) Manufacturing of molds.
   (16) Wholesale of machinery.
   (17) Manufacturing of electronic materials.
   (18) Other wholesale industries.
   (19) Retail of electronic materials.
   (20) Other retail industries.
   (21) International trade.
   (22) In addition to permitted business, the company is allowed to engage in businesses that are not prohibited or restricted by law.

2. Ratio of Operating Revenue

The proportion of operating revenue of our company and subsidiaries' main products for 2023 is as follows:

Item	Proportion
Household electronic connectors	84.69%
Automotive connectors	6.52%
Environmentally-friendly lead-free copper products	6.8%
Electrical terminals	1.01%
High-precision electronic connectors	0.31%
Multi-gauge strip products	0.34%
Other	0.33%
Total	100.00%

3. Current Products (Services) of the Company

Item	Purposes of Main Products
Household electronic connectors	Used in household appliances industry, various national plugs, power tools and other products.
Automotive connectors	Used for automotive wire harnesses, automotive electronic product connectors.
Environmentally-friendly lead-free copper products	Applicable to the green energy industry and compliant with EU RoHS 2.0, including VDE standards for various countries in Europe, the United Kingdom, South Africa, and others.
Electrical terminals	Used for bridging equipment and devices in the electrical and electronic industry
High-precision electronic connectors	Used for connectors in the electronics, medical, and communication industries.
Multi-gauge strip products	Used in new energy vehicles, battery modules, ABS braking systems, IGBT, lead frames, transformers, motors, fuses, heat sinks, etc.
Other	Raw materials, ceramic sleeves (note), molds

Note: Ceramic sleeves are a main component of fiber optic connectors, and their application is mainly concentrated in industries such as information, video, and telecommunications.

4. New Products (Services) Planned to be Developed

(1) Expand the development of high-end multi-gauge strip copper materials to break the long-standing monopoly by Germany and Japan, and plan to construct 12 new production line workshops at our Suzhou factory.

(2) In 2018, our company officially became a dual-platform enterprise capable of refining and stretching copper and manufacturing terminals. Leveraging this advantage, we have been developing new products that meet market trends, such as GB, UL, SAA, 2X4 integrated plugs, and environmentally friendly lead-free copper products. We continue to expand our production capacity to meet market demands.

(3) Utilize our existing machining, stamping, and electroplating processes to develop machining products.

(4) In response to the increasing demand for replacing imported components in the Asian market, we are developing high-end wire harness connectors and terminals. We are also renovating our stamping workshop to meet production management requirements.

II. Industry Overview

1. Current Situation and Development of the Industry

The World Economic Outlook report released by the IMF in October 2022 projects a global economic growth rate of 3.2% and 2.7% for 2022 and 2023, respectively.

Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	2021	PROJECTIONS 2022	2023
World Output	**6.0**	**3.2**	**2.7**
Advanced Economies	**5.2**	**2.4**	**1.1**
United States	5.7	1.6	1.0
Euro Area	5.2	3.1	0.5
Germany	2.6	1.5	-0.3
France	6.8	2.5	0.7
Italy	6.7	3.2	-0.2
Spain	5.1	4.3	1.2
Japan	1.7	1.7	1.6
United Kingdom	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Other Advanced Economies	5.3	2.8	2.3
Emerging Market and Developing Economies	**6.6**	**3.7**	**3.7**
Emerging and Developing Asia	7.2	4.4	4.9
China	8.1	3.2	4.4
India	8.7	6.8	6.1
ASEAN-5	3.4	5.3	4.9
Emerging and Developing Europe	6.8	0.0	0.6
Russia	4.7	-3.4	-2.3
Latin America and the Caribbean	6.9	3.5	1.7
Brazil	4.6	2.8	1.0
Mexico	4.8	2.1	1.2
Middle East and Central Asia	4.5	5.0	3.6
Saudi Arabia	3.2	7.6	3.7
Sub-Saharan Africa	4.7	3.6	3.7
Nigeria	3.6	3.2	3.0
South Africa	4.9	2.1	1.1
Memorandum			
Emerging Market and Middle-Income Economies	6.8	3.6	3.6
Low-Income Developing Countries	4.1	4.8	4.9

Source: IMF, *World Economic Outlook*, October 2022

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the October 2022 WEO, India's growth projections are 6.9 percent in 2022 and 5.4 percent in 2023 based on calendar year.

INTERNATIONAL MONETARY FUND IMF.org

Soucre : IMF webistie

The report indicates that the global economy has slowed down more than expected, and inflation is also the most severe in decades, rising from 4.7% in 2021 to 8.8% in 2022. The cost of living is also increasing, and the financial environment in most countries is continuously tightening. The Russia-Ukraine war has affected the supply of natural gas in Europe, the ongoing COVID-19 pandemic, China's epidemic prevention and lockdown policies, and the crisis in the real estate industry have had a serious impact on the economic outlook. These situations are also reflected in the IMF's forecast for global economic growth, which has decreased from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023.

Overall, in order to prevent these risks, countries are promoting tight monetary policies to restore price stability and promoting structural reforms to improve productivity and economic capacity. If correct measures are implemented in stages in the future, macroeconomic stability can be maintained at a controllable level, and under multilateral cooperation, it is expected that the overall economy and financial markets will gradually return to normal.

The company mainly engages in the development and sales of terminal and terminal- related products and technology extension for new products. As the only domestic manufacturer with high-quality processing and manufacturing capabilities of multi- gauge strip, our products have a competitive advantage in production technology, which allows us to maintain an important position in the market. The following is an explanation of the development trend of our products:

1. Terminal

A terminal is a metal component used for connecting electrical circuits between two conductors. It has a wide range of applications, including wiring in electrical appliances, telecommunications transmission in electronic and information products, and more. Terminal products are widely used in various industries such as information technology, electrical engineering, automotive, power connectors, communications, construction, machinery, instrumentation, and lighting. Therefore, terminals can be divided into the following three categories according to their application industries: A. Electrical plug-type terminals, B. Electronic and communication-type terminals, C. Automotive and wheel industry-type terminals. Currently, the company mainly produces electrical plug-type terminals, with electronic and communication-type terminals and automotive and wheel industry-type terminals as supplementary products.

- Electrical plug-type terminals are mainly supplied to various electrical products' AC power plug and socket terminals worldwide, such as computer and home appliances.
- Electronic communication terminals are mainly used in various electronic communication products, such as telephone communication terminals, wiring terminals.
- Vehicle and wheel industry terminals mainly supply DC power connection terminals to various countries, such as connectors for automobiles and motorcycles, instrument terminals for medical use, terminals for lighting and instruments.

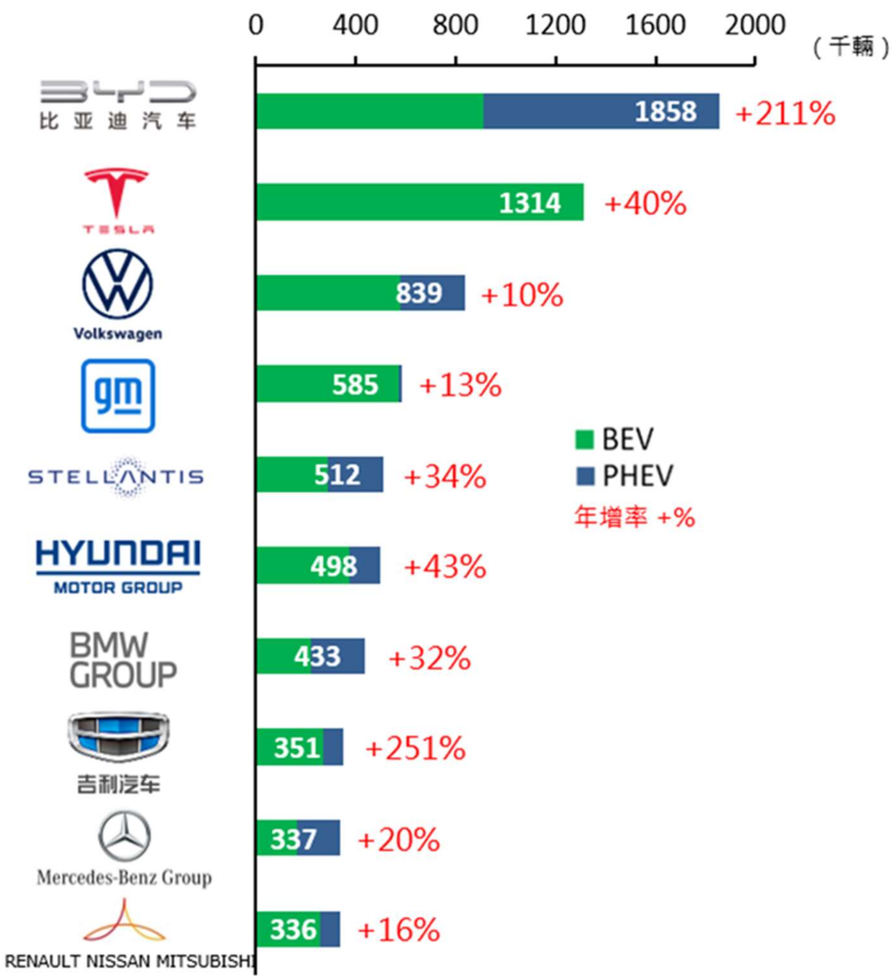
Currently, the market environment for terminals is rapidly changing due to the impact of the geopolitical factors and inflation. Therefore, it is important to stay informed of market trends, have a global presence, effectively integrate production and sales plans within the group, control inventory, improve production technology, and increase machine utilization to reduce operating costs. In addition, implementing flexible marketing strategies can help increase market share or product gross margin. Planning and developing special new copper material refining factories and exploring the market for multi-gauge strip products can also help gain a competitive advantage in the future.

Regarding the increasingly important environmental issue, our company complies with the EU ROHS directive and global environmental trends, leading the way in obtaining VDE and BSI safety certifications, and fully developing environmentally friendly lead-free copper products for plugs in various countries to sustainably supply the market. As our company uses only regular materials, such as C2800 optimized environmentally friendly lead-free copper alloy (GEM19-589), as the material for connector terminals, and produces this type of copper alloy in-house at our Vietnam factory, we have become the exclusive manufacturer of connector terminals using in-house drawn copper alloy in the international market, possessing first-class EU environmental material manufacturing and lathe product processing capabilities. On June 9, 2021, GEM was invited to participate in an online meeting of RoHS exemption beneficiaries on the "Successful Replacement of Electrical Contact Components" and to discuss and share successful experiences together. The EU Advisory Council evaluated GEM's case as a viable alternative product for Door Opener, however, due to the broad impact of the product, it is difficult to apply to all processes. As a result, the European Union has ultimately decided to grant an exemption, extending the deadline until July 21, 2026. Moreover, the EU still mentioned in the final report that the participants generally agreed with GEM's successful conversion case. Based on this foundation, our company's product quality and supply are worthy of recognition and trust, and we can fulfill our responsibility for environmental protection for the earth

2.New Energy Vehicles

As major global automakers progressively discontinuing the production of conventional fuel vehicles by 2040, the PwC High Tech Industry Research Center expects that global sales of new energy vehicles will reach 16 million units in 2023, with the proportion of new energy vehicles expected to reach 90% by 2035.

The current global new energy vehicle industry is centered in China. With its extensive domestic automotive market and relatively lower manufacturing costs, coupled with government subsidies, Chinese car manufacturers are experiencing explosive growth. China has emerged as the world's largest electric vehicle market, representing approximately 59% of global sales, while also standing as the largest production base in the industry. In 2022, this region produced around 6.7 million electric vehicles, representing 64% of global sales. The top three electric vehicle manufacturers by sales and market share in 2022 were BYD (17.7%), Tesla (12.5%), and the Volkswagen Group (8%).



Looking into the future, the sales of new energy vehicles worldwide is expected to continue growing. According to a 2023 report by Goldman Sachs Research, it is expected that electric vehicles will account for 50% of global car sales, representing a golden cross in the automotive industry. Various countries have also announced schedules for banning the sale of conventional fuel vehicles and introduced a range of incentives and subsidies, all of which contribute to increasing consumer acceptance of electric vehicles and indirectly signaling the era of electric vehicle competition.

As the world rapidly shifts towards green energy, a report by S&P Global predicts that global copper consumption will reach record highs, doubling from the current level of 25 million tons per year to 50 million tons by 2035. By 2050, copper demand is expected to reach 53 million tons per year. Based on current supply trends in the copper market, including copper mining and recycling, the supply gap for copper will peak at 9.9 million tons in 2035.

As the demand for automotive electronics and new energy vehicles continues to grow, the market for vehicle connectors is heating up and has become a key focus area for domestic and foreign manufacturers. Currently, the company also regards new energy vehicle charging connectors as an important direction for future development.
Automotive connectors and wiring harnesses are important components that connect various electronic devices and parts in cars, mainly used in power systems, body systems, information control systems, safety systems, and in-car communication equipment. Types of connectors include circular connectors, RF connectors, FCP connectors, and I/O connectors. For traditional cars, about 400 connectors and 200 wiring harnesses are required for each car. With the continuous advancement of communication technology, domestic and foreign car manufacturers are accelerating the development of intelligent and connected cars, investing in advanced driver assistance systems (ADAS) and new energy vehicles. The introduction of a large number of radar, sensors, communication, lenses, detection, navigation, and entertainment systems has increased the proportion of electronic components in cars year by year, and the market demand for automotive connectors will continue to grow, making it a focus area for domestic and foreign manufacturers.

Main application scope of automotive connectors

Automotive subsystem	Main devices using connectors
Powertrain system	Charging pack, battery bank, and electric motor
Vehicle body electronic system	Power distribution, insurance, doors, windows, reflecting mirror, air conditioning and heating
Information control system	Dashboard, antenna, and car networking system
Safety system	Anti-lock braking system (ABS), airbags, and collision prevention system
In-vehicle communication equipment	Car audio system, GPS navigation, display screen, and onboard computer

According to statistical data from MarkLines, the global automotive market achieved a total sales volum of 41.22 million vehicles in the first half of 2023, marking an 8.5% increase compared to the same period in 2022. Analyzing by region, the global total of NEVs by region to date is:

- China accounts for 32% of the market: In the first half of 2023, the sales of electric vehicle (including BEV and PHEV) in China reached a total of 3.58 million units, marking a 45% increase compared to the same period in 2022. With the nationwide implementation of the China VI emission standard (Stage 6b) jointly announced by the Chinese Ministry of Ecology and Environment and the Ministry of Industry and Information Technology, becoming effective from July 1, 2023, the production, import, and sale of vehicles that do not comply with the China VI emission standard (Stage 6b) are prohibited across the country. This regulation, coupled with a series of promotional activities aimed at adjusting inventory strategies conducted by multiple automotive manufacturers, has contributed to the positive growth in the automotive market's sales volume in the first half of 2023.
- North America accounts for 23% of the market: In the first half of 2023, the sales of electric vehicle in the region reached a total of 7.98 million units, marking a 12.8% increase compared to the same period in 2022. The professional research institution Cox Automotive forecasts that the total annual sales of new cars in the United States will reach 15 million units, marking an 8% growth. In the first half of 2023, the three major American automotive groups (GM, FORD, and CHRYSLER) all experienced sales growth rates exceeding 10% compared to the same period in 2022. GM claimed the top spot with sales of 1.3 million units, securing its leading position in the American automotive market, while FORD closely followed with sales of 1.03 million units.
- Europe accounts for 21% of the market: In the first half of 2023, the sales of electric vehicle in Europe reached a total of 8.51 million units, marking a 18.5% increase compared to the same period in 2022. Notably, Germany recorded sales of 1.54 million units, representing a 13.2% increase, while the United Kingdom recorded sales of 1.12 million units, representing a 18.2% increase. France recorded sales of 1.11 million units, representing a 13% increase, while Italy recorded sales of 0.94 million units, representing a 22.7% increase. Spain also experienced substantial growth, with sales increased by 24.6%, reaching 0.58 million units. International automakers have been strategically expanding into the European market and achieving notable success. With TESLA's Model Y emerging as the top-selling vehicle in the region and Chinese manufacturers gradually gaining traction through competitive pricing strategies, European-based manufacturers are facing pressure from the electric vehicle trend and competition from non-European manufacturers. This signals the escalating challenges ahead.
- Other regions account for 24% of the market: Benefiting from its demographic dividend and economic growth, the domestic car market in India is rapidly expanding. In the first half of 2023, the sales of electric vehicle reached a total of 2.51 million units, marking a 4.4% increase compared to the same period in 2022. To enhance its investment attractiveness, the Government of India has introduced seires of subsidy programs. These include schemes such as the Production Linked Incentive (PLI) scheme for automotive, the PLI scheme for the production of advance chemistry cell (ACC) batteries, and the Phase 2 subsidies program for the production of hybrid and electric vehicles. With these initiatives in place, the future prospects of the Indian automotive market look promising.

The company has applied years of accumulated mature production experience and high-speed machining technology to the production of connectors for new energy vehicles. We have also completed the VDA6.3 (Process Audit) process audit and continue to optimize and expand our production to enhance the competitiveness of our products. In addition, we have also increased investment in the supply of copper materials for multi-gauge strip used in high-end automotive terminals, relay terminals, high-power LED, and other applications.

2. The relationship between upstream, midstream, and downstream in the industry

Upstream(raw material)

1. Copper 2. Plastic raw materials 3. Steel materials

Midstream (design, manufacturing)

1.Terminal 2. Lead frame

Downstream (wire harness manufacturing, IC Packaging)

1. Electrical plugs 2.Various connectors
3.Power transistors and rectifier diode

End-use industries (Application markets)

1.Consumer electronics products2. Communication andinformation products 3.Automotive and motorcycle related products 4.Other

3. Trends of Product Development and Competition

(1) Terminal Product:

(1.1)The market demand for electrical plug-type terminals is large and has shown stable growth over the years. Therefore, our company has prioritized the development of electrical plug-type terminals. Depending on the country of use, electrical plug-type terminals can be broadly categorized into four types: the American-Japanese-Canadian system, the European Community system, the Commonwealth system, and the China Great Wall standard system. The American-Japanese-Canadian system is mainly used in countries such as the United States, Japan, Canada, Taiwan, and the Philippines. The European Community system is primarily used in countries like Germany, France, and other countries in northern Europe, as well as Turkey and South Korea. The Commonwealth system is mainly used in countries such as the United Kingdom, India, Hong Kong, Singapore, and Indonesia. The China Great Wall standard system is primarily used in China. Due to the wide variety of terminal types, it is not possible to develop all of them comprehensively. To establish a prominent position in the international terminal industry and align with the overall development of the domestic industry, our company focuses on the development of AC power plug terminals and European plug terminals. After years of research and development, our company has become the largest manufacturer of electrical plug-type terminals in Asia. Our product quality is on par with international counterparts, and our production capacity is sufficient to compete with American companies such as HEYCO and ETCO, as well as Japanese companies like YUKO and KITANI, and German companies like TALLER in the markets for Japanese, American, and European standard electrical plug terminals. Since the establishment of our subsidiary, GEM (SuZhou), in 2005, we have strategically expanded into the largest single market in the world, China. Additionally, starting in early 2012, GEM in DongGuan began a series of transformation projects to source local materials as the primary supply source, aiming to fully explore the domestic market in China. The GEM Group initiated a comprehensive automation transformation in 2013 and completed the construction of the first-phase factory in Vietnam in the first quarter of 2016, expanding our presence to the 10 ASEAN countries plus one market. Starting in 2017, a series of operational and management reforms will be launched to make our company's production and sales strategies more flexible and aggressive. In 2023, GEM Vietnam initiated a capital increase, transforming its production process into the most comprehensive and vertically integrated within the GEM Group. This integration covers production processes from copper refining, stamping, and turning, to electroplating, injection molding, assembly, and packaging of finished products. These efforts primarily aim to supply finished and semi-finished products to various regions within the Group, effectively reducing production costs.

(1.2) In terms of electronic communication and automotive wheel industry terminals, the automotive electronics industry is regarded as the emerging "4C" (Car Electronics) industry, following the 3C (Computer, Communications, Consumer Electronics) industry. This highlights the shift of the automotive industry from mechanical engineering to electronic system integration. Simultaneously, as consumer demands for vehicle safety, comfort, and environmental sustainability, a strong market demand presents opportunities for the automotive parts and automotive electronics industry. These opportunities mainly focus on in-car information systems, automotive entertainment systems, energy efficiency, automotive safety, semiconductors, and LED industries. Additionally, the growing popularity of autonomous and connected vehicles promotes the development of advanced driver safety assistance systems, such as imaging systems, blind spot detection, lane departure warning, parking assistance, and LED products. The significant business opportunities in the automotive electronics sector have attracted numerous industry players, fueling a new wave of market investment. With the development of intelligent transportation systems, automotive electronics will be one of the primary profit battlegrounds in the future. "Automotive electronics" encompasses system products that integrate automotive manufacturing, electronics, optoelectronics, and communication technologies. The application areas cover engine/transmission systems, suspension/chassis systems, safety systems, car body electronic systems, driver information systems, and security systems. The sustained growth of the traditional electronics and communication industries, coupled with the vast opportunities in the "automotive electronics" sector, will drive the thriving development of the electronic communication and automotive wheel industry terminal industry.

(2) Electric Vehicle Connectors

As major global automakers progressively discontinuing the production of conventional fuel vehicles by 2040, the PwC High Tech Industry Research Center expects that global sales of new energy vehicles will reach 16 million units in 2023, with the proportion of new energy vehicles expected to reach 90% by 2035. However, automakers will face greater cost pressures this year. Factors such as chip shortages, the Russia-Ukraine conflict, and geopolitical factors have significantly increased the cost of power batteries. Additionally, the withdrawal of vehicle purchase subsidies in certain countries like China has made it challenging for low-cost micro EVs, which previously supported the high-speed growth of new energy vehicles. Furthermore, global inflation and other factors have become variables affecting the future growth trajectory of new energy vehicles. In response to the demand and to expand into the market for connectors in the electronics and automotive industries, we leverage our accumulated years of production experience and apply high-speed machining technology to new energy vehicle connectors. The company actively implement VDA6.3 (Process Audit) to conduct process audits, ensuring compliance with the production facility requirements of European automakers and enhancing product quality.

4. Competitive situation

Terminal Product

The following table presents the main competitors for our various product categories after comparing the primary product offerings of different manufacturers:

Connector Types:	United States	Japan	South Korea	Europe	Taiwan	China
Electronic Communication Connectors	AMP(TE), MOLEX	JST (Japan Pressure Terminal Electric Works)	KET		ShinChen, Gavial, Jessiame, Willas	
Electrical Plug Connectors	HEYCO,ETCO	YUCO,KITANI		TALLER (Germany), TAA	GuoZhi, WangDa, HaoWei	HeNan TianHai, YueLong, Dechang, Prag, HongHao, ZhiAi, QunXiang, WeiHuang, ZhengBiao, JinKeDa
Automotive Connectors	AMP(TE),MOLEX,ETCO	OPT Oriental Terminal, JAM Terminal	KET	FCI (France)	ShinChen, HuLian, Willas, ShinSheng, JianHeXing, Jian Hui	ZhuCheng, HongXing
Multi-gauge Strip Copper Materials		Mitsubishi Mterials		Weiland, Kemper (Germany)		

3. Technology and R&D

1. R&D expenses in the latest year and as of the publication date of the annual report:

Unit: NT$ thousands

Item	2023	2024 First quarter
R&D expense	11,864	1,281

2. Recent annual and year-end reports of the GEM Group (including overseas subsidiaries) highlight the following successful technology or product developments:

(1) Completion of 8 production lines for multi-gauge strip copper materials.

(2) Completion of development of Japanese standard insulated integrated plugs, along with successful patent approval.

(3) Completion of the construction of new copper refining plant, with trial production underway.

4. Long-term and Short-term Business Development Plans

1. Short-term plans

(1) Marketing Strategy:

A. Continuously improve the business bonus performance evaluation system, adjust sales strategies, and consistently explore new customers. Expanding the sales volume and diversifying the customer base to reduce credit limit risks.

B. Expanding promotion efforts and presence of multi-gauge strip materials through participation in overseas conventions, while gaining a comprehensive understanding of market information. Additionally, by capitalizing on the competitive advantages of being specialized manufacturers skilled in extrusion and milling machining methods, the Company aims to enhance our brand recognition and increase our market share.

C. Becoming the primary production base for the GEM Group, GEM Vietnam is leading the accelerated expansion of international division of labor and the exploration of Southeast Asian market.

D. In response to the decline in consumer-oriented international markets, the Company has implemented a price reduction strategy to secure market share, complemented by cost reductions resulting from the Group's shift in production focus. Additionally, the development of next-generation products with higher competitiveness aims to seize market opportunities. The primary focus remains on sustaining operations before prioritizing profit generation.

E. Being one of the primary profit-generating new products, multi-gauge strip copper materials are differentiated for the China market and the Taiwan+overseas market. In addition to increasing participation in Taiwan, China, and overseas conventions, half of the exhibited content will also consist of multi-gauge strip copper materials.

F. Continuously develope wire harness market, especially in the China market.

(2) Production Strategy

A. Continuously collaborate with academic institutions and foreign technology giants, actively introduce new technologies and concepts for production process improvement.

B. Implement international division of labor strategy, move products that are technologically mature and labor-intensive to developing countries for production to gain cost competitive advantage and enhance competitiveness.

C. Comprehensive automation, reducing labor, improving production efficiency, and enhancing employee benefits.

D. Implementing an automated production scheduling ERP+APS+WMS+MES system to integrate group resources, reduce labor, and improve production efficiency.

E. Further extending the successful incentive system from Vietnam plant to all plant sites, stimulating employee motivation, advancing talent development, and attracting skilled individuals.

F. Implementing wastewater treatment, air pollution prevention, and local government environmental regulations management to achieve long-term compliance with emission standards and contribute to the protection of the Earth's environment.

G. In response to the increasing demands for carbon neutrality from governments worldwide, the Company has initiated carbon footprint assessments and similar inventories, concurrently extending these efforts to all plant sites.

(3) Research and Product Development Strategy

A. Strengthen the recruitment and training of high-quality talents to establish the capability of independent development of precision molds.

B. Expand the research and development team, introduce the VDA6.3 process audit management requirements of European automakers, continuously optimize and expand to more workshops, increase project management capabilities, and explore higher-end customer markets.

C. Strengthen the existing stamping and injection molding mold technology to accelerate the development of terminal products for the automotive industry.

D. Actively develop and mass-produce high-value-added products, such as various specifications of electrical terminals, insulated plugs, eco-friendly lead-free plug products, high-voltage connectors for new energy vehicles, charging terminals, 5G communication terminals, high-end multi-gauge strip materials, and products, to enhance profitability.

E. Actively develop or improve various national plug products that can be automated and promote them in the market with semi-automatic and fully automatic terminal pressing machines in cooperation with strategic partners.

F. Continuously apply for product safety certifications and patents in various countries to facilitate market expansion and product marketing.

G. Develop production technology for eco-friendly lead-free copper products in response to environmental protection requirements.

H. Make good use of social resources to establish a research and development network.

I. As a newcomer in the market for connectors used in electrical wire harnesses, GEM should actively evaluate suitable products and allocate budgets to enter and expand this blue ocean market.

J. Use intelligent technology for equipment automation, monitoring, and analysis to achieve Industry 4.0 Internet of Things.

(4) Operational and Financial Strategy

A. Strengthen business management by conducting account risk assessment and classification for customers in advance to prevent and reduce bad debts, improve accounts receivable turnover, and reduce the possibility of bad debts.

B. Strengthen control over inventory obsolescence and price decline risks, improve inventory turnover, and prepare sufficient funds to seek appropriate opportunities for purchasing raw materials to meet the needs of the group's operations.

C. Strengthen the company's financial management capabilities, increase operating funds, reduce funding costs, and flexibly adjust to enhance the ability to control risks such as exchange rates and interest rates.

D. Continuously evaluate investment opportunities for GEM Vietnam with a proactive and steady investment strategy, pursue globalization, and seek growth while maintaining stability.

E. Comply with relevant government regulations and policies, cooperate with the application for subsidies or tax incentives, and continuously promote corporate governance, safe production, and environmental protection.

2. Long-term plans

(1) Marketing Strategy

A. Vertically or horizontally integrate with related terminal products or industries, and establish a complete marketing network. Utilize strategic alliances and cooperation to obtain critical technology and grasp market information.

B. Actively participate in various international exhibitions to enhance the recognition of the "GEM" brand in the international market and expand sales markets at home and abroad.

C. Develop GEM Vietnam as the main production base for conventional products of the GEM Group, GEM in Taiwan as the main production base for multi-gauge strip copper materials using extrusion and milling machining methods, and GEM Suzhou specializing in milling machining multi-gauge strip copper materials and wire harness terminals. These efforts are aimed at maximizing the benefits of international division of labor.

D. Sales strategy adopts the risk management strategy and management marketing strategy approach to improve sales gross margin.

E. Continuously implement the establishment of the Company's position as a high-end supplier in the industry with environmentally friendly lead-free copper alloy smelting technology + terminals, and plug support manufacturing.

F. Develop the multi-gauge strip market for copper products.

G. Expand promotion to electrical and power tool manufacturers and become a qualified supplier.

H. The new patented project for one-step molding of insulated terminals in plug products possesses significant sales advantages compared to conventional secondary machining techniques in the industry.

(2) Production Policy

A. Continuously collaborate with academic institutions and foreign technology giants, actively introduce new technologies and concepts for production process improvement.

B. Implement international division of labor strategy, move products that are technologically mature and labor-intensive to developing countries for production to gain cost competitive advantage and enhance competitiveness.

C. Comprehensive automation, reducing labor, improving production efficiency, and enhancing employee benefits.

D. Implementing Digiwin's ERP+APS+WMS+MES system to keep up with future market competition.

E. Software transformation to establish an incentive-based bonus system and smooth promotion channels to attract and cultivate talent.

F. Implementing wastewater treatment, air pollution prevention, and local government environmental regulations management to achieve long-term compliance with emission standards and contribute to the protection of the Earth's environment.

G. In accordance with government requirements for safety production, the company has achieved level 2 standardization of safety production, providing employees with a safe working environment.

H. In response to future development needs, the company will introduce industrial informatization management and further evaluate intelligent management in the future.

(3) Research and Product Development Strategy

Continuously invest in research and development of new products, and expand the product line to meet the increasingly diverse needs of customers. Strengthen cooperation with major European and American technical companies for the development of related products, such as national plug terminals for transformers, vehicle wheel terminals, high-voltage connectors for new energy vehicles, high-end multi-gauge strip copper materials, environmentally friendly lead-free plug terminals and terminals, electrical terminals, and striving for development in the communication and automotive industries.

(4) Operational and Financial Strategy

A. Strengthen the control and planning of international funds, formulate medium and long-term fund raising plans, and establish the ability of overseas subsidiaries to raise funds on their own.

B. Through the research and development of new products, updating of machinery and equipment, and automation, and the improvement of production technology, expand the scale of operation to increase market share and become a world-class leading manufacturer.

C. Establish investment units to engage in non-core business investment activities within the limits of limited funds and manageable risks, in order to increase the profitability of the company.

2.Market and Production Sales Review

(1) Market Analysis

1. Sales(Provision) Regions for Main Products(Services)

Unit: NT$ thousands

Year / Region	2023		2022	
	Amount	%	Amount	%
Taiwan	126,822	4.9	213,496	7.40
China	2,246,118	86.71	2,433,823	84.46
Vietnam	103,982	4.01	71,608	2.48
Other	113,559	4.38	163,043	5.66
Total	2,590,481	100.00	2,881,970	100.00

Note: Other regions include Europe, Americas, and other areas.

2. Market Share

Our company possesses a vertically integrated operation with strong process capabilities. The company offer a wide variety of high-quality products and have obtained multiple certifications and patents in various countries. This enables us to effectively provide satisfactory services to our customers. In terms of business scale, machinery and equipment, research and development capabilities, and product precision, we stand out as a leader in the industry. After years of international division of labor and integrated production configuration, Vietnam facility of the GEM Group commenced operations in March 2016. This plant features a complete and vertically integrated process, covering production processes from copper refining, stamping, and turning, to electroplating, injection molding, assembly, and packaging of finished products. These efforts primarily aim to supply finished and semi-finished products to various regions within the Group. Currently, the production proportion of our Vietnam plant has increased, creating a competitive advantage through international division of labor.

3. Market supply and demand

Terminal products have a wide variety and are widely used in various fields such as household appliances, information technology, electronics, automotive, and consumer electronics. Our company's products primarily cater to the market of household appliances, consumer electronics, electrical appliances, information, and communication products. The market demand for such products directly impacts the upstream supply of terminals.

(1) Electrical Plug Connectors

Due to the fact that electrical connectors and terminals are primarily supplied for AC power plugs and socket connectors in various household appliances, information technology products, and consumer electronics worldwide, the following analysis will focus on the future performance of the electrical connector industry through mobile phones, tablets, laptops, and audiovisual equipment:

A. Mobile Phones

The market for mobile phone connectors is expected to experience significant growth due to its widespread adoption resulting from the trend of 5G commercialization. With the increasing commercialization of 5G, there will be a gradual mass adoption, providing new growth opportunities for the mobile phone connector market. Initially, core networks, fiber optic cables, and wiring equipment will benefit the most, followed by access network devices, network optimization, testing equipment, and network management software. The timeline for the benefits to reach end-users and operators may be slightly delayed, while value-added services and operations and maintenance service providers will benefit in the long run. The development of 5G will drive an increased demand for high-end connectors such as coaxial RF connectors, RF antennas, fiber optic connectors, QSFP connectors, and high-speed backplane connectors.

The 5G smartphone market is reaching saturation, and smartphone brands are planning to raise product prices in the face of rising component costs and product specification upgrades. However, consumers who purchase mid-range and low-end smartphones place a strong emphasis on the value for money, making them highly price-sensitive, which may impact their purchasing willingness. Additionally, the ongoing trade war between China and the United States has had some short-term effects on the communication industry. The global market for smartphones and supply chains remains uncertain. However, 5G smartphones bring hope for the future of the mobile phone market. According to IDC's estimation, the shipment volume of 5G smartphones is expected to reach 170 million units, accounting for 15% of the overall smartphone shipment volume in 2024. Additionally, there are significant business opportunities in AI-enabled smartphones, with the forecasted shipment reaching 170 million units by 2024, accounting for 15% of the overall smartphone market.

B. Tablets and Laptops

According to TrendForce, due to global inflationary pressures, the laptop market experienced a decline in demand in 2023, with total shipments reaching only 166 million units, a decrease of 10.8% compared to the previous year. Nonetheless, in the first half of 2024, as laptop manufacturers gradually reduce inventory and with the update and replacement of Microsoft operating systems, encouraging users to upgrade their systems, it is expected to drive demand for device replacements. Therefore, TrendForce forecasts that the demand for laptops will gradually improve in 2024, with the global market showing stable growth and shipments reaching approximately 172 million units, with a yearly growth rate of around 3.6%.

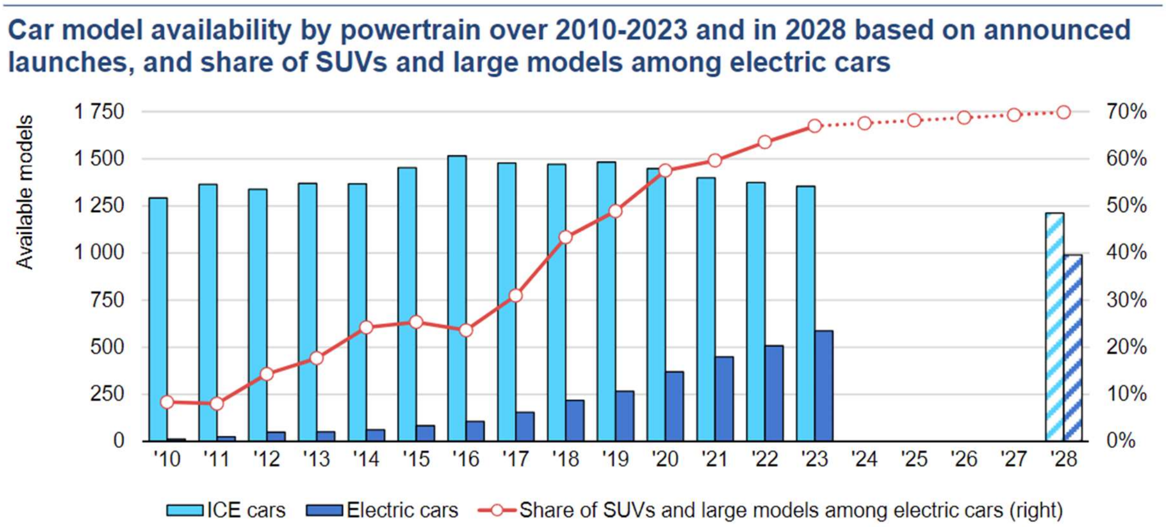
C. Audio-Visual Equipment

Renowned international companies such as Samsung, LG, SONY, Panasonic, and others have integrated AI artificial intelligence into immersive audiovisual technologies, showcasing seamless connected smart living solutions. These include (1) emerging audiovisual devices such as 8K, Mini/Micro LED, rollable screens, transparent displays, gaming innovations, spatial audio, TWS (True Wireless Stereo), and more. (2) 5G smart applications has led to the implementation of intelligent sensing audiovisual interactive systems, epidemic prevention technologies, and touchless technologies, enriching user experiences. According to estimates outlined in the Mordor Intelligence Market Research Reports, the market size of the professional audio-visual system market is expected to reach $278.57 billion by 2024 and is projected to reach $356.88 billion by 2029. It is anticipated that retailers will continue to promote large-sized televisions while brands actively introduce new models with large sizes, 4K, 8K, and smart connectivity. With improved cost-effectiveness, this is expected to stimulate consumers' willingness to upgrade their devices.

(2) Automotive Connectors

According to the latest release of the “Electric Vehicle Industry Report” by DIGITIMES Research, the global sales growth rate of electric vehicles in 2023 is 39%, with sales reaching 14.22 million units. Looking ahead to 2024, global electric vehicle sales are expected to exceed 18 million units, with an estimated global market sales growth rate of 28%.

With carbon reduction policies in place across countries, the International Energy Agency (IEA) anticipates that by 2035, half of the vehicles sold globally will be electric vehicles, accounting for more than one-fifth of sales compared to 2024. However, this forecast can only become a reality if the expansion of basic charging infrastructure continues. With increased investments in the electric vehicle supply chain by industry players, government policy support, and expected price reductions in electric vehicle and batteries, significant changes are anticipated in the electric vehicle industry in the future.



Source: IEA

According to a report by Deloitte, the stability of electric vehicle (EV) products has been increasing, and different countries are accelerating the establishment of basic charging infrastructure to enhance consumer acceptance. Countries are also imposing stricter regulations on fossil fuel-powered vehicles. For instance, Norway and the Netherlands plan to completely ban the sale of fossil fuel-powered vehicles by 2025, the UK aims to do so by 2040, Japan's Ministry of Economy, Trade, and Industry has set a goal for "complete electrification of new passenger vehicles by 2050," and California in the United States announced a ban on the sale of fossil fuel-powered vehicles starting in 2035. With commercial incentives and policy pressures, automotive manufacturers in Europe and Japan are accelerating the development of electric vehicles, expediting the transition towards electrification in the automotive industry.

In the case of China, to achieve energy conservation, carbon reduction goals, and promote industrial upgrading, "new energy vehicles" have been identified as a key direction for industrial policy development since the 12th Five-Year Plan period. The Chinese State Council was the first to publish the "Energy Saving and New Energy Vehicle Industry Development Plan (2012-2020)" in 2012, declaring the target of producing and selling 5 million pure electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) by 2020. In response, China has successively announced a series of policy measures to promote the development of electric vehicles and increase consumer purchasing willingness. The "Development Plan for the New Energy Vehicle Industry (2021-2035)" aims to promote the high-quality development of the new energy vehicle industry and accelerate the construction of China as an automotive power. The plan focuses on four main areas of work: (1) expanding the industry scale and share in market structure adjustments, (2) improving product performance and quality through integrated innovation, (3) reducing costs and increasing efficiency through open competition, and (4) expanding market applications through rural revitalization.

Compared to traditional vehicles, electric vehicles require a significantly higher number of automotive connectors, especially for high-current and high-voltage electric drive systems that demand greater reliability, compactness, and electrical performance. A single electric vehicle can use as many as 800 to 1,000 connectors. With the continuous and robust support from the Chinese government's policies, the sales volume of electric vehicles in

China is expected to continue growing, driving the sustained expansion of the market for related products such as electric vehicle wiring harnesses, charging plugs, and battery power harnesses. Furthermore, the accelerated construction of charging stations will significantly boost the demand for charging station connectors, contributing to strong market growth for automotive connectors in China as a whole.

4. Competitive Niche

The quality, yield rate, production efficiency, price, and complete product specifications of our terminals have become the key factors for major global electrical and electronic product manufacturers in choosing their terminal suppliers. Currently, our company possesses the following competitive advantages in marketing, product research and development, and production processes:

(1) Marketing:

In recent years, our company has made relentless efforts in promoting business marketing. In addition to solidifying our existing customer base, we have actively explored untapped markets in various provinces in mainland China by establishing marketing hubs. We conduct on-site visits to understand the needs of potential new customers and expand our customer base. Furthermore, we actively promote our company's products at domestic and international exhibitions to enhance the recognition of our proprietary brand, "GEM," on the international stage. Currently, our terminals have obtained certifications such as UL, CSA, and BSI, which contribute to the expansion of our performance. With a wide range of over 1,000 products, we can meet customers' needs through comprehensive product specifications. We also streamline our product lineup by phasing out outdated products and introducing trend-aligned replacements. Our strong research and development team enables us to continuously develop new products, ensuring a stable and continuous growth of our customer base.

(2) Product Development:

A. Continuously develop various types of wire harness products to explore new markets and create new niches.

B. In response to the specific requirements of automotive and wheel industry terminals and housings (IATF 16949), we actively introduce advanced European technology and combine it with our existing stamping and injection molding mold technology. This approach enables us to develop related product series and accelerate market expansion to pursue larger niches.

C. In collaboration with PSE, we are expanding the development of new products for the adoption of insulated flat plug terminals in certain electrical appliances. This initiative aims to capture the growing market demand for PSE products in Japan. Additionally, the company are developing highly automated production for ultimate material integrated rotary plug products in response to market trends. We have initiated production and sales plans in Taiwan (CNS) and mainland China (GB), which will facilitate the development and promotion of new insulated flat plug terminal products, creating greater niches for the company.

D. In response to the rapid increase in labor costs and labor shortages in China, aside from focusing on new product development but also develop automation equipment to improve individual productivity, increase production efficiency, and reduce labor requirements.

E. To meet the demand for replacing imported parts, we continuously develop high-end wire harness connector terminals in collaboration with equipment manufacturers to support product development by original equipment manufacturers (OEMs).

F. Transitioning towards the development of higher value-added products, seeking to capture opportunities for growth and profitability.

(3) Production Process:

The company possesses comprehensive expertise in product development, mold design and manufacturing, copper refining, stamping forming, injection molding, automatic lathe operations, multi-station linked machine operations, electroplating, and automated assembly. In terms of production processes, we recognize their significance in controlling production costs and product quality. Faced with increasing labor costs and competitive pressures, our company achieved a breakthrough in automation technology in 2012. Since 2013, we have fully embraced automated production, accelerating the reduction of labor requirements, enhancing individual productivity, ensuring product quality stability, and expanding production output. These efforts have strengthened our competitiveness in the market.

5. Unfavorable Factors for Development Prospects and Corresponding Strategies

(1) Favorable Factors

A. In terms of our own brand and its relevance, our company has been marketing our self-created brand "GEM" worldwide since its establishment, and it has been widely recognized by the market and customers. As terminal products are essential components for power cables and various electronic devices, their applications are extensive, and the market lifecycle is long. With the continuous growth in global electronic communication demand and steady demand for electrical plugs, our products are in demand and have a promising outlook.

B. In terms of expanding sales, our company has a robust business marketing network. Our products have excellent quality that meets international industry standards. They have obtained certifications from respected organizations such as UL (United States), CSA (Canada), and BSI (United Kingdom). Additionally, our newly developed British plug support products, manufactured using our self-smelting C2800 optimized environmentally friendly lead-free copper alloy, have been approved by customers and meet the requirements of TUV certification from TÜV Rheinland in Germany, complying with EU environmental regulations.

C. Our production flexibility is high. Besides maintaining long-term stable cooperative relationships with customers, we are dedicated to developing new products and technologies to meet the growing demands of our customers' performance, thereby maintaining long-term partnerships.

D. Our technological research and development have made significant advancements in recent years. We have achieved major breakthroughs in both new product development and production technology, gaining recognition for product quality from advanced nations. We hold multiple patents in multiple countries, establishing our leading position in the market.

E. As the largest professional manufacturer of electrical plug terminals in the country, our company possesses mature production technology and has introduced advanced technology and automated production equipment to enhance production efficiency and reduce production costs. In addition, to improve operational performance, we have implemented Enterprise Resource Planning (ERP) systems to effectively utilize and integrate company resources, reduce labor costs, and enhance management and decision-making effectiveness.

F. In response to downstream customer relocation, our company has established production bases in DongGuan and SuZhou in China, as well as in Vietnam, fully integrating our human resources.

G. Currently, China faces severe labor shortages and rising wages, which have greatly impacted labor-intensive manufacturers. However, our products emphasize high-speed and automated mass production, making them more favorable for domestic market promotion.

H. The first-phase factory of our subsidiary, GEM Company, in Vietnam, was completed and began operations in the first quarter of 2016. The second and third-phase factories have also been completed and put into operation. We expect to expand our market share in China and the ten ASEAN countries, enhance our operational scale, implement an international division of labor strategy, reduce production costs, enhance product market competitiveness, and satisfy customer demands through nearby supply.

(2) Disadvantage Factors

A. In recent years, due to the volatile fluctuations in international raw material prices (such as copper and plastic) and the pressures of market competition, the control of costs and the timely transfer of selling prices are crucial. Failure to respond promptly and accurately may result in a decline in gross profit margins and inventory losses due to price depreciation.

Corresponding Strategies:

(A) Integrate the main production processes of our subsidiaries in DongGuan and SuZhou, focusing on local material procurement as the primary source, in order to reduce production costs.

(B) Strengthen the management of material costs by integrating procurement and sales information, adjusting sales strategies, and expanding economic production capacity. This will effectively reduce production costs, enhance competitiveness, increase revenue, and maximize company profits.

(C) Improve the effective control of inventory levels and sensitivity to changes in international economic conditions, particularly in copper material prices, in order to reduce copper procurement costs and gain a competitive advantage.

(D) Implement management transformation to effectively improve yield and utilization rates.

B. Due to the impact of the global economic environment, international copper raw material prices are subject to significant fluctuations influenced by currency supply policies of various countries, making procurement costs difficult to control.

Corresponding Strategies:

By understanding and analyzing the global economic situation and competitive environment, we aim to enhance risk management capabilities and strengthen the rapid integration of resources across countries. This will improve management performance and enable us to innovate, adapt quickly, and find ways to lower production costs even in challenging times. Our ultimate goal is to achieve sustainable business operations, consistent growth, and profitability.

C. In recent years, there has been a severe labor shortage and high employee turnover rate in coastal areas in China. The basic wages have been continuously rising, leading to a constant increase in labor costs, which has affected the company's profitability.

Corresponding Strategies:

A) Continue to adopt comprehensive automation equipment in production to reduce reliance on manpower, enhance the capacity and utilization rate of automation equipment, and lower unit labor costs to generate profit.

B) Establish manufacturing facilities in Vietnam to expand our presence in the ASEAN market consisting of ten countries plus one, thus reducing the reliance on Chinese employees.

C) Develop products that can streamline processes or improve production efficiency to replace existing products, aiming to reduce the demand for manpower.

(2) Important Use and Manufacturing Processes of Main Products

1. Terminal products are classified into three main categories based on their applications: electronic communication terminals, electrical plug terminals, and automotive wheel industry terminals.

A. Electronic communication terminals: These are used in various electronic communication products, such as telephone communication terminals, wiring terminals, etc.

B. Electrical plug terminals: These terminals are supplied for AC power plugs and sockets used in various electrical products worldwide, such as computers, household appliances, etc.

C. Automotive wheel industry terminals: These terminals are supplied for DC power connections in vehicles worldwide, including connectors for automobiles and motorcycles, spark plugs (with platinum contacts), and various connecting terminals for instruments.

2. Manufacturing Processes of Main Products

A. Terminals:

Copper plate	Copper strip	Copper strip	Copper strip	Copper strip	Copper plate	Melting
Bar Cutting	Automatic Lathe	Stamping	Stamping	Stamping	Stamping	Extrusion
Deburring	Electroplating surface treatment	Drilling	Multi-station maching	Electroplating surface treatment	Swaging	Wire drawing
Stamping	Plastic injection molding	Electroplating surface treatment	Electroplating surface treatment	Assembly	Electroplating surface treatment	Annealing
Electroplating	Assembly	Plastic injection molding	Plastic injection molding	Packaging	Plastic injection molding	Stretching and coating
Packaging	Packaging	Packaging	Assembly	Finished product	Assembly	Raw materials and finished products
Finished product	Finished product	Finished product	Packaging		Packaging	
			Finished product		Finished product	

(3) Quality of Supplied Main Raw Materials

The main raw materials for terminals in our company and its subsidiaries are brass sheets, copper strips, and engineering plastics, all of which are internationally traded commodities with stable supply. To ensure smooth production and mitigate procurement risks, our company and its subsidiaries purchase copper raw materials from different suppliers.

(4) The name of the suppliers (clients) and the amount and Information on the company's main suppliers for the past two years:

Unit: NT$ thousands

	2022				2023				As to 2024 First quarter			
Item	Name	Amount	As % of total net procurement	Relation to the Company	Name	Amount	As % of total net procurement	Relation to the Company	Name	Amount	As to 2023 First quarter % of total net procurement	Relation to the Company
1.	Supplier A	509,882	34.75	-	Supplier A	697,821	35.46	-	Supplier A	164,407	42.72	-
2.	Supplier E	358,684	24.44	-	Supplier E	446,872	22.71	-	Supplier E	63,907	16.61	-
3.	Supplier C	270,094	18.41	-	Supplier C	429,917	21.85	-	Supplier C	61,827	16.07	-
4.	Other	328,713	22.40	-	Other	393,178	19.98	-	Other	94,716	24.6	-
5.												-
	Total net procurement	1,467,373	100.00		Total net procurement	1,967,788	100.00		Total net procurement	384,857	100.00	

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Explanation: 1. The net purchases from Supplier A, Supplier E, and Supplier C increased in the year 2023 compared to 2022. This is primarily due to a decrease in the purchase volume of raw materials from other suppliers, caused by quality issues. As a result, orders were placed with Supplier A, Supplier E, and Supplier C, and the purchase amounts were adjusted due to the increase in raw material prices.

2. The net purchase from Supplier A increased in the 2024 first quarter compared to 2023. This is primarily due to the increase in demand. The net purchase from Supplier C decreased in the 2024 first quarter compared to 2023. This is primarily due to the decrease in demand.

2. Customers that accounted for at least 10% of annual consolidated net revenue in recent two years

Information on the company’s main clients for the past two years:

Unit: NT$ thousands

	2022				2023				As to 2024 First quarter			
Item	Name	Amount	As % of total net Revenue	Relation to the Company	Name	Amount	As % of total net revenue	Relation to the Company	Name	Amount	As to 2023 First quarter % of total net revenue	Relation to the Company
1.	Customer A	284,721	9.88	-	Customer A	238,935	9.22	-	Customer A	54,489	8.89	-
2.	Other	2,597,249	90.12	-	Other	2,351,546	90.78	-	Other	558,561	91.11	-
	Total net revenue	2,881,970	100.00		Total net revenue	2,590,481	100		Total net revenue	613,050	100	

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

The sales amount to Customer A for the current period and its proportion to the annual net sales amount show no significant difference.

(5) Table of the production volume in recent two years

Unit： Thousand PCS/NT$ thousands

Year / Major products	2022			2023		
	Capacity	Production	Value	Capacity	Production	Value
Connectors (Note 1)	12,018,034	3,849,412	2,199,373	14,899,024	3,770,574	2,796,149
Other(Note 2)	0	4	3,673	0	3	3,771
Total	12,018,034	3,849,416	2,203,046	14,899,024	3,770,577	2,799,920

Note 1: Connectors include household electrical terminals, environmentally-friendly lead-free copper alloy products, automotive connectors, electrical terminals, high-precision electronic connectors, wire harness products, and other connectors.

Note 2: Others include ceramic bushings and mold components, which are not included in the production quantity calculation due to their high product variability.

(6)Table of the volume of units sold in recent two years

Unit： Thousand PCS/NT$ thousands

Sale / Volume / Major products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Household Electrical Terminals	120,722	117,078	2,668,446	2,211,775	97,293	80,054	2,640,356	2,113,733
Environmentally-friendly Lead-free Copper Alloy Products	1,792	10,484	31,265	175,848	1,215	6,917	31,597	169,120
Automotive Connectors	127,449	44,855	476,779	164,792	91,645	31,816	431,638	137,174
Electrical Terminals	1,955	2,431	34,086	33,300	587	749	28,765	25,461
High-precision Electronic Connectors	5,394	680	110,219	10,652	3,979	501	102,728	7,420
Multi-gauge Strip Products (Unit: tons / NT$ thousand)	1	185	61	1,209	1	22	117	7,779
Other	8,964	37,783	91,790	70,897	106	7,109	605	2,627
Total	266,277	213,496	3,412,646	2,668,473	194,826	127,168	3,235,806	2,463,314

Note: Others include ceramic bushings and mold components, which are not included in the production quantity calculation due to their high product variability.

III. Employees: the number of the employees, average length of service, average age and educational background distribution ratio in the last two years and as of the date of publication of the annual report

Unit: people

Year		2022	2023	As of March 31, 2024.
Number of employees	Staff	441	490	418
	Operator	662	787	695
	Total	1103	1277	1113
Average age		36.0	35.9	36.4
Average years of service (year)		6.7	5.9	6.6
Distribution of Educational Background (%)	Ph.D.	0.0%	0.0%	0.0%
	Master	0.5%	0.4%	0.4%
	College	13.4%	11.3%	12.9%
	High School	28.3%	31.1%	28.8%
	Below High School	57.8%	55.5%	57.9%

IV. Information of Expenditure for Environmental Protection

(1) In the latest fiscal year and up to the date of printing this annual report, losses incurred due to environmental pollution (including compensation and findings of violations of environmental protection regulations) should be disclosed. The disclosure should include the date of disciplinary action, reference number of the disciplinary action, specific provisions violated, nature of the violations, and details of the disciplinary measures imposed. Additionally, the estimated amounts and mitigation measures for current and potential future incidents should be disclosed. If it is not possible to provide a reasonable estimate, the fact of such inability should be explained:

1. (1) The production processes of the company involve electroplating, and due to our strong commitment to environmental protection, we have incorporated wastewater treatment and air pollution control facilities into our plant design. The company have also complied with relevant regulations by hiring qualified wastewater treatment personnel and acquiring inspection equipment. In 2015, we invested in wastewater treatment and production line upgrades to reduce environmental pollution and minimize our impact on the environment. We have implemented testing for material savings in production lines and have achieved wastewater treatment that allows for recycling, thereby reducing wastewater discharge. The company obtained various environmental permits in the fiscal year 2016.

   (2) Through internal education, training, and auditing operations, the company conducts self-testing and inspections within the factory premises to ensure compliance with emission standards as required by regulations.

   (3) For the disposal of waste, we engage professional and qualified waste management companies to comply with the Waste Disposal Act.

   (4) In line with the global green and environmental protection trends, as well as our commitment to corporate social responsibility and sustainable operations, our group adheres to the environmental concept of "complying with laws and regulations and preventing environmental pollution." We have collectively pursued the implementation of the ISO 14001 environmental management system since 2012 and obtained certification in 2013. The ISO 14001 series of standards were developed by the International Organization for Standardization (ISO) in response to the increasing severity of global environmental pollution and ecological damage, including ozone layer depletion, global climate change, and the loss of biodiversity. These standards were created to meet the needs of international economic and trade development while addressing environmental protection.

   (5) As responsible global citizens committed to green and environmental practices, the company have implemented the IECQ QC080000 quality activities driven by our management team. We produce green products without hazardous substances and have established a product quality assurance system that complies with international standards and customer requirements. Through these measures, we aim to protect the Earth's environment and achieve outstanding product quality. We started implementing these activities in 2012 and obtained certification in 2013.

   (6) The governments of China and Vietnam have been actively promoting environmental governance in recent years. Our subsidiary companies, GEM in Taiwan, GEM Dongguan, GEM Suzhou, and GEM Vietnam, have undergone wastewater treatment process improvements and now meet the emission standards.

   (7) China continues to conduct rigorous environmental inspections, and non-compliant companies will be forced to shut down. GEM has consistently met the emission standards and has further implemented zero wastewater discharge facilities to comply with the strictest emission standards.

   (8) Starting from 2016, the company have taken further steps to reduce waste through the comprehensive reform of the electroplating production lines across our group. This reform was completed in 2019, effectively reducing industrial wastewater generation.

   (9) During the latest fiscal year and up to the date of printing this annual report, the company has not incurred any losses due to environmental pollution, including compensation, findings of violations of environmental protection regulations, or any associated disciplinary actions: N/A.

2. Corresponding Strategies

   (1) Continue to strengthen the in-house testing and inspection operations to ensure that wastewater emissions comply with regulatory standards and minimize the occurrence of any abnormal incidents.

   (2) Enhance the daily waste recycling efforts and improve waste sorting practices to maximize the reuse of valuable resources and reduce waste volume.

   (3) Implement stricter controls and centralized management for the disposal of waste oil, oil-soaked rags, fluorescent lamps, and toner cartridges, entrusting the collection and recycling tasks to nationally certified recycling companies.

   (4) In the Suzhou plant, the company have made continuous investments in zero wastewater

discharge facilities for industrial wastewater treatment, aiming to recover and reuse as much wastewater as possible. All installations have been completed and are currently operational.

3. Future Potential Expenditures

The company's projected annual environmental expenditures for the next two years are estimated to be approximately NT$20 million per year. These expenditures will mainly be allocated towards: (1) Certification expenses for environmental management system ISO 14001 and quality management system QC080000. (2) Engaging professional and legally compliant waste management companies to handle various types of waste generated during the production process, including sludge, high-concentration wastewater, and investing in improvements to wastewater treatment equipment and wastewater recycling facilities. (3) Implementing centralized treatment and recycling of domestic wastewater, starting from collection and processing in sewage reaction tanks, followed by further treatment in wastewater treatment facilities. (4) Recycling of waste oil, oil-soaked rags, fluorescent lamps, and toner cartridges by nationally certified and qualified recycling companies. (5) Continuously increasing the capacity of wastewater treatment facilities to comply with the zero wastewater discharge requirements mandated by environmental regulations in China, and successfully reused a significant amount of wastewater acquired from the electroplating process upon treatment in these facilities.

5. Labor-Employer Relation

(1) State employee welfare measures, advanced study, training, retirement system, implementation of retirement system, agreements between the employer and the employees, and measures for protection of employees' rights and interests:

1. Welfare measures of the employees:

(1) The company has established an Employee Welfare Committee responsible for the monthly allocation of employee welfare funds in accordance with the Employee Welfare Fund Act. The committee oversees the planning and management of employee welfare programs, which include:

A. Birthday bonuses and occasional distribution of gifts or vouchers

B. Employee scholarships for children's education

C. Regular organization of health check-ups

D. Annual domestic travel opportunities (1-2 times per year) and occasional subsidies for overseas travel (temporarily suspended due to the pandemic, replaced with gift vouchers or items)

E. Marriage subsidies

F. Funeral subsidies

G. Maternity subsidies

H. Hospitalization subsidies

I. Medical allowances

J. Weekly healthcare services by Specialist in Occupational Medicine and quarterly on-site health services

(2) Beside the welfare provided by the Employee Welfare Committee, the company has established regulations for the distribution of year-end bonuses and employee stock options and dividends to enhance employee benefits. Furthermore, all employees are covered by group life insurance, accident insurance, medical insurance, and commercial insurance for overseas business or travelling trips. Additional subsidies are also provided for marriage, funeral, and celebratory events.

(3) The company has an Arts and Culture Center that provides employees with space for rest and recreational activities, promoting physical and mental well-being. Additionally, subsidiary companies, GEM Dongguan, GEM Suzhou, and GEM Vietnam, have employee facilities such as cafeterias, recreational lounges, basketball courts, and welfare shops, ensuring the provision of essential amenities for a better quality of life.

2. Continuing Education and Training

Our company places great importance on talent development as it is our most valuable asset. We are committed to providing comprehensive education and training within the respective professional fields, aiming to cultivate a workforce with diverse skills and abilities. Since our establishment, we have embraced the concept of lifelong learning and career development for our employees. We actively participate in job fairs organized by schools and government institutions, actively recruit talented individuals, and strive to enhance the quality of our workforce. By doing so, we aim to cultivate a strong and competent management and technical team, ultimately creating an optimal business environment for our company.

(1) The company have established the "GEM Group Human Resources Education and Training Management Regulations" to govern our education and training programs.

(2) The company have implemented the "Employee Overseas Training Management Regulations" which allow employees to participate in periodic overseas training programs.

(3) The company offers a diverse range of pre-employment and on-the-job training courses, along with a comprehensive training system that allows employees to expand their career

competencies and enhance work efficiency.

(4) The company engage professional instructors to provide guidance and conduct on-the-job training, enabling each employee to surpass their potential and acquire relevant professional knowledge, technical skills, and managerial analytical capabilities.

(5) In the fiscal year 2023, the company and its subsidiaries participated in internal and external education and training programs related to corporate social responsibility, integrity in business operations, and operational risk overview. The courses covered various topics, including corporate social responsibility, compliance with laws and regulations, operational risk overview (including strategic risk, operational risk, financial risk, compliance risk, information security risk, and climate risk), accounting systems, internal controls, and more. The performance statistics are presented in the table below:

Company	In-house training programs	In-house training		External training		Total training expenses
		Man-hours	Number graduated	Man-hours	Number graduated	
The company	54	1204 hours	414 people	1329.5 people	48 people	NT$249,520
GEM Dongguan	122	2527 hours	1373 people	94 people	47 people	RMB0
GEM Suzhou	152	17935 hours	572 people	272 people	37 people	RMB12,350
GEM Vietnam	66	486 hours	421 people	36 hours	58 people	187,984,000 Vietnamese dong

(6) The following are the names, number of participants, and duration of the in-house training courses (including training for new employees):

Serial No.	Course Name	Number of Participants	Duration
1	Mold assembly / mold trial / modification	1	4800
2	Management and managerial cognition of environmental management substance	49	2574
3	Grinding tools assembly / mold trial / modification	6	2560
4	Idle machine operation	7	1680
5	Operation and basic maintenance adjustments of MIKRON machinery	2	616
6	Operation and basic maintenance adjustments of lathe machine	1	480
7	Instruction on daily tasks and explanation of job descriptions	2	400
8	Greenhouse gases inventory counseling	27	387.5
9	Safety education for all employees	223	375
10	Mechanical drawing and drafting	8	360
11	Drawing, drafting and tolerance fit	7	280
12	Environmental safety management: Managerial cognition and management of substances	2	241
13	STUDER-21 operation	3	240
14	Understanding measuring tools	6	240
15	Use of measuring tools	5	224
16	Mechanical knowledge	7	168
17	Electrical safety knowledge	91	166
18	Emergency response plan	89	163
19	Metal heat treatment and spark testing	5	160
20	Mechanical knowledge and tolerance fit	8	154
21	Machine operation and occupational safety education promotion	3	136
22	Product identification and evaluation	11	120
23	QC080000 hazardous substance control	53	106
24	Confined space operations	64	106
25	Explanation of ISO14001-related procedure instructions	55	103
26	Toyota’s JIT System	26	102
27	Industrial safety education	21	98

28	3D software operation	5	90
29	TS2 related information	45	90
30	Product inspection and key points	45	90
31	Job instructions	10	90
32	Guidelines for selecting tolerance standards	17	90
33	Hazardous waste education and training	52	89
34	HSF environmental management substances	44	88
35	Clean production	43	86
36	Relevant job instructions	42	84
37	Automatic lathe operations	1	80
38	Product identification and requirements	6	67
39	Comprehensive testings	6	67
40	About QC080000 hazardous substance control platform	33	66

External training：

Serial No.	Course Name	Number of Participants	Duration
1	Occupational safety and health management personnel	1	115
2	Latest hazardous substances (HS) regulatory learning	47	94
3	IATF16949 external training course	22	48
4	Re-evaluation training for safety managers	5	40
5	Fixed cranes with a capacity of more than three tons	1	38.5
6	Safety managers	4	32
7	Continuous education course for issuers, securities firms, and securities exchange accounting supervisors	2	24
8	Re-evaluation for the safety manager qualification certificates	6	24
9	Pre-service training for internal audit personnel in enterprises	1	18
10	Oxygen-defecient operation supervisors	1	18
11	Re-evaluation for the forklift qualification certificates	2	16
12	Initial training for hazardous chemical storage personnel	2	16
13	Re-evaluation for the low-voltage electrician qualification certificates	2	16
14	Re-evaluation for the high-voltage electrician qualification certificates	2	16
15	Re-evaluation for the welder qualification certificates	2	16
16	Greenhouse gases inventory counseling	1	15.5
17	Seminar on carbon reduction campaign	3	12
18	GEM Vietnam-Chemical safety qualification certificates and chemical leakage prevention training	14	10
19	Forklift training	1	8
20	Production and operations unit team leaders	1	8
21	Re-evaluation training for production and operations unit team leaders	1	8
22	Re-evaluation training for hazardous chemical (material feeders)	1	8
23	Hazardous chemical (storage personnel)	1	8
24	Re-evaluation training for hazardous chemical (storage personnel)	1	8
25	Hazardous chemical (material handlers)	1	8
26	Re-evaluation training for hazardous chemical (material handlers)	1	8
27	Re-evaluation training for the main person in charge of safety qualification certificates	1	8
28	Initial training for low-voltage eletricians	1	8
29	Re-evaluation training for the elevator safety management	1	8
30	Re-evaluation for the tour bus qualification certificates	1	8

3. In order to enhance employees' professional skills in environmental protection, public health, and occupational safety, the company also continuously assigns personnel to receive relevant educational training courses. Control and implementation are practiced in daily operations. The details of the relevant courses are as follows:

(1) In view of the importance of the working environment and employee personal safety protection measures, the company has initiated significant environmental considerations/control of hazardous substances/risk control of occupational health and safety based on the IATF 16949/ISO 14001/QC080000 management system. Through supplier evaluation management, suppliers are confirmed to be qualified for "Environmental Quality Assurance System Inspection and Audit" after ensuring that the raw materials provided meet the restrictions on hazardous substances in RoHS. After each batch of raw materials is delivered, they are tested for toxic substances using ICP and GC/MS bromide detectors. Production can only proceed if it meets the standards. At the same time, the company utilizes proposal improvement goals and project improvement management to prioritize improvements. Lower-risk areas are controlled using operational process management methods. Through effective operational improvements, significant results and control have been achieved. The company summarizes them as follows:

No.	Objective/Target	Plan	Current Status Explanation	Execution Status
1	Punching machine operators are required to wear earplugs, which fully complies with the operating regulations.	Safety improvement plan for punching machine operations.	Due to the noise generated by the machine, it affects the operators' concentration during their work.	Every month, earplugs are regularly purchased and distributed to the punching machine department, accompanied by enhanced education, training, and promotion efforts.
2	Effectively prevent the spillage of general and hazardous sludge (electroplating pollution) onto the road surface.	Improvement plan for the storage of general and hazardous sludge.	The current recycling area lacks protective barriers, which can result in sludge spilling onto the ground and polluting the environment, especially after heavy rainfall.	Install gate barriers and produce hanging signs.
3	Utilize high-capacity material handling machines to reduce raw material waste.	Improve the on-time delivery rate of AC work orders to 99%.	The existing general material handling machines can only handle a weight of approximately 230 kg, requiring frequent material changes and resulting in significant material loss.	Implement five sets of high-capacity material handling machines for production. Achieve an average on-time delivery rate of over 99% for work orders.
4	Utilize high-capacity material fusion machines to reduce raw material waste.	Improve the on-time delivery rate of AC work orders to 99%.	The existing general material handling machines can only handle a weight of approximately 230 kg, making them unable to perform fusion, resulting in frequent material changes and significant material loss.	Implement three sets of high-capacity material fusion machines for production. Achieve an average on-time delivery rate of over 99% for work orders.
5	Thin sheet material fusion machine.	Improve the on-time delivery rate of DC work orders to 99%.	After each production roll of thin sheet material, the tail end of the material needs to be removed, requiring frequent material changes and resulting in significant material loss.	Implement three sets of DC thin sheet material fusion machines for production. Achieve an average on-time delivery rate of over 99% for work orders.
6	Recycling and reusing of paper tapes.	Reduce paper tape waste.	In the current electroplating process, paper tapes are wasted during the material handling process.	Both the electroplating process and high-capacity punching process have incorporated paper tape recycling features to reduce procurement volume.
7	Centralized treatment of domestic wastewater for recycling.	Reduce pollution from domestic wastewater discharge.	Currently, domestic wastewater is not centrally treated.	By adding additional equipment, the domestic wastewater will be collected and centralized to the domestic wastewater reactor for treatment before being directed to the wastewater treatment area.
8	Electroplating operators are required to wear rubber gloves and goggles, complying with the safety operating regulations.	Electroplating operation safety plan.	The electroplating chemicals have relatively mild corrosive properties.	The existing electroplating operators must wear plastic gloves and goggles when handling the chemicals to ensure operational safety and compliance with the safety operating regulations.

No.	Objective/Target	Plan	Current Status Explanation	Execution Status
9	Reduce the temperature in the edge trimming workspace.	Edge trimming workspace temperature reduction plan.	During the summer, the indoor temperature in the edge trimming workspace reaches up to 34℃.	Purchase three large exhaust fans and keep them running during the summer to lower the temperature and reduce discomfort for the personnel.
10	Install exhaust fans in confined space water tanks.	Improvement plan for ventilation in confined spaces.	Only large electric fans are used for ventilation.	Purchase explosion-proof ventilation equipment. When cleaning the water tanks, the equipment must be properly installed and continuously operated for half an hour to ensure proper ventilation and normal oxygen levels before starting the work.
11	Effectively improve the surrounding noise caused by simultaneous operation of punching machine equipment.	Improvement plan for excessive noise from punching machine facilities.	When multiple punching machine equipment operates simultaneously, the individual noise level in that area can reach 90 db, and the surrounding noise can reach 80 db.	Plan and implement soundproofing measures for the punching machine area.
12	Displaying "No Smoking or Open Flame Operations" sign, fully compliant with fire safety regulations.	Safety improvement plan for oil storage operations.	During the extraction of lubricating oils, it is crucial to prevent drips or leaks on the ground, as it poses a fire hazard.	Display "No Smoking or Open Flame Operations" sign.
13	Punching machine operators wearing safety shoes, fully compliant with operating regulations.	Safety improvement plan for punching machine operations.	Safety considerations during the handling of copper materials in the punching machine department.	Purchase safety shoes and enforce their mandatory use by each person in the punching machine department, accompanied by enhanced education, training, and promotion efforts.
14	Reduce the temperature in the punching machine workspace.	Improvement plan for temperature in the punching machine workspace.	During the summer, the indoor temperature in the punching machine workspace reaches up to 34℃.	Purchase eight large water-cooled air conditioners. When the temperature exceeds 30℃ in the summer, activate the air conditioners to lower the temperature and reduce discomfort for the personnel.
15	Reduce the temperature in the punching machine workspace.	Improvement plan for temperature in the punching machine workspace.	After the punch cooling machine dissipates heat, the temperature will increase to 34°C.	The punch press cooling machine will be modified into a water-cooling system, with the heat source directed to the outdoors, reducing indoor temperatures and minimizing discomfort caused by heat for personnel.
16	Reduce the quantity of paper wheels used.	Paper wheel reduction plan.	Use new paper wheels for packaging of Class 98 and 99 terminal products.	Collect a large number of used paper wheels from clients, recondition them, and reuse them to reduce packaging material costs and promote energy-saving and carbon reduction.
17	Cease the direct use of electric heating tubes to heat the electroplating solution in the plating tanks.	Plan to discontinue the use of electric heating tubes.	The electroplating process requires hot water to heat the solution in the various tanks.	Switch to a centralized hot water heating system, supported by heat pumps, to heat the solution in the tanks using hot water coils. This will reduce the high energy consumption of electric heating tubes and achieve energy-saving and carbon reduction objectives.
18	Ensure the water level in each electroplating solution tank.	Water level control plan.	The water level in each electroplating solution tank needs to be controlled to prevent low water levels.	Switch to using electric heating tubes to heat the solution in the tanks and incorporate level switches to control the water level. When the water level falls below the set value, the power will be cut off through the level switch to ensure the safety of the equipment and personnel.
19	Utilization of energy-efficient lighting fixtures.	Replace the 20W fluorescent lights in the office with energy-efficient lamps.	The previous 20W fluorescent lights in the office consumed a lot of energy and had a short lifespan, which did not align with the trend of environmental protection and energy conservation.	All the fluorescent lights in the office building from the 1st to 4th floor and the administrative department have been replaced with energy-efficient lamps.
20	Set the air conditioning temperature to be above 28℃.	Install temperature labels on all company air conditioning units.	Previously, there was no specific regulation on the air conditioning temperature, resulting in excessively low set temperatures of around 25℃, which led to increased energy consumption.	Temperature labels have been installed on all air conditioning units throughout the company, with a temperature setting of above 28℃.
21	Reduce energy consumption of the air conditioning system in the mold department.	Relocate the 7 oil cooling machines from the mold department to the outside.	Previously, the 7 oil cooling machines were placed indoors in the air-conditioned area, generating heat and increasing the frequency of air conditioning system usage.	The 7 oil cooling machines have been moved outside to reduce heat generation and improve the efficiency of the air conditioning system.

No.	Objective/Target	Plan	Current Status Explanation	Execution Status
22	Reduce reverse washing time of the office fountain, minimizing water and electricity waste.	Shorten the reverse washing cycle of the office fountain.	Currently, the fountain is reverse washed for 10 minutes every Monday, Wednesday, and Friday, resulting in water and electricity waste.	The reverse washing time has been reduced to 8 minutes every Monday, Wednesday, and Friday, saving water and electricity resources.
23	Utilization of energy-efficient lighting fixtures.	Replace the 500W mercury lamps in the warehouse.	The current 500W mercury lamps in the warehouse consume a significant amount of energy and have a short lifespan, which does not align with the trend of environmental protection and energy conservation.	The 1st and 2nd floors of warehouse have been replaced the mercury lamps with LED lights.
24	Utilization of automatic dosing system for electroplating line.	Reduce the amount of chemicals used in the electroplating line.	Previously, the chemicals were manually added at regular intervals, making it difficult to control the dosage accurately.	An automated dosing system with a preset quantity and timing has been implemented, resulting in savings and reduced waste.
25	Utilization of sludge dewatering machine.	Reduce the moisture content of sludge.	The previous outdated dewatering machine had poor performance and high moisture content in the sludge.	A new pressure dewatering machine has been installed, effectively reducing the weight of the sludge and promoting environmental sustainability.
26	Utilization of nickel recycling water circulation system treatment equipment.	Reduce the amount of chemicals used in wastewater treatment.	Previously, chemicals were used for treatment with unsatisfactory results and wastage.	The nickel recycling water circulation system treatment equipment is now employed, effectively treating wastewater containing nickel and meeting the national discharge standard of <0.1. Subsequently, the treated wastewater is reintroduced into the electroplating process for reuse.
27	Heavy metal pretreatment system.	Reduce the amount of chemicals used in wastewater treatment.	Previously, chemicals were used for treatment with unsatisfactory results and wastage.	A heavy metal pretreatment system has been implemented, effectively treating wastewater containing copper/zinc and meeting the national discharge standards: copper < 0.3. Zinc < 1.0.
28	Photocatalytic pretreatment system.	Reduce the amount of chemicals used in wastewater treatment.	Previously, chemicals were used for treatment with unsatisfactory results and wastage.	A photocatalytic pretreatment system is now employed, effectively treating wastewater COD (Chemical Oxygen Demand) and meeting the national discharge standards.
29	Continuous Terminal 2F-9 Tin Mist Plating Line (Trial Production in Progress)	1. Reduce the amount of wastewater for treatment. 2. Save manpower.	Day and night shifts require 8 personnel each. Water consumption for day and night shifts is 30 tons/day (including post-treatment).	If only the day shift operates, 5 personnel are needed. Day shift water consumption is 3-4 tons/12 hours.
30	2F-1~3 Barrel Plating Line, 2F-4~8 Continuous Plating Line (Normal Operation)	Reduce the amount of wastewater for treatment.	Chemical grinding and post-activation stages have separate fresh water supply and overflow.	Modify the process by using rinse water for chemical research and post-activation stages, and collect nickel post-rinse water for these two stages.
31	Save on barrel plating line discharge cooling platform and cooling time.	Reduce cooling time.	The cooling time for the wooden cooling platform can be as long as 20-30 minutes.	Improve the inclined panel by adding perforations and installing exhaust fans at the bottom to remove heat from the product, reducing cooling time to 5-10 minutes.
32	Sludge secondary dewatering machine (currently in use).	Reduce sludge moisture content and weight.	Previously, only primary dewatering was conducted.	After the first dewatering, utilize compressed air injection into the filter plate for secondary pressing, resulting in a decrease in wastewater content by approximately 60-80kg.
33	Sludge dryer (currently in use).	Reduce sludge moisture content and weight.	Previously, there was no drying process after dewatering.	By removing 40-50% of the moisture content, significant reduction can be achieved.

No.	Objective/Target	Plan	Current Status Explanation	Execution Status
34	Cleaning workshop + 2F-9 centralized heating with hot water (already installed and in use).	Save on electricity costs.	Traditional heating method using electric heating rods requires frequent replacement and maintenance, posing a risk of scorching the tank.	Centralize heating to a stainless steel insulated water tank and circulate heat through coils, ensuring high safety and energy efficiency.
35	Complete collection of exhaust gas from the plating workshop to the scrubber.	The workshop exhaust gas is collected using a tunnel-type centralized extraction method, completely directing it to the scrubber for acid-alkali neutralization before discharge.	Previously, only partial extraction was done above the plating equipment, yielding limited results.	With an effective exhaust gas collection system, the gas is fully collected and subjected to acid-alkali neutralization before discharge.
36	Installation of distillation equipment in the wastewater area to reduce wastewater discharge.	By using heat pump heating, vacuum extraction, and increasing the boiling point of water, distillation is carried out to recycle distilled water to the workshop and reduce the amount of heavy metal sludge after the filter press.	Previously, wastewater was directly discharged, resulting in a large volume of sludge.	By using heat pump heating, vacuum extraction, and increasing the boiling point of water, distillation is carried out to recycle distilled water to the workshop and reduce the amount of heavy metal sludge after the filter press.
37	Updating the 2F-7 copper plating equipment to achieve water and energy savings, as well as increased production.	By replacing the old 2F-3 copper plating line with a more water-efficient, energy-saving, and productive system, wastewater discharge can be reduced, and production efficiency and safety can be improved.	The old 2F-3 line had a slow production speed and used hazardous electric heating tubes.	By adopting a more water-efficient, energy-saving, and productive system, wastewater discharge can be reduced, and production efficiency and safety can be improved.
38	Planning the use of heat pumps for heating hot water and acquiring a cold source for air conditioning in the electroplating workshop to directly lower the room temperature. In order to enhance the working comfort of personnel.	By utilizing the heat exchange characteristics of heat pumps, the heat source is used to heat the hot water and raise the working temperature of the electroplating bath solution. The cold source is used for air conditioning, directly lowering the room temperature in the electroplating workshop. In order to enhance the working comfort of personnel.	Previously, it was not installed.	Currently, one set has been installed and is in use. By utilizing the heat exchange characteristics of heat pumps, the heat source is used to heat the hot water and raise the working temperature of the electroplating bath solution. The cold source is used for air conditioning, directly lowering the room temperature in the electroplating workshop. In order to enhance the working comfort of personnel.
39	In response to the environmental protection trend, we have developed environmentally-friendly micro lead-free copper products.	The lead content in the original products has been reduced from within 40,000 PPM to within 1,000 PPM.	Obtained TUV, BSI, and VDE safety certifications.	Currently actively seeking customer approval for promotion, aiming to contribute to environmental protection and fulfill our responsibility to the planet.

(2) Signed a management service contract with a professional vendor to handle factory safety and health services, including the planning and establishment of a labor safety and health organization and system. Conducted employee safety and health education and training, including general education on hazardous and harmful substances. Regularly conducted measurements of environmental safety.

4. Retirement system and its implementation

The company has established an employee retirement policy in accordance with the Labor Standards Act, which covers all regular employees. The provisions regarding employee retirement benefits are explained as follows:

(1) Our company originally established an employee retirement policy in accordance with the "Labor Standards Act." The payment of employee retirement benefits is calculated based on the length of service (base) and the average salary for the six months preceding the approved retirement date. According to the regulations, our company sets aside 4% of the total employee salaries each month as a provision for employee retirement, which is deposited into a designated account at the Taiwan Bank under the name of the Labor Retirement Reserve Supervisory Committee. In the 2023 fiscal year, a total of NT$ 1,716 thousand was allocated (including an additional provision of NT$ 0 thousand).

(2)The retirement pension system applies the "Labor Retirement Pension Act," where starting from July 1, 2005, 6% of the employee's monthly salary is deducted and deposited into an individual retirement account managed by the Labor Insurance Bureau. In the 2023 fiscal year, the recognized retirement pension cost was NT$3,382 thousand.

(3) In addition, our company established the "Retirement Fund Management Committee" in November 2005, responsible for reviewing, supervising, and auditing the allocation, custody, utilization, and distribution of retirement pensions for managerial-level employees and above. In the 2023 fiscal year, no amount was allocated to the retirement account under the "Retirement Fund Management Committee."

5. The situation of agreements between labor and management

Our company has an proposal system in place, which includes incentive guidelines for effective proposals. Each employee has an email inbox, and there is a suggestion box located at the security office. We also regularly hold labor-management coordination meetings and the Employee Welfare Committee. In addition to direct communication with management, employees can provide feedback or file complaints using the suggestion box.

6. Measures to safeguard employee rights and benefits

Our company has established various management systems for personnel employment, salary administration, transfers, promotions, retirement, benefits, and employee performance evaluation. We provide each employee with a "Code of Conduct" handbook to familiarize them with the rules and their rights. This includes procedures for addressing complaints and imposing disciplinary measures related to workplace harassment prevention, along with a written declaration outlining strategies for preventing workplace violence. Dedicated personnel are available to assist in providing relevant information.

7. Development of employee behavior or ethical codes

In addition to establishing a "Code of Ethics for Directors and Executives," which is implemented and reported in the shareholders' meeting after approval by the Board of Directors, we have also established the "Code of Conduct for Employees below Managerial Level." These codes are disclosed in the investor section of our company's website (http://www.gem.com.tw) to guide the behavior of our employees in accordance with ethical standards, prevent illegal or unethical conduct, and enhance the understanding of our ethical guidelines by stakeholders.

8. Establishment of internal procedures for handling significant information

Our company has established internal procedures for handling and disclosing significant information in order to prevent inappropriate information leaks and ensure consistency and accuracy in the company's external communications. These procedures have been approved by the Board of Directors and announced to all employees before implementation. The details of these procedures are disclosed on the company's website (http://www.gem.com.tw).

(2) Losses incurred due to labor disputes, including violations of labor standards as determined by labor inspections, shall be disclosed in the recent and current year's reports (including the date of disciplinary action, reference number, violated legal provisions, nature of the violation, and details of the disciplinary measures). The estimated amounts and corresponding measures to address these losses, as well as any cases where a reasonable estimate cannot be determined, should be disclosed: N/A.

In the future, our company will continue to implement improvement measures in compliance with the law. We aim to foster a sense of harmony and unity between labor and management among all employees, cultivating their identification and consensus regarding the company's survival and long-term development. Our company is committed to providing a favorable working environment and effective communication channels, which promote greater care from the management toward employees and foster mutual trust, support, and understanding between labor and management.

6. Cyber security management

(I) Company's Information Security Risk Management Framework, Information Security Policy, Specific Management Plans, and Resources Invested in Information Security Management:

1. Information Security Risk Management Framework:
The Information Technology Department is responsible for information security within the company. It comprises an Information Security Manager and dedicated information security personnel. They are responsible for formulating internal information security policies, planning and implementing information security operations, promoting information security policies, and ensuring that all employees have a strong awareness of information security. The department collaborates with the Audit Department to regularly review information security systems and conduct risk audits, proposing improvement measures to mitigate internal information security risks and achieve effective information security control. In the event of any information security concerns, breaches, or damage, the Information Technology Department conducts preliminary assessments, takes necessary actions to mitigate the situation, contacts relevant equipment vendors for countermeasures, If necessary, incidents are escalated to senior management to initiate the company's emergency response procedures. and reports the incidents to the appropriate authorities.

2. Information Security Policy:
(1) Avoiding the occurrence of information security threats and minimizing the impact of information security incidents.
(2) Implementing effective information security management, ensuring the confidentiality of data, and preventing unauthorized access and use.
(3) Enhancing the availability and redundancy of information equipment and systems to ensure their proper functioning.
(4) Strengthening education and training to raise overall awareness of information security among all employees, ensuring their clear understanding of their responsibilities and obligations regarding information security policies.

3. Specific Management Plans:
(1) Establishment of Firewalls: Regular updates of advanced and robust firewall hardware and software to block network attacks and intrusions, providing warning messages and analysis data.
(2) Implementation of Anti-Virus Systems: Installation of antivirus software on all hardware devices, automatic updates of virus definitions, and reduction of virus invasions through emails and various file types. Implementation of intelligent anti-spam software on the company's mail server system to filter incoming external emails before reaching user mailboxes.
(3) File and Data Access Control: Implementation of controls on users' file access behaviors. Encryption of important departmental and sensitive data using encryption software to protect data in the event of system breaches or data leaks.
(4) System Data Backup and Recovery: Virtualization of critical servers for uninterrupted system operation and comprehensive backup mechanisms to ensure system data can be restored in case of server failure or unforeseen circumstances.
(5) Establishment of a Security-Aware Culture: Education and training for new employees upon their onboarding to emphasize the importance of information security. Regular dissemination of information security updates and guidelines to all employees.

4. Resources Invested in Information Security Management:
(1) Hardware firewall for monitoring internal network security.
(2) Anti-virus software for servers and client devices.
(3) SPAM SQR comprehensive email filtering platform.
(4) Automated electronic file data encryption and protection software.
(5) High availability and reliability virtualization software.
(6) Leading virtual and physical server backup software.
(7) Regular replacement of aging hardware devices that have reached their service life.
(8) Well-constructed data center infrastructure with necessary power and air conditioning equipment.
(9) Acquisition of legally licensed software.

(II) Losses incurred, potential impacts, and response measures due to significant information security incidents in the company's most recent fiscal year and up to the date of the annual report printing: N/A. In the event of any information security incident, manual form-based operations can be adopted, and corresponding emergency response procedures can be initiated without affecting company operations.

Response measures in the event of a information security incident:

(1) Clarify the cause of the incident. Every information security incident has a specific cause behind it. Information personnel may need to analyze various log files. For example, website servers, firewalls, DNS servers, email servers, system error messages, or check compromised information devices used by users, in order to identify the cause of the information security incident. These causes may include malicious programs, system configuration errors, application vulnerabilities, human factors, etc. When analyzing and clarifying the cause of the information security incident, if personnel encounter technical difficulties or problems, they should seek support from collaborating vendors to investigate the cause of the incident and provide solutions. If the collaborating vendors are also unable to identify the cause of the incident, technical support assistance should be requested from the equipment manufacturer.

(2) Refer to recovery recommendations After analyzing the cause of the information security incident, recovery operations should be carried out within 24 hours based on the prepared disaster recovery plan. Given that the intrusion event alert indicates external attacks on compromised information devices, it is inferred that the information devices have been compromised and controlled by hackers. In addition to seeking recovery recommendations from collaborating vendors, personnel should choose appropriate recovery and protection measures based on different information security policies and document the relevant recovery methods. Examples include system restoration, reinstallation of the operating system, or installation of patches. Furthermore, once personnel have completed the disaster recovery or damage control operations, they should provide explanations on the follow-up handling of the information security incident, track relevant matters, and record the completion date of the case.

7. Important contracts

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Loan Agreement with Bank	The Export-Import Bank of the Republic of China	July 5, 2023 to July 5, 2028	Medium to Long-Term Credit Agreement	None
	Shin Kong Bank	November 2, 2022 to November 2, 2025	Medium to Long-Term Credit Agreement	Maintenance of Specific Financial Ratios
	Bank of Taiwan	October 27, 2023 to October 27, 2028 September 26, 2022 to September 26, 2025	Medium to Long-Term Credit Agreement	None
	Tai Shin Bank	May 9, 2022 to May 9, 2025	Medium to Long-Term Credit Agreement	Maintenance of Specific Financial Ratios
	Hua Nan Bank	January 10, 2022 to January 10, 2025 June 19, 2023 to June 19, 2028	Medium to Long-Term Credit Agreement	None
	Bank of Shanghai	May 12, 2021 to May 12, 2024 November 25, 2021 to November 25, 2024 June 8, 2023 to June 8, 2026	Medium to Long-Term Credit Agreement	None
	Chang Hwa Commercial Bank	March 8, 2024 to March 8, 2029	Medium to Long-Term Credit Agreement	None
	Mega Bank	August 22, 2022 to August 22, 2027 March 22, 2024 to March 22, 2029	Medium to Long-Term Credit Agreement	None
	Taichung Bank	March 30, 2023 to March 30, 2026	Medium to Long-Term Credit Agreement	None

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
	Cathay United Bank	April 21, 2022 to April 21, 2025	Medium to Long-Term Credit Agreement	Maintenance of Specific Financial Ratios
Equipment Procurement Contract	Coeffort	January 25, 2024 ~ Delivery Date	Procurement of Machinery Equipment	None
	S + B	November 07, 2023 ~ Delivery Date	Procurement of Machinery Equipment	None
	ZhengChang	July 12, 2023 ~ Delivery Date	Procurement of Machinery Equipment	None
	Truchum	December 08, 2023 ~ Delivery Date February 25, 2024 ~ Delivery Date	Raw Material Procurement	None
	Xingye	January 26, 2024 ~ Delivery Date February 24, 2024 ~ Delivery Date March 05, 2024 ~ Delivery Date	Raw Material Procurement	None
	GuangTong	February 01, 2024 ~ Delivery Date February 23, 2024 ~ Delivery Date March 01, 2024 ~ Delivery Date March 04, 2024 ~ Delivery Date	Raw Material Procurement	None
Raw Material Procurement Contract	Boway	February 28, 2024 ~ Delivery Date March 05, 2024 ~ Delivery Date March 13, 2024 ~ Delivery Date	Raw Material Procurement	None
Engineering Contract	ShangMao	September 20 , 2022 ~ Delivery Date	Engineering	None
	MingZanCheng	May 20, 2022 ~ Delivery Date	Engineering	None
	WeiLin	March 29, 2022 ~ Delivery Date	Engineering	None

VI. Financial Information

1. Concise balance sheets and income statements for the past five years, accompanied by the name of the auditor and their audit opinion. If there are financial data that have been audited or reviewed by the auditor subsequent to the date of publication of the annual report, such information should also be disclosed.

(i) 1. Consolidated concise balance sheet - Adopting International Financial Reporting Standards (IFRS).

Unit: NT$ thousands

Item \ Year		Financial information for the past five years					As of the year ended March 31, 2024 Financial information (Note 1)
		2019	2020	2021	2022	2023	
Current assets		3,616,511	3,371,334	3,884,868	2,932,600	3,308,170	3,341,836
Property, plant and equipment		1,775,470	1,642,172	1,568,294	1,676,817	1,718,234	1,750,018
Intangible assets		-	-	-	-	-	-
Other assets		230,171	184,496	172,128	210,199	318,072	314,123
Total assets		5,622,152	5,198,002	5,625,290	4,819,616	5,344,476	5,405,977
Current liabilities	Before distribution	2,663,273	2,329,055	2,699,951	1,721,165	2,587,509	2,432,368
	After distribution	2,663,273	2,329,055	2,749,721	1,721,165	2,587,509	2,432,368
Non-current liabilities		711,618	716,041	519,513	784,759	651,040	886,050
Total liabilities	Before distribution	3,374,891	3,045,096	3,219,464	2,505,924	3,238,549	3,318,418
	After distribution	3,374,891	3,045,096	3,269,234	2,505,924	3,238,549	3,318,418
Equity attributable to owners of parent		2,247,261	2,152,906	2,405,826	2,313,692	2,105,927	2,087,559
Capital stock		1,692,000	1,692,000	1,692,000	1,692,000	1,692,000	1,692,000
Capital surplus		271,315	271,315	271,315	271,315	271,315	271,315
Retained earnings	Before distribution	428,602	401,476	645,155	491,252	320,307	255,437
	After distribution	428,602	401,476	595,385	491,252	320,307	255,437
Other equity interest		(144,656)	(168,826)	(159,585)	(97,816)	(134,636)	(88,134)
Treasury Stock		-	(43,059)	(43,059)	(43,059)	(43,059)	(43,059)
Non-controlling interest		-	-	-	-	-	-
Total equity of the shareholders	Before distribution	2,247,261	2,152,906	2,405,826	2,313,692	2,105,927	2,087,559
	After distribution	2,247,261	2,152,906	2,356,056	2,313,692	2,105,927	2,087,559

*If the company has prepared individual financial statements, a summary of the balance sheet and income statement for the past five years should be separately prepared for the individual financial statements.

Note 1: The consolidated financial statements for the first quarter of 2023 have been reviewed by the auditors.

Note 2: The proposed offset of losses has been discussed by the board of directors on March 12, 2024, but has not yet been approved by the 2024 shareholders' meeting.

2. Consolidated Summary Statement of Comprehensive Income - Adopting International Financial Reporting Standards

Unit: NT$ thousands; Earnings per share is in NT$ per share

Item \ Year	Financial information for the past five years					As of the year ended March 31, 2024 Financial information (Note 1)
	2019	2020	2021	2022	2023	
Operating revenue	3,443,022	3,454,386	4,315,078	2,881,970	2,590,481	613,050
Gross profit from operations	304,323	376,306	849,541	101,327	75,867	15,983
Operation profit (loss)	(52,364)	33,678	443,835	(239,372)	(267,175)	(63,045)
Non-operating income and expenses	(37,842)	(89,497)	(60,778)	61,575	(7,683)	(12,630)
Profit (loss) before income tax	(90,206)	(55,819)	383,057	(177,797)	(274,858)	(75,675)
Profit (loss) from continuing operations before tax	(191,576)	(42,496)	243,126	(103,114)	(173,438)	(70,212)
Loss from Discontinued Operations	-	-	-	-	-	-
Net Profit (Loss)	(191,576)	(42,496)	243,126	(103,114)	(173,438)	(70,212)
Other comprehensive income (net of income tax)	(100,469)	(8,800)	9,794	60,750	(34,327)	51,844
Total comprehensive income	(292,045)	(51,296)	252,920	(42,364)	(207,765)	(18,364)
Net income attributable to stockholders of the parent	(191,576)	(42,496)	243,126	(103,114)	(173,438)	(70,212)
Net income attributable to stockholders of the NCI	-	-	-	-	-	-
Total comprehensive income attributable to owners of parent	(292,045)	(51,296)	252,920	(42,364)	(207,765)	(18,364)
Total comprehensive income attributable to NCI	-	-	-	-		-
Earnings (loss) per share	(1.13)	(0.25)	1.47	(0.62)	(1.05)	(0.42)

*If the company has prepared individual financial statements, a summary of the balance sheet and income statement for the past five years should be separately prepared for the individual financial statements.

Note 1: The consolidated financial statements for the first quarter of 2024 have been reviewed by the accountant.

(ii) 1. Consolidated balance sheet - Adopting International Financial Reporting Standards (IFRS)

Unit: NT$ thousands

Item \ Year		Financial information for the past five years				
		2019	2020	2021	2022	2023
Current assets		950,949	1,064,002	1,129,438	1,044,906	677,838
Investment adjustments for Using Equity Method		2,993,194	2,319,789	2,634,883	2,527,083	2,490,253
Property, plant and equipment		280,747	258,495	243,502	389,050	515,601
Intangible assets		-	-	-	-	-
Other assets		120,160	70,806	67,891	65,411	125,802
Total assets		4,345,050	3,713,092	4,075,714	4,026,450	3,809,494
Current liabilities	Before distribution	1,481,172	854,946	1,187,800	941,376	1,065,981
	After distribution	1,481,172	854,946	1,237,570	941,376	1,065,981
Non-current liabilities		616,617	705,240	482,088	771,382	637,586
Total liabilities	Before distribution	2,097,789	1,560,186	1,669,888	1,712,758	1,703,567
	After distribution	2,097,789	1,560,186	1,719,658	1,712,758	1,703,567
Equity attributable to owners of parent		2,247,261	2,152,906	2,405,826	2,313,692	2,105,927
Capital stock		1,692,000	1,692,000	1,692,000	1,692,000	1,692,000
Capital surplus		271,315	271,315	271,315	271,315	271,315
Retained earnings	Before distribution	428,602	401,476	645,155	491,252	320,307
	After distribution	428,602	401,476	595,385	491,252	320,307
Other equity interest		(144,656)	(168,826)	(159,585)	(97,816)	(134,636)
Treasury Stock		-	(43,059)	(43,059)	(43,059)	(43,059)
Non-controlling interest		-	-	-	-	-
Total equity of the shareholders	Before distribution	2,247,261	2,152,906	2,405,826	2,313,692	2,105,927
	After distribution	2,247,261	2,152,906	2,356,056	2,313,692	2,105,927

*If the company has prepared individual financial statements, a summary of the balance sheet and income statement for the past five years should be separately prepared for the individual financial statements.

Note 1: The proposed offset of losses has been discussed by the board of directors on March 12, 2024, but has not yet been approved by the 2024 shareholders' meeting.

2. Consolidated Summary Statement of Comprehensive Income - Adopting International Financial Reporting Standards

Unit: NT$ thousands; Earnings per share is in NT$ per share

Item \ Year	Financial information for the past five years				
	2019	2020	2021	2022	2023
Operating revenue	1,015,776	573,719	797,016	603,034	405,054
Gross profit from operations	63,535	60,428	116,903	52,796	24,957
Realized gross profit from operations	61,797	62,446	112,418	60,170	15,213
Operation profit (loss)	(42,583)	(43,667)	(14,437)	(47,808)	(84,434)
Non-operating income and expenses	(104,510)	(18,343)	286,931	(65,630)	(140,027)
Profit (loss) before income tax	(147,093)	(62,010)	272,494	(113,438)	(224,461)
Profit (loss) from continuing operations	(191,576)	(42,496)	243,126	(103,114)	(173,438)
Loss from Discontinued Operations	-	-	-	-	-
Net Profit (Loss)	(191,576)	(42,496)	243,126	(103,114)	(173,438)
Other comprehensive income (net of income tax)	(100,469)	(8,800)	9,794	60,750	(34,327)
Total comprehensive income	(292,045)	(51,296)	252,920	(42,364)	(207,765)
Net income attributable to stockholders of the parent	(191,576)	(42,496)	243,126	(103,114)	(103,114)
Net income attributable to stockholders of the NCI	-	-	-	-	-
Total comprehensive income attributable to stockholders of the parent	(292,045)	(51,296)	252,920	(42,364)	(207,765)
Total comprehensive income attributable to stockholders of the NCI	-	-	-	-	-
Earnings (loss) per share	(1.13)	(0.25)	1.47	(0.62)	(1.05)

*If the company has prepared individual financial statements, a summary of the balance sheet and income statement for the past five years should be separately prepared for the individual financial statements.

(iii) Names of the CPAs and the audit opinion for the past

Year	Accounting firm	CPA Name	Audit Opinion
2019	Deloitte Taiwan	Chen, Zhen-li, Wu, Chiu-Yen	No unreserved opinions
2020	Deloitte Taiwan	Chiang, Chia-Ling, Liao Hong-ru	No unreserved opinions
2021	Deloitte Taiwan	Chiang, Chia-Ling, Liao Hong-ru	No unreserved opinions
2022	Deloitte Taiwan	Chiang, Chia-Ling, Wu, Chiu-Yen	No unreserved opinions
2023	Deloitte Taiwan	Chiang, Chia-Ling, Wu, Chiu-Yen	No unreserved opinions

II. Financial analysis for the past five years

(1) 1. Financial analysis of Consolidated Financial Statements for the past five years - Adopting International Financial Reporting Standards (IFRS).

Year (Note 1) / Analysis item		Financial Analysis in the past five years					As of the year ended March 31, 2024 (Note 1)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to Asset Ratio	60.03	58.58	57.23	51.99	60.6	61.38
	Ratio of long-term capital to property, plant and equipment (%)	166.65	174.70	186.53	184.78	160.45	169.92
Solvency%	Current ratio	135.79	144.75	143.89	170.38	127.85	137.39
	Quick ratio	99.46	107.11	98.02	120.92	87.26	94.59
	Times interest earned	(0.64)	(0.21)	9.37	(2.46)	(4.99)	(4.08)
Operating capacity	Accounts receivable turnover (times)	2.99	2.82	3.28	2.72	2.94	2.63
	Average collection days	122	129	111	134	124	139
	Inventory turnover (times)	3.57	3.39	3.31	2.68	2.67	2.31
	Accounts payable turnover (times)	5.3	4.23	4.23	4.97	3.59	2.78
	Average days in sales	102	108	110	136	137	158
	Property, plant and equipment turnover (times)	1.89	2.02	2.69	1.78	1.53	1.41
	Total assets turnover (times)	0.59	0.64	0.80	0.55	0.51	0.46
Profitability	Return on total assets (%)	(2.54)	(0.10)	5.17	(1.19)	(2.69)	(1.08)
	Return on stockholders' equity (%)	(8.00)	(1.93)	10.67	(4.37)	(7.85)	(3.35)
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	(5.33)	(3.30)	22.64	(10.51)	(16.24)	(4.47)
	Net profit rate (%)	(5.56)	(1.23)	5.63	(3.58)	(6.7)	(11.45)
	Earnings per share (NT$)	(1.13)	(0.25)	1.47	(0.62)	(1.05)	(0.42)
Cash flow	Cash flow ratio (%)	(1.80)	23.64	0.24	39.80	4.22	(6.69)
	Cash flow adequacy ratio (%)	58.91	64.79	49.90	98.43	64.77	70.24
	Cash reinvestment ratio (%)	(1.00)	11.35	0.12	11.82	2.14	(3.05)
Leverage:	Operating leverage	(14.53)	20.04	2.72	(1.97)	(1.64)	(1.87)
	Financial leverage	0.49	(2.71)	1.12	0.82	0.85	0.81

Analysis of financial ratio differences for the last two years. (If any changes are below a 20% increase or decrease, they may be exempt from analysis.)

Debt Repayment Ability:

1.Current ratio: The increase in short-term borrowings and long-term borrowings due within one year has led to a decrease in the quick ratio.

2. Quick ratio: The increase in short-term borrowings and long-term borrowings due within one year has led to a decrease in the quick ratio.

3. Interest coverage ratio: The increase in consolidated pre-tax net loss in the 2023 compared to the previous period, influenced by the pandemic and geopolitical factors, coupled with little difference in interest expenses between the two periods, resulted in a decrease in the interest coverage ratio.

Profitability:

1. Return on Assets (%): The impact of the pandemic and geopolitical factors resulted in an increase in post-tax net income for fiscal year 2023 compared to the previous period, leading to a decrease in the return on assets.
2. Return on Equity (%): The increase in after-tax net loss in 2023 compared to the previous period, influenced by the pandemic and geopolitical factors, led to a decrease in the return on equity.
3. Pre-tax Net Income to Paid-in Capital Ratio (%): The increase in consolidated pre-tax net loss in 2023 compared to the previous period, influenced by the pandemic and geopolitical factors, resulted in a decrease in the pre-tax net income to paid-in capital ratio.
4. Net Profit Margin (%): The increase in consolidated after-tax net loss in 2023 compared to the previous period, influenced by the pandemic and geopolitical factors, led to a decrease in the net profit margin.
5. Earnings per Share (NT$): The increase in consolidated after-tax net loss in 2023 compared to the previous period, influenced by the pandemic and geopolitical factors, resulted in a decrease in earnings per share.

Cash flow:

1. Cash Flow Ratio (%): The cash flow ratio for the year 2023 decreased compared to the year 2022. This was primarily due to a decrease in inventory and accounts receivable throughout the entire year 2023, resulting in a decrease in net cash inflow from operating activities compared to the year 2022. As a result, the cash flow ratio for the year 2023 was lower than that of the year 2022.
2. Cash Adequacy Ratio: The cash adequacy ratio for the year 2023 decreased compared to the year 2022. This was mainly driven by a decrease in net cash inflow from operating activities over the past five years, leading to a lower cash adequacy ratio for the year 2023 compared to the year 2022.
3. Cash Reinvestment Ratio (%): The cash reinvestment ratio for the year 2023 decreased compared to the year 2022. This was primarily due to a decrease in net cash inflow from operating activities in the year 2023, resulting in a decrease in operating funds compared to the year 2022. Consequently, the cash reinvestment ratio for the year 2023 was lower than that of the year 2022.

＊ If the company has prepared individual financial statements, a summary of the balance sheet and income statement for the past five Company should be separately prepared for the individual financial statements.

Note 1: The consolidated financial statements for the first quarter of 2024 have been reviewed by the accountant.

Note 2: At the end of the annual report, the following calculation formulas should be included:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 3)

5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 4)
6. Leverage:
   (1)Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5)
   (2) Financial leverage = operating income / (operating income – interest expenses).

Note 3: Special attention should be paid to the following when calculating earnings per share by the above equation:
1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 4: Special attention shall be paid to the following when making the calculations for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 5: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

2. Financial analysis of Financial Statements for the past five years - Adopting International Financial Reporting Standards (IFRS).

Analysis item / Year (Note 1)		Financial Analysis in the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to Asset Ratio	48.28	42.02	40.97	42.54	44.72
	Ratio of long-term capital to property, plant and equipment (%)	1,020.09	1,105.69	1185.99	792.98	532.10
Solvency %	Current ratio	64.20	124.45	95.09	111.00	63.59
	Quick ratio	60.33	116.69	86.72	105.37	56.76
	Times interest earned	(4.16)	(1.66)	13.92	(3.19)	(5.63)
Operating capacity	Accounts receivable turnover (times)	4.3	2.79	4.29	3.98	3.75
	Average collection days	85	131	85	92	97
	Inventory turnover (times)	17.01	8.46	8.33	7.35	6.21
	Accounts payable turnover (times)	7.47	3.88	4.57	4.16	3.88
	Average days in sales	21	43	44	50	59
	Property, plant and equipment turnover (times)	3.59	2.13	3.18	1.91	0.9
	Total assets turnover (times)	0.23	0.14	0.20	0.15	0.1
Profitability	Return on total assets (%)	(3.79)	(0.59)	6.68	(2.01)	(3.74)
	Return on stockholders'equity (%)	(8.00)	(1.93)	10.67	(4.37)	(7.85)
	Pre-tax net profit to paid-in capital ratio (%) (Note 7)	(8.69)	(3.66)	16.10	(6.70)	(13.27)
	Net profit rate (%)	(18.86)	(7.41)	30.50	(17.10)	(42.82)
	Earnings per share (NT$)	(1.13)	(0.25)	1.47	(0.62)	(1.05)
Cash flow	Cash flow ratio (%)	1.2	(0.99)	0.26	6.93	(6.04)
	Cash flow adequacy ratio (%)	14.2	(13.76)	(14.77)	20.40	4.01
	Cash reinvestment ratio (%)	0.56	(0.26)	0.10	0.45	(2.10)
Leverage	Operating leverage	(1.79)	(1.64)	(9.03)	(1.31)	(0.43)
	Financial leverage	0.60	0.65	0.41	0.64	0.71

Explanation for the changes in each financial ratio over the last two fiscal years. If any changes are below a 20% increase or decrease, they may be exempt from analysis.
Financial structure：
1. Long-term Funds to Property, Plant, and Equipment Ratio: The decrease in the ratio is primarily due to an increase in property, plant, and equipment, which has resulted in a lower proportion of long-term funds in relation to property, plant, and equipment.
Debt Repayment Ability:
1. Current Ratio: The decrease in the quick ratio is primarily due to an increase in short-term borrowings and long-term borrowings due within one year.
2. Quick Ratio: The decrease in the quick ratio is primarily due to an increase in short-term borrowings and long-term borrowings due within one year.
3. Interest Coverage Ratio: The impact of the inflation and geopolitical factors resulted in an increase in pre-tax net loss for the fiscal year 2023. This was coupled with the increase in short-term borrowings and long-term borrowings due within one year, leading to an increase in the difference in interest expenses between the two periods, resulting in a decrease in the interest coverage ratio.
Operating capacity
1. Property, Plant, and Equipment Turnover (times): The impact of the inflation and geopolitical factors led to a decrease in net sales for fiscal year 2023 compared to the previous period. This was coupled with the construction of a special new copper milling plant in Taiwan, leading to an increase in the difference in net property, plant, and equipment, resulting in a decrease in the turnover of property, plant, and equipment.
2. Total Asset Turnover (times): The impact of the inflation and geopoliticalTfactors resulted in an increase in post-tax net income for fiscal year 2023 compared to the previous period, leading to a decrease in the total asset turnover.
Profitability:
1. Return on Assets (%): The impact of the inflation and geopolitical factors resulted in an increase in post-tax net income for fiscal year 2023 compared to the previous period, leading to a decrease in the return on assets.
2. Return on Equity (%): The impact of the inflation and geopolitical factors resulted in an increase in post-tax net income for fiscal year 2023 compared to the previous period, leading to a decrease in the return on equity.
3. Pre-Tax Net Income to Paid-in Capital Ratio (%): The impact of the inflation and geopolitical factors resulted in an increase in pre-tax net loss for fiscal year 2023 compared to the previous period, leading to a decrease in the pre-tax net income to paid-in capital ratio.
4. Net Profit Margin: The impact of the inflation and geopolitical factors resulted in an increase in post-tax net income for fiscal year 2023 compared to the previous period, leading to a decrease in the net profit margin.
5. Earnings per Share (NT$): The impact of the inflation and geopolitical factors resulted in an increase in post-tax net income for fiscal year 2023 compared to the previous period, leading to a decrease in earnings per share.
6. Gross Profit Ratio: The impact of the inflation and geopolitical factors resulted in a decrease in operating revenue for fiscal year 2023 compared to the previous period, leading to a decrease in gross profir ratio.
Cash flow:
1. Cash Flow Ratio (%): The cash flow ratio for fiscal year 2023 decreased compared to fiscal year 2022, primarily due to an increase in inventory and accounts receivable throughout the year 2023, resulting in a decreased net cash inflow from operating activities for fiscal year 2023 compared to fiscal year 2022. As a result, the cash flow ratio for the year 2023 was lower than that of the year 2022.
2. Cash Flow Adequacy Ratio: The cash flow adequacy ratio for fiscal year 2023 decreased compared to fiscal year 2022, primarily due to a decrease in net cash inflow from operating activities over the past five years, leading to a decrease in the cash flow adequacy ratio for fiscal year 2023 compared to fiscal year 2022.
3. Cash Reinvestment Rate (%): The cash reinvestment rate for fiscal year 2023 decreased compared to fiscal year 2022, primarily due to a decrease in net cash inflow from operating activities, resulting in a decrease in operating funds for fiscal year 2023 compared to fiscal year 2022. Consequently, the cash reinvestment ratio for the year 2023 was lower than that of the year 2022.
Leverage:
1. Operating Leverage: The decrease in net sales and operating income for fiscal year 2024 compared to the previous period, due to the impact of the inflation and geopolitical factors, resulted in a relatively stable operating expense ratio. As a result, the operating leverage decreased.

III. Audit Committee's audit report on the financial report of the most recent year

GEM TERMINAL IND. CO., LTD.

Review Report of the Audit Committee

The Board of Directors has prepared the proposals of the 2023 annual business report, financial statements and deficit compensation proposal, etc., among which the financial statements have been audited by authorized CPAs of Deloitte & Touche and an audit report has been prepared by them in this regard.

The aforesaid business report, financial statements, and deficit compensation proposal have been reviewed by this Audit Committee and it is deemed that no nonconformity is involved. According to Article 14-4, the Securities and Exchange Act and Article 219, the Company Act, we hereby submit this report for your review.

To the Attention of

2024 Annual Shareholders' Meeting of GEM Terminal Ind. Co., Ltd.

Convener of the Audit Committee: Yang, Chen-Yang

March 12, 2024

IV. Recent annual individual financial statements and auditor's report [see Appendix A].

V. Recent annual Consolidated financial statements and auditor's report [see Appendix B].

VI. In the most recent annual report and up to the printing date, if there were any financial difficulties encountered by the company and its affiliated enterprises, the impact on the financial condition of the company should be disclosed: N/A.

VII. Financial condition and review analysis of financial performance and risk factors

i. Financial Condition

Unit: NT$ thousands

Item \ Year	End of 2023	End of 2021	Difference	
			Amount	%
Current assets	3,308,170	2,932,600	375,570	12.81
Property, plant and equipment	1,718,234	1,676,817	41,417	2.47
Other assets	318,072	210,199	107,873	51.32
Total assets	5,344,476	4,819,616	524,860	10.89
Current liabilities	2,587,509	1,721,165	866,344	50.34
Non-current liabilities	651,040	784,759	(133,719)	(17.04)
Total liabilities	3,238,549	2,505,924	732,625	29.24
Capital stock	1,692,000	1,692,000	-	-
Capital surplus	271,315	271,315	-	-
Retained earnings	320,307	491,252	(170,945)	(34.80)
Other equity interest	(134,636)	(97,816)	(36,820)	37.64
Treasury Stock	(43,059)	(43,059)	-	-
Total equity of the shareholders	2,105,927	2,313,692	(207,765)	(8.98)

Analysis of the changes in proportion:

1. Increase in other assets primarily due to an increase in deferred income tax assets.
2. Increase in current liabilities primarily due to an increase in short-term borrowings and long-term borrowings due within one year.
3. Decrease in total liabilities primarily due to an increase in short-term borrowings and long-term borrowings due within one year.
4. Decrease in retained earnings primarily due to a decrease in undistributed earnings.
5. Increase in other equity primarily due to an increase in the translation differences from foreign operations' financial statements.

ii. Financial Performance

(1) Analysis of changes in Financial Performance

Unit: NT $ thousands

Item \ Year	2023	2021	Increase (Decrease) Amount	Percentage change (%)
Operating revenue	2,590,481	2,881,970	(291,489)	(10.11)
Operating costs	(2,514,614)	(2,780,643)	(266,029)	(9.57)
Gross profit from operations	75,867	101,327	(25,460)	(25.13)
Operating expenses	(343,042)	(340,699)	2,343	0.69
Operation profit (loss)	(267,175)	(239,372)	(27,803)	11.61
Non-operating income and expenses	(7,683)	61,575	(69,258)	(112.48)
Consolidated Pre-tax Net Income (Loss)	(274,858)	(177,797)	(97,061)	(54.59)
Income tax expense	(101,420)	(74,683)	(26,737)	(35.80)
Consolidated Net Income (Loss)	(173,438)	(103,114)	(70,324)	(68.20)
Other comprehensive income	(34,327)	60,750	(95,077)	(156.51)
Total comprehensive income	(207,765)	(42,364)	(165,401)	(390.43)

(i) Analysis of the changes in proportion: 1. Gross Profit: The decrease in gross profit for the fiscal year 2023 compared to the previous period was attributed to the impact of the inflation and geopolitical factors. 2. Non-operating Income and Expenses: The decrease in non-operating income and expenses for the fiscal year 2023 was mainly due to an increase in losses from foreign currency exchange. 3. Consolidated Pre-tax Net Income (Loss): The increase in consolidated pre-tax net loss for the fiscal year 2023 compared to the previous period was due to the impact of the pandemic and geopolitical factors. 4. Income Tax Expense (Benefit): The increase in income tax expense (benefit) compared to the previous period was primarily due to the increase in pre-tax net loss for the current year. 5. Consolidated Net Income (Loss): The increase in consolidated net loss for the fiscal year 2023 compared to the previous period was attributed to the impact of the pandemic and geopolitical factors. 6. Total Comprehensive Income (Loss): The decrease in total comprehensive income compared to the previous period was primarily due to the increase in consolidated net loss for the current year. (ii) Expected Sales Volume for the Next Year: Based on the changes in the actual sales mix in fiscal year 2023 and taking into account the current economic conditions and market supply-demand situation, as well as our sales strategy, the company anticipates a product sales volume of 4,500,000 thousand PCS for fiscal year 2024.

(2) Potential Impact and Response Plan for Future Financial

The company will continue to execute the integration plan for group production and sales, adjusting product sales strategies. We will also fully implement production automation, develop new production technologies, streamline workforce, leverage external support, and adjust sales strategies to enhance the company's competitiveness and effectively reduce operational costs. Our aim is not only to expand market share but also to improve the competitiveness of product sales. Considering the competitive environment in the terminal connector market, we are committed to meeting the demands for copper refining, automated production, and new products (such as special new copper materials, multi-gauge strip products, eco-friendly lead-free copper alloy, wire harness terminals, integrated plugs, round-flat products, high-voltage terminal connectors for new energy, etc.). We will continue to invest in research and development capabilities, accelerate the expansion of production capacity in our Vietnam factory, and construct a specialized copper refining facility in Taiwan. GEM Group is determined to move forward toward achieving strong business performance.

iii. Cash flow

(1) Analysis of Recent Annual Cash Liquidity

Cash and Cash Equivalents at Beginning of Year	Annual Net Cash Flow from Operating Activities for the 2023 full year	Annual Cash Out Flow for the 2023 full year	Cash Surplus (Deficit) for the 2023 full year	Remedial Measurements for cash deficit	
				Investment Plans	Financing Plans
1,175,042	109,266	2,958,441	(1,674,133)	36,949	2,669,727

Item \ Year	2023	2022	Percentage Increase (Decrease) (%)
Cash flow ratio (%)	4.22	39.80	(89.40)
Cash flow adequacy ratio (%)	64.77	98.43	(34.20)
Cash reinvestment ratio (%)	2.14	11.82	(81.90)
Analysis of the changes in proportion: 1. Cash Flow Ratio (%): The cash flow ratio for the year 2023 decreased compared to the year 2022. This was primarily due to an increase in inventory and accounts receivable throughout the entire year 2023, resulting in a decrease in net cash inflow from operating activities compared to the year 2022. As a result, the cash flow ratio for the year 2023 was higher than that of the year 2022. 2. Cash Adequacy Ratio: The cash adequacy ratio for the year 2023 decreased compared to the year 2022. This was mainly driven by a decrease in net cash inflow from operating activities over the past five years, leading to a lower cash adequacy ratio for the year 2023 compared to the year 2022. 3. Cash Reinvestment Ratio (%): The cash reinvestment ratio for the year 2023 decreased compared to the year 2022. This was primarily due to a decrease in net cash inflow from operating activities in the year 2023, resulting in a decrease in operating funds compared to the year 2022. Consequently, the cash reinvestment ratio for the year 2023 was lower than that of the year 2022.			

(3) Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Cash and Cash Equivalents at Beginning of Year	Budgeted net cash flow from operating activities for the full year	Budgeted total cash outflow for the full year	Budgeted Cash Surplus (Deficit)	Budgeted Cash Deficit Remedial Measurements	
				Investment Plans	Financing Plans
1,049,747	753,525	3,668,422	(1,865,150)	61,065	2,087,826

(1) Analysis of Cash Flow Changes for the Year 2023

1. Net cash outflow from operating activities is primarily attributed to changes in other operating assets and liabilities during the year 2024.

(2) Remedial Measurements for Budgeted Cash Deficit and Liquidity Analysis: Increase in long-term and short-term borrowings.

iv. The impact of the significant capital expenditure of the latest year upon the financial conditions:

(1) Utilization of Significant Capital Expenditure in the Recent Fiscal Year and Funding Sources

Unit: NT$ thousands

Item	Actual or Expected Funding Sources	Actual or Expected Completion Date	Total Funding Required	Actual or Budgeted Utilization of Funds			
				2022	2023	2024	2025
Machinery Equipment	Borrowed Funds and Own Capital	December 31, 2022	429,967	411,589	18,378	-	-
Machinery Equipment	Borrowed Funds and Own Capital	December 31, 2023	300,466	54,184	216,235	30,047	-
Machinery Equipment	Borrowed Funds and Own Capital	December 31, 2024	136,862	-	-	136,862	-
Total				465,773	234,613	166,909	-

(2) Expected Potential Benefits

1. Anticipated Increase in Sales Volume, Value, and Gross Profit

In response to the severe inflation, high employee turnover rate, and escalating labor costs following the pandemic, the GEM Group is strategically shifting its production processes towards division of labor within the group. This involves concerntrating bulk production of commodities at the company’s cost-efficient plant in Vietnam, and maximizing equipment capacity by intergrating GEM Dongguan into the contract manufacturing plant for GEM Suzhou. These efforts are aimed at enhancing existing product manufacturing capabilities and quality. Additionally, proactive measures are being taken to change the product manufacturing model, aiming to reduce production costs, stabilize product quality, and improve competitiveness.

The subsidiary, GEM Vietnam, has raised additional capital in 2023 to expand equipment and increase the production capacity of complete product lines. This expansion is expected to enhance market share in China and the ten ASEAN countries, and is capable of increasing smelting capacity by 700 metric tons per month in 2024. Additionally, GEM in Taiwan commenced trial production at its special new copper milling plant in 2024.

V. Year The main reasons for profits or losses and the investment plans for the coming year:

Return on Investment Analysis

Item \ Explanation	Investment Increase (Decrease) Amount in 2022	Policy	Main Reasons for Profit or Loss	Improvement Plan	Other Future Investment Plans Investment Plans
GEM Terminal (Cayman) Co.,Ltd.	-	In the recent year, our company's investment focus was mainly on China and Vietnam. In China, we continue to explore the domestic market. In Vietnam, the construction and operation of the GEM Phase I and Phase II plants have been completed, and production has commenced. We have also expanded the refining and stretching copper process and invested in related production equipment, aiming to reduce production costs and expand the East Asian market.	GEM Vietnam Company started operations in 2016. In 2021, the group adjusted its sales strategy, achieved effective production integration, and gradually realized the benefits of refining and stretching copper. In 2023 years, the Company was affected by the pandemic and geopolitical factors, resulting in ongoing losses.	Our company will continue to implement the group's production and sales integration plan, adjust product sales strategies, and fully launch production automation, develop new production technologies, and streamline manpower. We aim to optimize the production process of GEM Vietnam Company, implement international division of labor, accelerate product production transfer, effectively reduce operating costs, expand market share, and enhance product sales competitiveness.	GEM Vietnam Phase I plant officially started production in 2016, and the construction of Phase II plant was completed in 2017. We have continuously introduced refining copper equipment and technology and started mass production in the fourth quarter of 2018. Currently, our focus is on producing finished and semi-finished products for export to China. We further increased capital in 2023 and developed GEM Vietnam Company as the main production base of the GEM Group. Our future plans involve focusing on exports to the global market while supplementing domestic sales, aiming to increase our global market share.

VI. Analysis of Risk Management

(1) Risk management policies

The company has integrated business management and risk management to foster a group organizational culture that emphasizes risk management. The "Group Risk Management Framework" has been established as the overarching principle for risk management in GEM Group. The scope of the regulations includes market risk, credit risk, liquidity risk, operational risk, and legal risk.

1. Recent annual and year-to-date impact of interest rate, exchange rate fluctuations, and inflation on the company's profitability, as well as future measures:

(1) The effect upon the Company's profits (losses) of interest rate fluctuations and response measures to be taken in the future.

In the fiscal year 2023, the financial cost of the company and its subsidiaries accounted for approximately 1.56% of revenue, a decrease from 1.66% in 2022. In the first quarter of 2024, the financial cost accounted for approximately 2.18% of revenue, an increase from 1.76% in the first quarter of 2023. This increase was mainly due to the impact of the geopolitical factors and inflation. Additionally, the global consumer electronics market entered a phase of inventory adjustment, resulting in a decrease in operating income. However, the company adjusted its short-term and long-term borrowings and optimized its debt structure, mitigating any significant impact on the profit and loss due to interest rate fluctuations. Future measures include timely utilization of short-term financing combined with medium and long-term financing loans to control interest costs and maintain a healthy financial structure.

(2) The effect upon the Company's profits (losses) of exchange rate fluctuations and response measures to be taken in the future.

To reduce and avoid foreign exchange losses, the company and its subsidiaries continuously monitor market trends to minimize the impact of exchange rate fluctuations on profitability. In the fiscal year 2023, the net gain from currency exchange was NT$ 22,783 thousand, accounting for 0.88% of revenue, while in the fiscal year 2022, the net loss from currency exchange was NT$ 105,705 thousand, accounting for 3.67% of revenue. This indicates a decrease in net gains from currency exchange. In the first quarter of 2024, the net loss from currency exchange was NT$ 1,313 thousand, accounting for -0.21% of revenue, compared to the net loss of NT$ 6,201 thousand accounting for -1.10% of revenue in the first quarter of 2023. The decrease in net losses was primarily due to the impact of the US interest rate hike, resulting in the depreciation of the Asian currencies, resulting in losses from currency exchange. Future measures will adopt a prudent approach in response to international economic conditions, closely monitor global economic trends, and timely engage in foreign exchange hedging or natural hedging. For holdings of confirmed foreign currency assets or liabilities, appropriate timing will be selected for hedging operations or spot sales and purchases to mitigate the impact on the core business.

(3) The effect upon the Company's profits (losses) of inflation rate and response measures to be taken in the future.

The company and its subsidiaries primarily rely on copper as a key raw material. In the fiscal year 2023, international copper prices were influenced by the easing of inflation and geopolitical factors. LME copper prices surged to $10,208 per metric ton in April 2024. Similarly, the high point for the Changjiang copper surged to RMB 82,460 in April 2024. As the price of raw materials fluctuates significantly, it becomes challenging to control procurement costs. Future measures will involve closely monitoring changes in the raw material market, seizing the optimal timing for material purchases, transferring costs to customer orders to mitigate the pressure of rising costs, strengthening inventory management, and managing accounts receivable from customers to avoid the impact of raw material price fluctuations on the core business.

2. Recent annual and year-to-date policies, profitability or loss, and future measures regarding high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivative transactions:

In order to manage financial risks, the company has established operating procedures for "Lending Funds to Others," "Endorsement Guarantees," and "Acquisition or Disposal of Assets," in accordance with the relevant regulations of the Securities and Futures Bureau. The policies and related transactions are all based on a conservative approach and do not involve high-risk, high-leverage investments.

(1) Engagement in derivative financial instrument transactions:

The purpose of the company's engagement in copper futures contract derivative transactions is primarily to mitigate the risks arising from copper price fluctuations. Additionally, engaging in forward foreign exchange contracts is mainly to mitigate the risks arising from exchange rate fluctuations. The company's financial hedging strategy aims to achieve the mitigation of a significant portion of cash flows or fair value risks through income and expense recognition. However, because the hedging criteria specified by international financial reporting standards are not met, hedge accounting is not applicable.

As of the date of the annual report printing, the company has no outstanding contracts.

(2) Details of lending funds to others and endorsement guarantees are listed as follows:

A. Lending Funds to Others:

As of April 30, 2024 Unit: NT$ thousands

Lending Company	Counter party	Related Party?	Transaction	Highest Balance in the Current Year	Ending Balance	Actual Disbursement Amount	Interest Rate Range	Nature of Lending Funds	Necessity of Short-term Funding	Lending Limit for Individual Counter parties (Note 1)	Total Amount of Lending Funds (Note 1)
The company	Vietnam GEM Electronic and Metal Co., Ltd.	Yes	Accounts Receivable - Related Parties	97,635 ($3,000,000 USD)	97,635 ($3,000,000 USD)	0	5.63%	Short-term funding assistance	Business development	421,185	842,371
The company	Vietnam GEM Electronic and Metal Co., Ltd.	Yes	Accounts Receivable - Related Parties	97,635 ($3,000,000 USD)	97,635 ($3,000,000 USD)	0	5.80%	Short-term funding assistance	Business development	421,185	842,371
Vibo Gem International Co.,Ltd.	Vietnam GEM Electronic and Metal Co., Ltd.	Yes	Accounts Receivable - Related Parties	32,545 ($1,000,000 USD)	32,545 ($1,000,000 USD)	32,545 ($1,000,000 USD)	5.76%	Short-term funding assistance	Business development	430,808	861,617
Dongguan GEM Electronic & Metal Co., Ltd.	Suzhou GEM Opto-electronics Terminal Co., Ltd.	Yes	Accounts Receivable - Related Parties	44,870 (10,000,000 RMB)	44,870 (10,000,000 RMB)	44,870 (10,000,000 RMB)	3.0%	Short-term funding assistance	Business development	165,118	330,236
Dongguan GEM Electronic & Metal Co., Ltd.	Suzhou GEM Opto-electronics Terminal Co., Ltd.	Yes	Accounts Receivable - Related Parties	89,740 (20,000,000 RMB)	89,740 (20,000,000 RMB)	89,740 (20,000,000 RMB)	2.85%	Short-term funding assistance	Business development	165,118	330,236
Dongguan GEM Electronic & Metal Co., Ltd.	Suzhou GEM Opto-electronics Terminal Co., Ltd.	Yes	Accounts Receivable - Related Parties	22,435 (5,000,000 RMB)	22,435 (5,000,000 RMB)	22,435 (5,000,000 RMB)	2.85%	Short-term funding assistance	Business development	165,118	330,236

Note 1: The total amount of funds lent to others, due to the necessity of short-term financing, is limited to a maximum of 40% of the consolidated shareholders' equity of the Company and its subsidiaries. The individual lending amount is limited to a maximum of 20% of the consolidated shareholders' equity of the Company and its subsidiaries.

B. Endorsement and Guarantees: The endorsement and guarantee balance of the Company as of the most recent fiscal year and the date of printing of the annual report is zero.

3. Progress of future research and development projects, estimated R&D expenses, projected time for mass production, and key factors for successful future R&D.

(1). Future Research & Development Projects

1. Development of process equipment
   A. Coordinate with the transformation of high-speed stamping workshop to introduce online inspection of dimensions and automatic material collection.
   B. Implement waste water distillation for reusing waste heat in winter for heating and heat development in the plating workshop.
   C. Continuously expand the capacity of small high-speed cutting machines (8 stations) for outter-diameter drilling and inner hole processing of round flat wires.
   D. Continuously expand the capacity of small high-speed cutting machines (12 stations) for processing lead-free copper rods for environmentally friendly plugs.
   E. Introduce automatic material collection equipment for continuous tin-plated wire to reduce packaging processes and terminal deformation issues.
   F. Continuously develop the 32-cavity SAA single-pin terminal injection molding process.
   G. Continuously develop the 32-cavity VDE plug housing injection molding process.
   H. Continuously develop the 16-cavity UK plug series housing injection molding process.
   I. Develop the 32-cavity VDE tool head plug housing injection molding process.
   J. Develop the 24-cavity electrical terminal injection molding process.
2. Quality improvement of existing products or process improvement in production.
   A. Keep developing of low-cost VDE hollow copper rods and environmentally-friendly lead-free plugs.
   B. Keep expanding of semi-finished terminal and copper rod CCD automatic screening machine introduction.
   C. Re-develop of high-precision, high-speed stamping dies for some existing electrical and automotive products.
   D. Invest in electrical terminal assembly machines to expand production capacity equipment introduction.
3. Research and development of new niche products to improve the company performance and profitability.
   A. Keep developing deep drawing and necking technologies to break through the existing necking process mode and increase production capacity by more than 3 times.
   B. Keep executing the development of vehicle and general connectors, as well as connectors for electrical factory requirements.
   C. Keep accelerating the expansion of environmentally-friendly lead-free products and their production volume.
   D. Utilize advanced machining processes to collaborate with customers in the development of new energy, automotive, 5G, and other connector products.
   E. Continuously develop high-end, multi-gauge strip products in coordination with customer requirements.
   F. Develop UL socket-integrated neon lamps, LED lamps, and automatic assembly machines.
   G. Improve the production efficiency of electrical terminals through process development.
   H. Replan the processing equipment for multi-gauge strip copper materials, research and develop new generation equipment to shorten development cycles and ensure stability of machine processing quality.
   I. Process development of insulating plug products for various countries.J. Copper smelting products are used in the development of copper bars, busbars, copper sheets and other products
   J. Copper smelting products are used in the development of copper bars, busbars, copper sheets and other products

(2) Current progress of unfinished R&D projects in the fiscal year 2023:

Most of the planned R&D projects for the fiscal year 2023 have been executed according to the original plan. The development trend of products has been completed in collaboration with a terminal riveting machine manufacturer to develop riveting machines for customer use. In terms of new product development, compliance with environmental regulations (metal lead content > 1000PPM under regulation, currently exempted by the EU until 2026) has been achieved. We have utilized high-speed milling technology to develop environmentally friendly lead-free copper products. The development of automatic riveting within the assembly for single-piece UL terminals and their frames has been completed, and we continue to develop new products to expand the market. The unfinished projects are as follows:

A. Introduction of new continuous/additional hollow copper rod rolling electroplating wire.
B. Capacity expansion for various new products is yet to be completed.
C. The production technology for VDE hollow copper rods has been introduced, but the introduction of production technology for hollow copper rods used in plugs from other countries is still pending.
D. Completion of development of small high-speed cutting machines for future use in machiningof outer diameter and inner hole drilling of the terminal produce with round brass wire, and British plug copper

rod processing.

–(3) Additional R&D expenses to be invested:

An initial estimation indicates that approximately NT$128,000,000 should be invested in additional R&D expenses in the current fiscal year.

(4) Estimated investments and production timelines for relevant process equipment introduction and development, in addition to R&D expense investments, for the fiscal year 2023 are as follows:

Future Research & Development Projects	Current Progress	Estimated Budget (in NT$ million)	Estimated Product Launch Date
(1) Introduction of New Continuous/Hollow Copper Rod with Barrel Electroplating line	30%	15	Gradually completed from January to June 2023
(2) Continuous Introduction of Hollow Copper Rod Production Technology for Various Country Plugs	50%	12	Gradually completed from January to December 2023
(3) Development of Production Equipment for Hollow Copper Rods for Various Country Plugs	20%	15	Gradually completed from January to December 2023
(4) Small-Scale High-Speed Cutting Machine	10%	36	Gradually completed from January to December 2023.
(5) Development of 32-Cavity VDE Plug Support Injection Molding Process	30%	13	Gradually completed from January to December 2023
(6) Development of Flat Electrical Terminal Rubber Housing with 24-Cavity	25%	3	Gradually completed from January to December 2023
(7) Development of Processes for Flexible Conduit Cutting, CCD Inspection, and Automatic Packaging	70%	2	Gradually completed from June 2023.
(8) Development of Connector Products for New Energy Vehicles	30%	9	Continuous produce from January to **December** 2023.
(9) High-end multi-gauge strip material or multi-gauge strip material Product Development	50%	5	Continuous produce from January to December 2023.
(10) Fine grain copper rod collecting equipment	10%	1	Gradually completed from May to **June** 2023.
(11) Converged copper bar hydraulic drawing machine equipment & flaw detector	10%	7	Gradually completed from May to **July** 2023.
(12) Copper plate bending and straightening machine equipment	10%	10	Gradually completed from Augst to October 2023.
Subtotal		128	

(5) Key factors for the successful future of research and development:

A. Possessing a strong R&D team that has in-depth knowledge of product characteristics and customer needs within our industry, establishing crucial core technologies while seeking steady and sustainable growth.

B. Observing international trends, conducting cautious evaluations, engaging in international collaboration and strategic alliances to accelerate the quality and speed of research and development, effectively seizing opportunities in the market.

C. Putting relentless effort into training R&D talents, emphasizing specialized division of labor and knowledge transfer. Periodically sending personnel to advanced countries for knowledge absorption and technical exchange, and when necessary, implementing technology transfer to accelerate the establishment of autonomous technology and gain a competitive edge in the market.

D. Introducing YASDA high-speed, high-precision milling machines integrated with CAD/CAM systems to enhance the manufacturing technology of 3D-shaped, high-hardness components, thereby improving product quality.

4. Impact of important domestic and international policies and legal changes on the company's financial operations and corresponding measures:

The company closely monitors significant domestic and international policy and legal changes and takes proactive measures in a timely manner. We may seek professional advice from accountants, lawyers, etc. In the recent fiscal year and up to the date of the annual report printing, there have been no significant impacts on the company's financial operations due to important domestic and international policy and legal changes.

5. Impact of technological changes (including information security risks) and industry dynamics on the company's financial operations and corresponding measures:

Since its establishment, the company has been committed to research, innovation, and technological advancement. We allocate substantial annual funds for research and development and technological investments. For mature products, we continuously enhance their quality and provide professional technical services to maintain existing customers and expand into new markets. Based on our existing products and technologies, we align with industry trends, develop new products, and invest in in-house production equipment to extend our product line and technological capabilities. This diversifies our product offerings and reduces investment costs, enabling us to achieve sustainable business growth.

The company's main products are electrical plug-type terminals, primarily used in home appliances, consumer electronics and electrical products, information and communication products, etc. Electrical plug-type terminals are essential components in related products. While market supply and demand for these products directly impact the upstream supply of terminals, other technological and industry changes have not had a significant impact on the company's financial operations.

6. Impact of corporate image changes on crisis management and corresponding measures:

The company has always adhered to the principles of lawfulness, trustworthiness, environmental responsibility, and compliance with national regulations. We have silently worked towards establishing a stable, pragmatic, innovative, and sustainable corporate image while fulfilling our corporate social responsibilities. Currently, we conduct annual corporate governance assessments based on the latest evaluation criteria, taking into account the OECD principles of corporate governance and the Asian Corporate Governance Association (ACGA) evaluation indicators to align with the latest international trends. We strive to enhance the quality of corporate governance and image, ensuring full integration with international standards.

7. Expected benefits, potential risks, and corresponding measures of mergers and acquisitions:

In August 2010, the company established GEM Terminal (Cayman) Co.,LTD and subsequently made a further investment by acquiring 100% equity of RuiZhan Hardware Co., Ltd. in Vietnam. The equity transfer of RuiZhan Hardware Co., Ltd. has been successfully completed. By the end of December 2011, we obtained the approval for the environmental impact assessment report and the land red book. We have initiated the necessary activities for constructing the factory. In the fiscal year 2015, the company was renamed as Vietnam GRM Electronic and Metal Co., Ltd. The first phase of the factory has been completed and commenced operations in the first quarter of 2016. The expansion of the second phase of the factory was also completed in 2017. Additionally, we introduced copper refining equipment and technology, taking full advantage of the tariff preferential conditions under the ASEAN Plus One framework to expedite market development in the ASEAN region. Currently, there are no other merger and acquisition plans, thus no potential risks are anticipated.

8. Expected benefits, potential risks, and corresponding measures of factory expansion:

The company, in addition to replacing outdated equipment based on market demand and evaluating production efficiency, aligns with its operational plans to assess investment benefits based on its own production and research and development capabilities, as well as the cost of acquiring funds. It continuously monitors market and industry changes and promptly reviews and adjusts response strategies to minimize potential risks and maximize benefits.
GEM Group will strive to meet customer product demands to expand market share. As China is a rapidly growing market, investment in equipment will be implemented progressively to manage risks while maximizing production efficiency. Vietnam GEM has commenced operations since March 2016 and is leveraging the tariff preferential conditions under the ASEAN Plus One framework to accelerate market development in the ASEAN region. Currently, there are no plans for large-scale factory expansion, and thus, investment risks remain within an acceptable range.

9. Risks and measures related to concentrated procurement or sales:

The company and its subsidiaries primarily source internationally traded bulk raw materials, ensuring a stable supply. To mitigate production risks and diversify procurement, the company and its subsidiaries purchase from multiple domestic and foreign suppliers. Regarding sales customers, the company and its subsidiaries have a customer base predominantly in Taiwan and China. The final products are not concentrated among a few major customers, thereby avoiding the risk of concentrated sales and the need for specific measures.

10. Impact, risks, and measures related to significant transfers or changes in ownership of directors or major shareholders holding over ten percent of shares:

The company has not experienced any significant transfers of ownership or changes in shareholdings involving directors or major shareholders holding over ten percent of shares.

11. Impact, risks, and measures related to changes in management control:
12. The company's major shareholders and directors have stable ownership of shares, and there are no facts or plans indicating a change in management control. Therefore, the risk of changes in management control is minimal.

(1) Significant litigation, non-litigation, or administrative disputes that have been determined or are pending, and their outcomes may have a significant impact on shareholders' equity or securities prices. Disclosures should include the disputed facts, amount in question, commencement date of the litigation, main parties involved, and the status of handling as of the date of the annual report: N/A.

(2) Significant litigation, non-litigation, or administrative disputes involving directors, general managers, substantial controlling shareholders holding over ten percent of shares, and subsidiaries that have been determined or are pending, and their outcomes may have a significant impact on shareholders' equity or securities prices: N/A.

13. Other significant risks and mitigation measures:

(1) Organizational structure and responsible units for risk

Risk Management	Responsible Department	Risk-related Business Matters
Business decision risks	President's Office CEO's Office	Business decisions and objectives related to the company's short and long-term development, overseas investments, and overall contracts' risks
Product trend risks	Research and Development Department	Future development trends of products and customer demands
Operational risks and quality control risks	Factory Management Department	Capacity planning and enhancing product quality to manufacture high-quality products
Operational risks related to product certification timelines and quality control	Quality Assurance Department	Managing the product quality assurance system, understanding certification timelines, and meeting the requirements of safety regulations, ISO 14001, IATF 16949, and relevant environmental directives
Market risks, credit risks, financial management, and operational risk management	Finance Department	Capital allocation and management, fundraising planning, business analysis and cost analysis, capital utilization planning, and foreign exchange hedging operations
Internal control risks and operational risk audits	Audit Division	Assessing the security and effectiveness of internal control systems
Market liquidity risks in raw material procurement, legal risks in equipment procurement, credit risk management, and personnel management risks	Management Department	Management of raw material and equipment procurement, delivery schedules, and effective personnel management
Management of market liquidity risks and credit risks, sales orders, and credit limits	Sales Department	Management of future sales market development trends, customer credit, and order control
Risk management of company-related transaction data and related operational risks	Information Technology Department	Ensuring the security and accuracy of computerized transaction data and timely development of relevant programs for substantial computerization

(2) Information Security:

A. Management of Information Security Risks

To enhance the company's information security management, the Information Technology Department is responsible for reviewing information security policies, implementing various security plans, and taking action in case of security concerns, intrusions, or damages. The Information Technology Department assesses the initial situation, carries out preliminary procedures to mitigate the situation, contacts relevant equipment vendors to discuss response measures, and reports to relevant supervisory authorities. If necessary, it escalates to the level of the General Manager or higher to activate the company's emergency response procedures.

B. Specific Management Measures for Information Security Systems

(A) Implementation of Firewalls: To block network attacks and intrusions, providing warning messages and analysis data.

(B) Implementation of Anti-Virus Systems: Installation of anti-virus software on each server and Internet-connected operating devices, with automatic updates of virus definitions to reduce virus invasions through email and various file types.

(C) Establishment of a Security-Aware Culture: Emphasizing the importance of information security during the onboarding process of new employees.

(D) Encryption of Important Files: Encrypting critical departmental and specially required data to protect it in the event of system breaches or data leaks.

(E) Data Storage: In addition to the backup function on the host server, data storage is required to be maintained outside the host server to ensure availability of resources for system recovery in case of any failure or rebuilding needs.

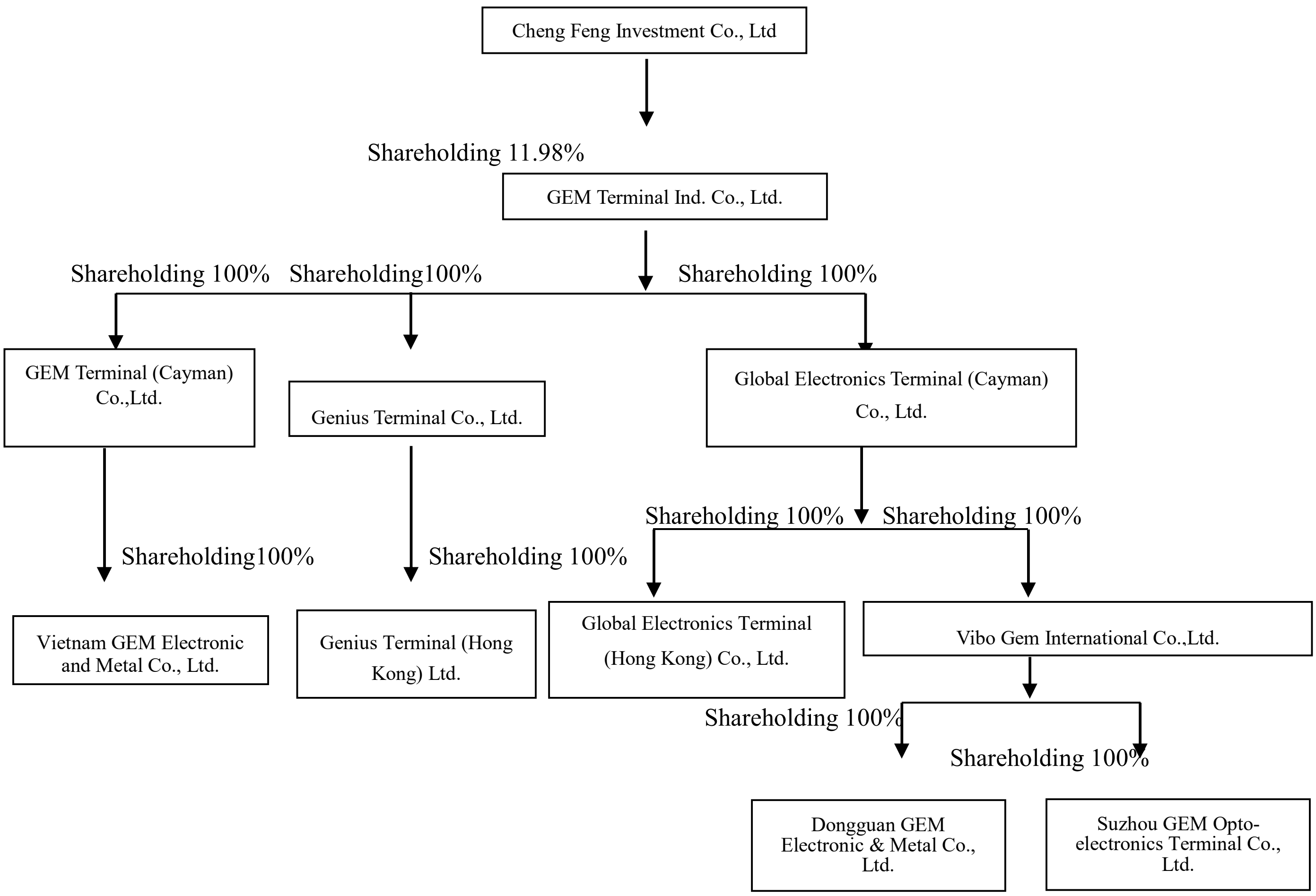
vii. Other important matters: N/A

VIII. Specially Noted Matters

Ⅰ. Relevant Information about Affiliated Companies

(I) Consolidated Business of Affiliated Companies

1. Organizational Chart of Affiliated Companies



2. Basic Information of Affiliated Companies Unit: $ in Foreign Currency

Company's Name	Date Established	Address	Paid-in Capital	Main Business or Products
Cheng Feng Investment Co., Ltd	1995.12.04	No. 151, Guochang Road, Lu-Chu District, Kaohsiung City	NTD 2,733,960	Investment in various production businesses. Investment in securities investment trust companies, banks, insurance companies, trading companies, and cultural businesses. Investment in the construction of commercial buildings and government-subsidized housing.
Genius Terminal Co., Ltd.	1996.01.22	P.O.BOX 3443 Road Town Tortoal British Virgin Islands	USD 750,000	International investment and international trade.
Global Electronics Terminal (Cayman) Co., Ltd.	2004.11.01	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands	USD40,137,184	International investment.
Vibo Gem International Co.,Ltd.	2007.11.12	Unit 12, 7/F., Blk B, Hi-Tech Ind'l Ctr , 5-21 Pak Tin Par St ., Tsuen Wan, N.t. Hong Kong	HK359,972,616	Trade and investment.
DONGGUAN GEM ELECTRONIC & METAL CO., LTD.	1995.12.18	Lu-Dong Management Area, Hu-Men, Dongguan, China	RMB 169,466,540	Production and sales of terminals, electrical plugs and their plastic hardware components, terminal crimping machines, molds, computer plug-in, complete set of hardware electroplating, ceramic ferrule for optical fiber connectors, and hardware electronic plastic machinery. Wholesale and import/export of terminals, electrical components, computer plug-in, molds, terminal crimping machines, hardware electronic plastic machinery, copper strips, and copper plates (excluding goods managed by state trade and goods involving management by quota permits or special regulations shall be handled in accordance with relevant regulations). (Business activities for those items requiring permission according to the law may be conducted after approved by the authority concerned.)
Genius Terminal (Hong Kong) Ltd.	1996.12.05	Unit 12 7/F Blk B Hi-Tech Ind'l Ctr 5-21 Pak Tin Par St Tsuen Wan Nt Hong Kong	HK 22,000,000	International trade.
Suzhou GEM Opto-electronics Terminal Co., Ltd.	2002.10.15	Chun-Wang Rd, Dongqiao Town, Panyang Industrial Park, Xiang Chen District, Suzhou City, Jiangsu Province, China	RMB 250,678,622	Design and manufacturing of new electronic components (optoelectronic devices, new electromechanical components), precision stamping molds with an accuracy higher than 0.02mm (including 0.02mm), precision cavity molds with an accuracy higher than 0.05mm (including 0.05mm), and mold standard parts; development and production of building hardware, plumbing equipment, and hardware components; manufacturing of high-temperature resistant insulation materials (insulation class F, H) and insulation molding parts; production of inorganic non-metallic materials

Company's Name	Date Established	Address	Paid-in Capital	Main Business or Products
				and products (special ceramics); development and production of materials for semiconductors and components; new instrument components and materials (instrument connectors and plug-in, functional materials for instruments); specialized equipment and related complete set of hardware electroplating for electronic and electrical purposes, such as terminal crimping machines; selling self-produced products and related raw materials (excluding hazardous chemicals); wholesale and import/export of self-produced products, similar goods, and metal materials (excluding precious metals) (excluding goods managed by state trade and application for goods involving management by quota or permits shall be filed in accordance with relevant national regulations.); import/export of various goods and technologies, either as a self-operator or as an agent (except goods and technologies restricted by the state for enterprises, or prohibited for import/export). (Business activities for those items requiring permission according to the law may be conducted after approved by the authority concerned.)
Global Electronics Terminal (Hong Kong) Co., Ltd.	2004.12.07	Unit 12 7/F Blk B Hi-Tech Ind'l Ctr 5-21 Pak Tin Par St Tsuen Wan Nt Hong Kong	HK 1,000,000	International trade
GEM Terminal (Cayman) Co.,Ltd.	2010.08.12	The Grand Pavilion Commercial Centre, Oleander Way,802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	USD 18,598,333	International investment
VIETNAM GEM ELECTRONIC AND METAL CO., LTD.	2007.4.11	Lot D6, Road D1 & N2, Nam Tan Uyen Industrial Park, Khanh Binh Commune, Tan Uyen District, Binh Duong province Viet Nam.	VND397,378,634,472	Manufacture and process various hardware products; mechanical processing and metal surface treatment; produce, process, and manufacture various molds and mold-related components; produce and process plastic products and plastic-related components; produce and process optical fiber connectors; produce and process copper strips, copper alloys, copper wires, and others; implement rights to export and import various hardware products, various molds and mold-related components, various plastic products and plastic-related components, machinery products, optical fiber connectors, copper strips, copper alloys, copper wires, and others.

Note 1: The exchange rates for US$, HK$, RMB$, and VN$ are as follows: US$1=NT$30.710、HK$1=NT$3.931、RMB$1=NT$4.328、VN$1=NT$0.001258

3. Presumed to be a controlled and affiliated person in accordance with Article 369-3 of the Company Act: Not applicable.
4. Industries covered by the overall affiliates' business operations. (Describe the division of labor among the affiliates, if their business operations are inter-related.)
   (1) Industries covered by the overall affiliates' business operations mainly include: production, sales of terminals, investment, and international trade, etc.
   (2) Division of labor among affiliates:

The members of the GEM Group's connector business are independent operating entities, which respectively produce connectors to meet local customers' needs.

Except for a small number of raw materials and consumables such as zinc ingots and electrolytic copper, which are collectively procured from non-related suppliers by the parent company GEM on a price negotiation basis; Vietnam GEM procures raw materials and semi-finished products from non-related suppliers and Suzhou GEM separately through Genius Terminal (Hong Kong) Ltd. and Genius Terminal Co., Ltd.;

Dongguan GEM mainly purchases semi-finished products for input into back-end processes from Suzhou GEM;

Suzhou GEM mainly procures on its own from non-related suppliers by price negotiation to input in processes such as striping, trimming, stamping, electroplating, etc., and then Dongguan GEM and Suzhou GEM are respectively responsible for such functional contact activities as order contact and local customer liaison and maintenance, etc.;

Vietnam GEM mainly sells semi-finished and finished products to affiliated enterprises, Dongguan GEM and Suzhou GEM, and Dongguan GEM and Suzhou GEM, which turn out to be responsible for the final sales of products to customers, and to handle product defects, returns, and exchanges in after-sales service.

In addition, GEM has research and development personnel to continuously deepen its core technology and capability in self-production of connectors, and owns the main intangible assets of the group, while Suzhou GEM and Dongguan GEM improve existing products and processes based on customer needs.

5. Name and Shareholding or Financing Status of each Affiliate's Directors, Supervisors, and General Managers

Unit: Share; %

Name of Company	Title	Name or Representative	Shareholding	
			Share	Shareholding Ratio
Cheng-Feng Investment Co., Ltd.	Director	Su,Che-Ming	NTD 661,448	24.19%
Genius Terminal Co., Ltd.	Director	GEM Terminal Ind. Co., Ltd.: Su, Dun-li, Su, Zhong-hong	750,000 shares	100%
Dongguan GEM Electronic & Metal Co., Ltd.	Director	Vibo Gem International Co.,Ltd.： Su, Zhong-hong, Su,Ta-Chun He, Yi-Lin	RMB 169,466,540	100%
Genius Terminal (Hong Kong) Ltd.	Director	Genius Terminal Co., Ltd. Representative: Su, Dun-li, Su, Zhong-hong	21,999,998 unit	100%
Suzhou GEM Opto-electronics Terminal Co., Ltd.	Director	Vibo Gem International Co.,Ltd. Representative:-Guu,Herng-Chang Su, Zhong-hong, Su, Dun-li	RMB 250,678,622	100%
Global Electronics Terminal (Cayman) Co., Ltd.	Director	GEM Terminal Ind. Co., Ltd.: Su, Dun-li	40,137,184 shares	100%
Global Electronics Terminal (Hong Kong) Co., Ltd.	Director	Global Electronics Terminal (Cayman) Co., Ltd.: Su, Dun-li, Chou, Chin-Hsiu	1,000,000 unit	100%
Vibo Gem International Co.,Ltd.	Director	Global Electronics Terminal (Cayman) Co., Ltd.: Su, Dun-li, Su, Zhong-hong, Lin, Shu-Shan	359,972,616 shares	100%
GEM Terminal (Cayman) Co.,Ltd.	Director	GEM Terminal Ind. Co., Ltd.:: Su, Dun-li, Su, Zhong-hong	18,598,333 shares	100%
VIETNAM GEM ELECTRONIC AND METAL CO., LTD.	Director	GEM Terminal (Cayman) Co.,Ltd.: Su, Dun-li, Chen, Li-Yi, Su, Hsing-Hsien	VND 397,378,634,472	100%

6. Operating Profile of Affiliated Companies

Unit: Dollar

Name of Company	Currency	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit (Loss)	Profit (Loss) after Tax of the Period	Earnings per Share (Dollar) (Note 1)
Cheng-Feng Investment Co., Ltd.	NTD	2,733,960	616,586,093	26,759,135	589,826,958	-	(968,460)	(1,241,690)	
Genius Terminal Co., Ltd.	USD	750,000	4,067,532	-	4,067,532	-	(3,052)	172,544	0.23
Global Electronics Terminal (Cayman) Co., Ltd.	USD	40,137,184	67,058,945	-	67,058,945	-	(13,703)	(3,737,413)	(0.093)
Vibo Gem International Co.,Ltd.	HKD	359,972,616	520,910,278	3,236,065	517,674,213		(192,298)	(29,197,896)	(0.081)
Dongguan GEM Electronic & Metal Co., Ltd.	RMB	169,466,540	198,024,410	14,028,464	183,995,947	258,543,174	(28,602,975)	(20,967,828)	
Genius Terminal (Hong Kong) Ltd.	HKD	22,000,000	40,284,891	12,027,377	28,257,514	141,349,851	686,266	1,213,114	
Suzhou GEM Opto-electronics Terminal Co., Ltd.	RMB	250,678,622	690,435,997	400,764,285	289,671,712	723,204,858	(14,529,917)	(7,205,073)	
Global Electronics Terminal (Hong Kong) Co., Ltd.	HKD	1,000,000	171,789,980	168,902,333	2,887,647	475,350,030	510,795	545,296	
GEM Terminal (Cayman) Co.,Ltd.	USD	18,598,333	13,024,119	-	13,024,119	-	(15,263)	(1,337,393)	(0.072)
Vietnam GEM Electronic and Metal Co., Ltd.	VND	397,378,684,472	983,964,227,321	662,001,750,661	321,962,476,660	816,904,760,659	(16,662,763,114)	(17,186,557,086)	

Note: The earnings per share of Genius Terminal Co., Ltd. is calculated based on an average weighted number of 750,000 issued and outstanding shares of common stock.

The earnings per share of Global Electronics Terminal (Cayman) Co., Ltd. is calculated based on an average weighted number of 40,137,184 issued and outstanding shares of common stock.

The earnings per share of Vibo Gem International Co.,Ltd. is calculated based on an average weighted number of issued and outstanding 359,972,616 shares of common stock.

The earnings per share of GEM Terminal (Cayman) Co.,Ltd is calculated based on an average weighted number of 18,598,333 issued and outstanding shares of common stock.

(3) Report of affiliated enterprise

1. Summary of the relationship between subsidiary companies and controlling companies:

Unit: Shares; %

Controlling Company Name	Reason for Control	Shareholding and Pledge Situation of the Controlling Company			Appointment of Directors, Supervisors, or Managers from the Controlling Company	
		Number of Shares Held	Percentage of Shareholding	Number of Pledged Shares	Title	Name
Cheng-Feng Investment Co., Ltd.	Shareholding Control	20,278,409	11.98	—	Chairman	SU, Tun-Li

2. Purchase and sales transactions: N/A.
3. Property transactions: N/A.
4. Fund financing transactions: N/A.
5. Asset leasing transactions: N/A.
6. Endorsement and guarantee commitments: N/A.
7. Other significant financial and operational matters: N/A.

2. Acts in privately placed securities in categories and names of negotiable securities in the most recent year as of the Annual Report issuance date: N/A

3. The Company's share certificates being held or disposed of by subsidiaries in the most recent year as of the Annual Report issuance date: N/A

4. Other necessary supplementary notes: N/A

IX. Other disclosures

Occurrence of significant impact upon shareholders' equity or securities prices under Subparagraph 2, Paragraph 3, Article 36 of the Act in the most recent year as of the Annual

Report issuance date: N/A.

Appendix A: Latest Individual Financial statements and Auditors' Report of 2023

GEM Terminal Ind. Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of GEM Terminal Ind. Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2023 is as follows:

<u>Occurrence of revenue from specific customers</u>

The Company's operating revenue from specific customers for the year ended December 31, 2023 was significantly inconsistent with the overall customers in terms of the amounts and rates of change. In addition, based on the ROC GAAS, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

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

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

1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.

2. We selected samples and verified the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked and confirmed that the payer is the same as the buyer.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

<u>*Notice to Readers*</u>

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.

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

GEM TERMINAL IND. CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 399,035	11	$ 574,708	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	6,247	-	-	-
Financial assets at fair value through other comprehensive income-current (Notes 4 and 8)	40,006	1	620	-
Notes receivable (Notes 4 and 9)	19,254	1	19,917	1
Accounts receivable, net (Notes 4 and 9)	69,993	2	81,255	2
Accounts receivable - related parties (Notes 4, 9 and 25)	16,416	-	9,176	-
Other receivables	54	-	2,433	-
Other receivables - related parties (Note 25)	2,978	-	282,303	7
Current tax assets (Note 21)	781	-	428	-
Inventories (Notes 4, 5 and 10)	70,705	2	51,718	1
Other financial assets - current	9,305	-	12,552	1
Other current assets	43,064	1	9,796	-
Total current assets	677,838	18	1,044,906	26
NONCURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	2,490,253	65	2,527,083	63
Property, plant and equipment (Notes 4, 12, 25, 26 and 27)	515,601	14	389,050	10
Right-of-use assets (Notes 4, 13 and 25)	873	-	1,666	-
Deferred tax assets (Notes 4 and 21)	90,946	2	51,939	1
Prepayments for equipment	19,012	1	6,076	-
Net defined benefit assets (Notes 4 and 17)	4,926	-	408	-
Other financial assets - noncurrent	1,320	-	1,320	-
Other noncurrent assets	8,725	-	4,002	-
Total noncurrent assets	3,131,656	82	2,981,544	74
TOTAL	$ 3,809,494	100	$ 4,026,450	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 440,000	12	$ 444,900	11
Short-term bills payable (Note 16)	50,000	1	-	-
Notes payable (Note 14)	7,555	-	4,808	-
Accounts payable (Note 14)	5,442	-	2,794	-
Accounts payable - related parties (Notes 14 and 25)	82,799	2	92,669	3
Other payables (Notes 15 and 17)	56,019	2	41,997	1
Other payables - related parties (Note 25)	4,479	-	11,800	-
Lease liabilities - current (Notes 4, 13 and 25)	781	-	764	-
Long-term borrowings - current portion (Note 16)	413,342	11	334,433	9
Other current liabilities	5,564	-	7,211	-
Total current liabilities	1,065,981	28	941,376	24
NONCURRENT LIABILITIES				
Long-term borrowings (Note 16)	628,770	17	747,716	19
Deferred tax liabilities (Notes 4 and 21)	8,564	-	22,618	-
Lease liabilities - noncurrent (Notes 4, 13 and 25)	252	-	1,048	-
Total noncurrent liabilities	637,586	17	771,382	19
Total liabilities	1,703,567	45	1,712,758	43
EQUITY (Note 18)				
Ordinary shares	1,692,000	44	1,692,000	42
Capital surplus	271,315	7	271,315	7
Retained earnings				
Legal reserve	364,825	10	364,825	9
Special reserve	97,816	2	159,585	4
Accumulated deficit	(142,334)	(4)	(33,158)	(1)
Total retained earnings	320,307	8	491,252	12
Other equity	(134,636)	(3)	(97,816)	(3)
Treasury shares	(43,059)	(1)	(43,059)	(1)
Total equity	2,105,927	55	2,313,692	57
TOTAL	$ 3,809,494	100	$ 4,026,450	100

The accompanying notes are an integral part of the parent company only financial statements.

GEM TERMINAL IND. CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 19 and 25)	$ 405,054	100	$ 603,034	100
OPERATING COSTS (Notes 10, 20 and 25)	380,097	94	550,238	91
GROSS PROFIT	24,957	6	52,796	9
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 25)	(13,835)	(3)	(4,091)	(1)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES (Note 25)	4,091	1	11,465	2
REALIZED GROSS PROFIT	15,213	4	60,170	10
OPERATING EXPENSES (Notes 9, 20 and 25)				
Marketing	15,477	4	17,022	3
General and administrative	72,556	18	74,142	12
Research and development	11,863	3	17,185	3
Expected credit loss reversed	(249)	-	(371)	-
Total operating expenses	99,647	25	107,978	18
LOSS FROM OPERATIONS	(84,434)	(21)	(47,808)	(8)
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 25)				
Interest income	10,656	3	12,501	2
Other income	22,527	5	22,584	4
Other gains and losses	10,472	3	61,702	10
Finance costs	(30,679)	(8)	(25,637)	(4)
Share of loss of subsidiaries	(153,003)	(38)	(136,780)	(23)
Total non-operating income and expenses	(140,027)	(35)	(65,630)	(11)
LOSS BEFORE INCOME TAX	(224,461)	(56)	(113,438)	(19)
INCOME TAX BENEFIT (Notes 4 and 21)	(51,023)	(13)	(10,324)	(2)
NET LOSS	(173,438)	(43)	(103,114)	(17)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 17, 18 and 21)				

(Continued)

GEM TERMINAL IND. CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share)

	2023 Amount	2023 %	2022 Amount	2022 %
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 3,026	1	$ 1,001	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (loss)	10,252	2	(1,926)	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(81)	-	(425)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(605)	-	(200)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method	(48,934)	(12)	65,997	11
Income tax relating to items that may be reclassified subsequently to profit or loss	2,015	1	(3,697)	(1)
Other comprehensive income (loss) for the year, net of income tax	(34,327)	(8)	60,750	10
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (207,765)	(51)	$ (42,364)	(7)
NET LOSS PER SHARE (Note 22)				
Basic	$ (1.05)		$ (0.62)	
Diluted	$ (1.05)		$ (0.62)	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

GEM TERMINAL IND. CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

			Retained Earnings				Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	Treasury Stock	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,692,000	$ 271,315	$ 343,170	$ 85,432	$ 216,553	$ 645,155	$ 1,303	$ (165,045)	$ 4,157	$ (159,585)	$ (43,059)	$ 2,405,826
Appropriation of 2021 earnings												
Legal reserve	-	-	21,655	-	(21,655)	-	-	-	-	-	-	-
Special reserve	-	-	-	74,153	(74,153)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(49,770)	(49,770)	-	-	-	-	-	(49,770)
	-	-	21,655	74,153	(145,578)	(49,770)	-	-	-	-	-	(49,770)
Net loss for the year ended December 31, 2022	-	-	-	-	(103,114)	(103,114)	-	-	-	-	-	(103,114)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	(2,351)	62,300	801	60,750	-	60,750
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(103,114)	(103,114)	(2,351)	62,300	801	60,750	-	(42,364)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,019)	(1,019)	1,019	-	-	1,019	-	-
BALANCE AT DECEMBER 31, 2022	1,692,000	271,315	364,825	159,585	(33,158)	491,252	(29)	(102,745)	4,958	(97,816)	(43,059)	2,313,692
Appropriation of 2022 earnings												
Reversal of special reserve	-	-	-	(61,769)	61,769	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(173,438)	(173,438)	-	-	-	-	-	(173,438)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	10,171	(46,919)	2,421	(34,327)	-	(34,327)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(173,438)	(173,438)	10,171	(46,919)	2,421	(34,327)	-	(207,765)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,493	2,493	(2,493)	-	-	(2,493)	-	-
BALANCE AT DECEMBER 31, 2023	$ 1,692,000	$ 271,315	$ 364,825	$ 97,816	$ (142,334)	$ 320,307	$ 7,649	$ (149,664)	$ 7,379	$ (134,636)	$ (43,059)	$ 2,105,927

The accompanying notes are an integral part of the parent company only financial statements.

GEM TERMINAL IND. CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (224,461)	$ (113,438)
Adjustments for:		
Depreciation expense	16,983	18,282
Amortization expense	2,901	3,355
Expected credit loss (reversed)	(249)	(371)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,788)	4,172
Finance costs	30,679	25,637
Interest income	(10,656)	(12,501)
Dividend income	(326)	(100)
Share of loss of subsidiaries	153,003	136,780
Net gain on disposal of property, plant and equipment	(683)	(1,066)
Write-down of inventories	508	7,633
Unrealized gain on transactions with subsidiaries	39,952	7,401
Realized gain on transactions with subsidiaries	(24,304)	(32,835)
Other non-cash items	(21)	(65)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	1,915	384
Notes receivable	663	26,469
Accounts receivable	11,511	29,582
Accounts receivable - related parties	(7,240)	26,698
Other receivables	2,212	189
Other receivables - related parties	(499)	(1,901)
Inventories	(19,495)	38,716
Other current assets	(33,268)	(4,706)
Financial liabilities held for trading	(127)	(4,570)
Notes payable	2,747	(10,495)
Accounts payable	2,648	(39,708)
Accounts payable - related parties	(9,870)	(13,514)
Other payables	51	(21,976)
Other payables - related parties	(7,321)	(2,965)
Other current liabilities	(1,625)	(425)
Net defined benefit liabilities	(1,492)	(9,819)
Cash generated from (used in) operations	(77,652)	54,843
Interest received	14,212	12,555
Income tax paid	(981)	(2,118)
Net cash generated from (used in) operating activities	(64,421)	65,280
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(6,247)	-
Purchase of financial assets at fair value through other comprehensive income	(55,017)	(649)

(Continued)

GEM TERMINAL IND. CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 25,883	$ 9,793
Payments for property, plant and equipment	(141,574)	(159,890)
Proceeds from disposal of property, plant and equipment	3,261	2,318
Decrease in other receivables - related parties	276,434	83,405
Decrease in other financial assets	3,247	3,919
Increase in other noncurrent assets	(7,624)	(2,588)
Dividend received	326	62,305
Net cash used in investing activities	98,689	(1,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,420,000	1,631,064
Decrease in short-term borrowings	(1,424,900)	(1,673,119)
Increase in short-term bills payable	160,000	150,000
Decrease in short-term bills payable	(110,000)	(200,000)
Increase in long-term borrowings	336,000	714,700
Repayment of long-term borrowings	(376,037)	(473,356)
Repayment of the principal portion of lease liabilities	(779)	(1,339)
Cash dividends paid	-	(49,770)
Acquisition of additional interests in subsidiaries	(180,360)	-
Interest paid	(33,865)	(26,276)
Net cash generated from (used in) financing activities	(209,941)	71,904
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(175,673)	135,797
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	574,708	438,911
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 399,035	$ 574,708

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

GEM TERMINAL IND. CO., LTD.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the board of directors on March 12, 2024.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities (assets) 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 based on 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 an 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries. In order for the amount of net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to "investments accounted for using the equity method", "share of profit or loss of subsidiaries", "share of other comprehensive loss of subsidiaries accounted for using the equity method" in the parent company only financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

e. Inventories

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

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method. Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Unrealized profit or loss resulting from downstream transactions is eliminated in full in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

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

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

h. Impairment of property, plant and equipment

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

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

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 24.

ii Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 360 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

3) Financial liabilities

<u>Subsequent measurement</u>

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

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading, and any remeasurement gains or losses on such financial liabilities are recognized in profit or loss. Fair value is determined in the manner described in Note 24.

<u>Derecognition of financial liabilities</u>

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

j. Revenue recognition

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

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

k. Leasing

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

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

l. Borrowing costs

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

n. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 301	$ 316
Checking accounts and demand deposits	348,024	330,102
Cash equivalents		
Time deposits with original maturities of 3 months or less	50,710	244,290
	$ 399,035	$ 574,708

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

	December 31	
	2023	2022
Time deposits (%)	1.09-5.00	0.95-4.20

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

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2023	2022
Financial assets-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Beneficiary certificates	$ 6,247	$ -

8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI		
Domestic listed shares	$ 40,006	$ 620

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

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Notes receivable		
Notes receivable - operating	$ 19,254	$ 19,917
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 70,460	$ 81,971
Less: Allowance for impairment loss	467	716
	$ 69,993	$ 81,255
Accounts receivable - related parties		
At amortized cost		
Gross carrying amount	$ 16,416	$ 9,176

a. Notes and accounts receivable

The main credit period of sales of goods was 30-120 days. In order to minimize credit risk, the management of the Company 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 Company 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 Company's credit risk was significantly reduced.

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

The Company 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 Company 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 accounts receivable based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 180 Days	Total
Expected credit loss rate (%)	0.2-0.6	2-8	40	
Gross carrying amount	$ 103,201	$ 2,906	$ 23	$ 106,130
Loss allowance (Lifetime ECLs)	(329)	(129)	(9)	(467)
Amortized cost	$ 102,872	$ 2,777	$ 14	$ 105,663

December 31, 2022

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-8	50-60	
Gross carrying amount	$ 104,165	$ 6,826	$ 73	$ 111,064
Loss allowance (Lifetime ECLs)	(361)	(313)	(42)	(716)
Amortized cost	$ 103,804	$ 6,513	$ 31	$ 110,348

The movements of the loss allowance of notes and accounts receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 716	$ 1,087
Loss allowance reversed	(249)	(371)
Balance at December 31	$ 467	$ 716

b. Credit risk of notes and accounts receivable

The Company'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 amounts as of each reporting period were as follows:

	December 31	
	2023	2022
Group A	$ 38,609	$ 50,124

10. INVENTORIES

	December 31	
	2023	2022
Merchandise	$ 23,789	$ 25,846
Raw materials	28,901	6,083
Supplies	11,979	11,389
Finished goods	1,611	4,608
Work in process	4,425	3,792
	$ 70,705	$ 51,718

All operating costs recognized in 2023 and 2022 were the cost of inventories, which included the following items:

	For the Year Ended December 31	
	2023	2022
Write-down of inventories	$ 508	$ 7,633
Reversal of provisions	(21)	(65)
Others	-	1
	$ 487	$ 7,569

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2023		2022	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Investments in subsidiaries				
Unlisted companies				
Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	$ 1,980,242	100	$ 2,146,080	100
GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	386,447	100	263,567	100
Genius Terminal Co., Ltd. (Genius)	123,564	100	117,436	100
	$ 2,490,253		$ 2,527,083	

Suzhou Gem Opto Electronics Terminal Co., Ltd. (“GEM Suzhou”), the subsidiary of the Company has distributed dividends of $62,205 thousand (US$2,160 thousand), net of withholding tax, to the Company through Vibo Gem International Co., Ltd. (“Vibo”) and Global Cayman in 2022.

The Company subscribed for the new ordinary shares issued by GEM Cayman in cash in April 2023, in the amount of $180,360 thousand (US$6,000 thousand). Then GEM Cayman transferred to capital increase in Vietnam Gem Electronic and Metal Co., Ltd.

Refer to Tables 5 and 6 for information on investees and investments in mainland China.

12. PROPERTY, PLANT AND EQUIPMENT

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

For the year ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance at January 1, 2022	$ 245,920	$ 158,724	$ 207,816	$ 56,029	$ 62,296	$ 730,785
Additions	-	4,802	66,754	4,516	69,723	145,795
Disposal	-	(8,039)	(18,497)	(3,262)	-	(29,798)
Balance at December 31, 2022	$ 245,920	$ 155,487	$ 256,073	$ 57,283	$ 132,019	$ 846,782
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ (136,722)	$ (173,245)	$ (31,768)	$ -	$ (341,735)
Depreciation expenses	-	(2,364)	(7,905)	(5,921)	-	(16,190)
Disposal	-	7,681	16,095	2,968	-	26,744
Balance at December 31, 2023	$ -	$ (131,405)	$ (165,055)	$ (34,721)	$ -	$ (331,181)
Carrying amounts at December 31, 2023	$ 245,920	$ 24,082	$ 91,018	$ 22,562	$ 132,019	$ 515,601

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance at January 1, 2022	$ 146,218	$ 158,774	$ 206,825	$ 55,741	$ 9,798	$ 577,356
Additions	99,702	300	5,972	6,053	52,498	164,525
Disposal	-	(350)	(4,981)	(5,765)	-	(11,096)
Balance at December 31, 2022	$ 245,920	$ 158,724	$ 207,816	$ 56,029	$ 62,296	$ 730,785
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ (134,665)	$ (168,401)	$ (30,788)	$ -	$ (333,854)
Depreciation expenses	-	(2,390)	(9,588)	(5,568)	-	(17,546)
Disposal	-	333	4,744	4,588	-	9,665
Balance at December 31, 2022	$ -	$ (136,722)	$ (173,245)	$ (31,768)	$ -	$ (341,735)
Carrying amounts at December 31, 2022	$ 245,920	$ 22,002	$ 34,571	$ 24,261	$ 62,296	$ 389,050

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

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

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

d. Refer to Note 26 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

e. Reconciliations of the additions and the cash paid stated in the statements of cash flows were as follows:

	For the Year Ended December 31	
	2023	**2022**
Additions to property, plant and equipment	$ 145,795	$ 164,525
Capitalized interest	(3,196)	(1,409)
Increase in prepayments for equipment	12,936	6,076
Increase in payables for purchase of equipment	(13,961)	(9,302)
Cash paid	$ 141,574	$ 159,890

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	**Transportation Equipment**	**Total**
2023			
Cost			
Balance at January 1, 2023 and December 31, 2023	$ 348	$ 2,175	$ 2,523
Accumulated depreciation			
Balance at January 1, 2023	$ (11)	$ (846)	$ (857)
Depreciation expenses	(68)	(725)	(793)
Balance at December 31, 2023	$ (79)	$ (1,571)	$ (1,650)
Carrying amounts at December 31, 2023	$ 269	$ 604	$ 873

(Continued)

2022	Land	Transportation Equipment	Total
Cost			
Balance at January 1, 2022	$ -	$ 2,175	$ 2,175
Additions	348	-	348
Balance at December 31, 2022	$ 348	$ 2,175	$ 2,523
Accumulated depreciation			
Balance at January 1, 2022	$ -	$ (121)	$ (121)
Depreciation expenses	(11)	(725)	(736)
Balance at December 31, 2022	$ (11)	$ (846)	$ (857)
Carrying amounts at December 31, 2022	$ 337	$ 1,329	$ 1,666

(Concluded)

b. Lease liabilities

	December 31 2023	December 31 2022
Carrying amount		
Current	$ 781	$ 764
Noncurrent	$ 252	$ 1,048
Range of discount rates for lease liabilities (%)		
Land	2.07	2.07
Transportation equipment	2.07	1.57

c. Material leasing activities and terms

The Company leases land for use as a parking lot with a lease term that will expire in December 2027, and also leases transportation equipment with a lease term that will expire in October 2024. The Company does not have bargain purchase options to acquire the leasehold land and transportation equipment or extension options at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Expenses relating to short-term leases	$ 1,163	$ 1,193
Expenses relating to low-value asset leases	$ 47	$ 67
Total cash outflow for leases	$ 2,285	$ 2,954

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

14. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Company's notes payable and accounts payable (including those to related parties) were generated from operating activities and were not secured by collateral.

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

15. OTHER PAYABLES

	December 31	
	2023	**2022**
Payable for salaries and bonuses	$ 11,580	$ 11,211
Payable for purchase of equipment	25,814	11,853
Payable for service fees	3,533	3,880
Payable for labor and health insurance	1,497	1,538
Payable for interests	1,459	1,449
Payable for pension	854	852
Payable for purchase on behalf of subsidiaries	1,183	2,517
Others	10,099	8,697
	$ 56,019	$ 41,997

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	**2022**
Bank loans		
Unsecured bank loans	$ 440,000	$ 400,000
Secured bank loans (Note25)	-	44,900
	$ 440,000	$ 444,900
Unsecured bank loans annual interest rates (%)	2.05-2.37	1.80-1.91
Secured bank loans annual interest rates (%)	-	2.20

b. Short-term bills payable

	December 31	
	2023	**2022**
Commercial papers		
China Bills Finance Corporation	$ 50,000	$ -
Annual interest rates (%)	2.04	-

c. Long-term borrowings

Bank loans	December 31 2023	December 31 2022
Unsecured bank loans	$ 864,337	$ 791,333
Secured bank loans (Note 25)	177,775	290,816
	1,042,112	1,082,149
Less: Current portion	413,342	334,433
	$ 628,770	$ 747,716
Unsecured bank loans annual interest rates (%)	2.00-2.72	2.00-2.48
Secured bank loans annual interest rates (%)	2.32	2.19-2.20
Unsecured bank loans expiration period	2024.05-2028.10	2023.04-2027.08
Secured bank loans expiration period	2025.07	2025.07-2037.08

Under loan agreements with certain banks, the Company should maintain certain financial ratios based on their reviewed semiannual and audited annual consolidated financial statements.

The Company was not compliant with the requirement of the times interest earned ratio and loan ratio stated in the partial borrowing with certain banks as of December 31, 2023, except for exempted loans. According to the agreements, the banks may adjust the interest rates on the incompliant loan.

The Company was not compliant with the requirement of the times interest earned ratio stated in the partial borrowing with certain banks as of December 31, 2022; thus, according to the agreements, the banks may adjust the interest rates on the incompliant loan.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 63,266	$ 69,145
Fair value of plan assets	(68,192)	(69,553)
Net defined benefit assets	$ (4,926)	$ (408)

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	$ 70,206	$ (59,794)	$ 10,412
Service cost			
Current service cost	267	-	267
Net interest expense (income)	491	(424)	67
Recognized in profit or loss	758	(424)	334
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,645)	(4,645)
Actuarial loss - change in financial assumptions	630	-	630
Actuarial loss - experience adjustments	3,014	-	3,014
Recognized in other comprehensive income	3,644	(4,645)	(1,001)
Contributions from the employer	-	(10,153)	(10,153)
Benefit payment			
Plan assets	(5,463)	5,463	-
Balance at December 31, 2022	69,145	(69,553)	(408)
Service cost			
Current service cost	240	-	240
Net interest expense (income)	864	(880)	(16)
Recognized in profit or loss	1,104	(880)	224
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(545)	(545)
Actuarial gain - experience adjustments	(2,481)	-	(2,481)
Recognized in other comprehensive income	(2,481)	(545)	(3,026)
Contributions from the employer	-	(1,716)	(1,716)
Benefit payment			
Plan assets	(4,502)	4,502	-
Balance at December 31, 2023	$ 63,266	$ (68,192)	$ (4,926)

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2023	**2022**
Discount rate (%)	1.25	1.25
Expected rate of salary increase (%)	2.00	2.00

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

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (445)	$ (640)
0.25% decrease	$ 454	$ 657
Expected rate of salary increase		
1% increase	$ 1,846	$ 2,674
1% decrease	$ (1,729)	$ (2,480)

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	$ 1,727	$ 1,743
The average duration of the defined benefit obligation	5.5 years	6.7 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	221,000	221,000
Shares authorized	$ 2,210,000	$ 2,210,000
Number of shares issued and fully paid (in thousands)	169,200	169,200
Shares issued	$ 1,692,000	$ 1,692,000

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

	December 31	
Items	2023	2022
Issuance of ordinary shares	$ 266,411	$ 266,411
Treasury share transactions	4,904	4,904
	$ 271,315	$ 271,315

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

c. Retained earnings and dividend policy

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

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

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

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

The legal reserve may be used to offset 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 offsetting of the deficit for 2022 and the appropriation of earnings for 2021, which were approved by the shareholders in their meetings held in June 2023 and June 2022, were as follows:

	For the Year Ended December 31,	
	2022	**2021**
Legal reserve	$ -	$ 21,655
Special reserve	$ (61,769)	$ 74,153
Cash dividends	$ -	$ 49,770
Cash dividends per share (NT$)	$ -	$ 0.3

The offsetting of the deficit for 2023 was proposed by the board of directors on March 12, 2024 will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1	$ (102,745)	$ (165,045)
Recognized for the year		
Share of profit of subsidiaries accounted for using the equity method	(48,934)	65,997
Income tax effects	2,015	(3,697)
Balance at December 31	$ (149,664)	$ (102,745)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (29)	$ 1,303
Recognized for the year		
Unrealized gain (loss) - equity instruments	10,552	(1,926)
Share of profit (loss) of subsidiaries accounted for using the equity method	(81)	(425)
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal		
Equity instruments	(2,574)	548
Share of profit of subsidiaries accounted for using the equity method	81	471
Balance at December 31	$ 7,649	$ (29)

e. Treasury shares

	For the Year Ended December 31	
	2023	2022
Number of shares at January 1 and December 31 (in thousand shares)	3,301	3,301

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

19. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 405,054	$ 603,034

a. Contract balances

	December 31, 2023	December 31, 2021	January 1, 2021
Notes receivable	$ 19,254	$ 19,917	$ 46,386
Accounts receivable, net (including those from related parties)	86,409	90,431	146,340
	$ 105,663	$ 110,348	$ 192,726

b. Disaggregation of revenue

	For the Year Ended December 31	
	2023	2022
Terminals	$ 324,942	$ 466,139
Raw materials and supplies	78,353	133,872
Others	1,759	3,023
	$ 405,054	$ 603,034

20. LOSS BEFORE INCOME TAX

Loss before income tax included following items:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 7,474	$ 4,799
Interest from related parties (Note 25)	3,165	7,693
Interest on security deposits	17	9
	$ 10,656	$ 12,501

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividends	$ 326	$ 100
Income from purchased equipment on behalf of subsidiaries	20,213	21,370
Others	1,988	1,114
	$ 22,527	$ 22,584

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains, net	$ 8,020	$ 64,825
Gain on disposal of property, plant and equipment, net	683	1,066
Gains (losses) on financial instruments at FVTPL, net	1,788	(4,172)
Others	(19)	(17)
	$ 10,472	$ 61,702

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense of borrowings	$ 33,579	$ 26,691
Interest on lease liabilities	296	355
Less: Amounts included in the cost of qualifying assets	3,196	1,409
	$ 30,679	$ 25,637
Capitalization rate (%)	2.06-2.39	1.47-2.46

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 16,190	$ 17,546
Right-of-use assets	793	736
Other assets	2,901	3,355
	$ 19,884	$ 21,637
An analysis of depreciation by function		
Operating costs	$ 7,037	$ 7,685
Operating expenses	9,946	10,597
	$ 16,983	$ 18,282
An analysis of amortization by function		
Operating costs	$ 73	$ 15
Operating expenses	2,828	3,340
	$ 2,901	$ 3,355

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 17)		
Defined contribution plans	$ 3,383	$ 3,605
Defined benefit plans	224	334
	3,607	3,939
Short-term employee benefits	86,748	91,226
	$ 90,355	$ 95,165
An analysis by function		
Operating costs	$ 25,453	$ 25,931
Operating expenses	64,902	69,234
	$ 90,355	$ 95,165

g. Employees' compensation and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the years ended December 31, 2023 and 2022, the Company incurred a net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued for those years.

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

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

21. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax benefit recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 202	$ 280
Adjustments for prior years	426	1,410
	628	1,690
Deferred tax		
In respect of the current year	(45,025)	(12,014)
Adjustments for prior years	(6,626)	-
	(51,651)	(12,014)
	$ (51,023)	$ (10,324)

A reconciliation of accounting loss and income tax benefit was as follows:

	For the Year Ended December 31	
	2023	2022
Net loss before income tax	$ (224,461)	$ (113,438)
Income tax benefit calculated at the statutory rate	$ (44,892)	$ (22,688)
Nondeductible expenses (deductible income) in determining taxable income	(68)	271
Tax-exempt income	(65)	(20)
Deferred tax effect of earnings of subsidiaries	-	10,423
Adjustments for prior years	(6,200)	1,410
Nondeductible withholding tax	202	280
	$ (51,023)	$ (10,324)

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

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 2,015	$ (3,697)
Remeasurement of defined benefit plans	(605)	(200)
	$ 1,410	$ (3,897)

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 781	$ 428

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Unrealized deferred loss	$ 16,468	$ 3,034	$ -	$ 19,502
Subsidiaries accounted for using the equity method	24,196	17,846	2,015	44,057
Others	2,800	(1,009)	-	1,791
	43,464	19,871	2,015	65,350
Loss carryforwards	8,475	17,121	-	25,596
	$ 51,939	$ 36,992	$ 2,015	$ 90,946
Deferred Tax Liabilities				
Temporary differences				
Defined benefit obligations	$ 82	$ 298	$ 605	$ 985
Subsidiaries accounted for using the equity method	12,852	(12,852)	-	-
Land value increment tax	7,398	-	-	7,398
Others	2,286	(2,105)	-	181
	$ 22,618	$ (14,659)	$ 605	$ 8,564

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Defined benefit obligations	$ 2,082	$ (3,121)	$ 1,039	$ -
Unrealized deferred loss	21,604	(5,136)	-	16,468
Subsidiaries accounted for using the equity method	22,585	5,308	(3,697)	24,196
Others	2,305	495	-	2,800
	48,576	(2,454)	(2,658)	43,464
Loss carryforwards	11,172	(2,697)	-	8,475
	$ 59,748	$ (5,151)	$ (2,658)	$ 51,939
Deferred Tax Liabilities				
Temporary differences				
Defined benefit obligations	$ -	$ (1,157)	$ 1,239	$ 82
Subsidiaries accounted for using the equity method	31,146	(18,294)	-	12,852
Land value increment tax	7,398	-	-	7,398
Others	-	2,286	-	2,286
	$ 38,544	$ (17,165)	$ 1,239	$ 22,618

e. Information about unused loss carryforwards as December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 40,507	2031
35,324	2032
52,153	2033
$ 127,984	

f. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. NET LOSS PER SHARE

Due to the net loss on December 31, 2023, and 2022, there was no dilutive effect on the computation of diluted loss per share.

The net loss and weighted average number of ordinary shares outstanding used in the computation of net loss per share were as follows:

Net loss for the year - attributable to owners of the Company

	For the Year Ended December 31	
	2023	2022
Net loss used in the computation of basic net loss per share	$ (173,438)	$ (103,114)

Weighted average number of ordinary shares outstanding (in thousands)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic net loss per share	165,899	165,899

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

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt and equity of the Company. The Company is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements (refer to Note 16).

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

24. FINANCIAL INSTRUMENTS

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

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

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

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	$ 6,247	$ -	$ -	$ 6,247

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 40,006	$ -	$ -	$ 40,006

(Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 620	$ -	$ -	$ 620

There were no transfers between Level 1 and Level 2 in 2023 and 2022.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Measured at amortized cost (Note 1)	$ 518,355	$ 983,664
Measured at FVTPL		
Mandatorily classified as at FVTPL	6,247	-
Financial assets at FVTOCI		
Equity instruments	40,006	620
Financial liabilities		
Measured at amortized cost (Note 2)	1,688,406	1,681,117

Note 1: The balances comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties) and other financial assets.

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

d. Financial risk management objectives and policies

The Company'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 Company through analyzing exposures to risks. These risks include market risk, credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Company had foreign currency-denominated trades, which exposed the Company to foreign currency risk. The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company was mainly exposed to the USD and HKD.

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

	For the Year Ended December 31	
	2023	**2022**
USD	$ 898	$ 5,650
HKD	(389)	(662)

b) Interest rate risk

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

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 50,710	$ 520,725
Financial liabilities	301,033	251,812
Cash flow interest rate risk		
Financial assets	347,830	329,972
Financial liabilities	1,232,112	1,277,049

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by \$8,843 thousand and \$9,471 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to equity price risk at the end of the reporting period.

If financial assets at FVTPL had been 1% higher/lower, the pre-tax profit (loss) for the years ended December 31, 2023 would have increased/decreased by \$62 thousand as a result of holding these investments.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$400 thousand and \$6 thousand, respectively, as a result of the changes in the 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 Company. At the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to counterparties' failure to discharge an obligation is the carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.

The Company's receivables are significantly concentrated in certain individuals. Accounts receivable from customers with significant carrying amounts were disclosed in Notes 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 Company's funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities, continuously monitoring cash flows as well as matching the maturity profiles of financial assets and liabilities.

The Company's current liabilities its exceeded current assets by \$388,143 thousand on December 31, 2023. It applied for a quota with the bank in December 2023, and signed a contract to obtain a financing quota of \$700,000 thousand in January 2024. Therefore, the company's assessment has not yet occurred. Liquidity risk results from a significant inability to raise funds to fulfill contractual obligations.

Liquidity risk tables for non-derivative financial liabilities

The following tables detail the Company'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 Company 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 at the end of the reporting period.

	On Demand or Less than 1 Month	1 to 3 Months	4 Months to 1 Year	1 to 5 Years	Over 5 Years
December 31, 2023					
Fixed interest rate liabilities	$ 170,584	$ 30,329	$ 51,362	$ 50,351	$ -
Variable interest rate liabilities	79,644	180,727	413,210	593,630	-
Lease liabilities	90	179	647	360	-
Non-interest bearing	33,735	17,806	16,015	-	-
	$ 284,053	$ 229,041	$ 481,234	$ 644,341	$ -
December 31, 2022					
Fixed interest rate liabilities	$ 150,527	$ 323	$ 1,507	$ 102,211	$ -
Variable interest rate liabilities	56,986	23,849	569,827	650,461	17,660
Lease liabilities	90	179	806	1,275	-
Non-interest bearing	69,038	39,893	43,688	-	-
	$ 276,641	$ 64,244	$ 615,828	$ 753,947	$ 17,660

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.

25. TRANSACTIONS WITH RELATED PARTIES

Except as disclosed in other notes, transactions between the Company and its related parties were as follows:

a. Related party name and its relationship with the Company

Related Party Name	Relationship with the Company
GEM Suzhou	Subsidiary
Dongguan Gem Electronic and Metal Co., Ltd	Subsidiary
Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Subsidiary
Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Subsidiary
Genius Terminal (HK) Ltd. (Genius HK)	Subsidiary
Su, Tun-Li	Key management personnel
Su, Chung-Hong	Key management personnel
Guu, Herng-Chang	Key management personnel
Su Hong, Yue-Chi	Other related party
Su, Tun-Jen	Other related party
Su, Tun-Yi	Other related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
GEM VN	$ 11,886	$ 64,600
GEM Suzhou	61,685	58,777
Others	2,646	6,250
	$ 76,217	$ 129,627

The accumulated unrealized gains on the transactions with the subsidiaries as of December 31, 2023 and 2022 were $13,835 thousand and $4,091 thousand, respectively.

The goods sold to related parties listed above were mainly raw materials. The payment collection period was about 4 months. The terms of the sales to related parties were not comparable with those sold to third parties.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries		
Genius HK	$ 139,958	$ 160,526
Global HK	109,372	127,376
GEM VN	50,145	38,377
Others	123	321
	$ 299,598	$ 326,600

The goods purchased were mainly semi-finished goods, finished goods and merchandises, which were different from those sold to the related parties by the Company. The payment period was about 4 months or earlier depending on the related parties' working capital. The terms of the purchases from related parties were not comparable.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable - related parties	Subsidiaries		
	GEM Suzhou	$ 9,114	$ 6,105
	GEM VN	6,910	1,623
	Others	392	1,448
		$ 16,416	$ 9,176
Other receivables - related parties	Subsidiaries	$ 2,978	$ 2,478

The other receivables were receivables for equipment purchases on behalf of subsidiaries.

The outstanding receivables from related parties were unsecured and no impairment loss was recognized.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts payable - related parties	Subsidiaries		
	Genius HK	$ 40,132	$ 56,052
	Global HK	26,658	28,762
	GEM VN	15,920	7,854
	Others	89	1
		$ 82,799	$ 92,669
Other payables - related parties	Subsidiaries		
	Genius HK	$ 3,119	$ -
	Global HK	470	11,800
		3,589	11,800
	Key management personnel		
	Su, Tun-Li	890	-
		$ 4,479	$ 11,800

The above other other payables were the balance of the payment for goods collected on behalf of the Company and the payment for equipment purchased by related parties on behalf of the Company.

The outstanding payables to related parties were unsecured.

f. Acquisitions of property, plant and equipment

Related Party Category/Name	Price For the Year Ended December 31 2023	Price For the Year Ended December 31 2022
Subsidiaries		
Global HK	$ 22,044	$ -
Genius HK	77	-
	22,121	-
Other related parties		
Su Hong, Yue-Chi	-	99,600
	$ 22,121	$ 99,600

The payment period with subsidiaries was about 4 months. Since there was no similar transaction with third parties, the terms of the acquisitions were not comparable.

In June 2022, the Company contracted a land purchase agreement with Su Hong-Yue-Chi, the related party, to build a plant. The determined purchase price was $99,600 thousand based on the professional appraisal report. The transaction was completed and the right of the land was transferred on July 29, 2022.

g. Disposals of property, plant and equipment

1) Property, plant and equipment

Related Party Category/Name	For the Year Ended December 31			
	2023		2022	
	Price	Gain on Disposal	Price	Gain on Disposal
Subsidiaries				
GEM Suzhou	$ -	$ -	$ 2,318	$ 1,288
GEM VN	3,261	890	-	-
	$ 3,261	$ 890	$ 2,318	$ 1,288

As of December 31, 2023 and 2022, the accumulated unrealized gains on the intercompany property transactions with subsidiaries amounted to $7,449 thousand and $7,925 thousand, respectively, which were recorded as reduction of investments accounted for using the equity method. The unrealized gains are amortized on a straight-line basis over 10 years and recognized under gain on disposal of property, plant and equipment.

2) Equipment purchased on behalf of subsidiaries

Related Party Category/Name	For the Year Ended December 31			
	2023		2022	
	Price	Gain on Disposal	Price	Gain on Disposal
Subsidiaries				
GEM Suzhou	$ 34,636	$ 20,354	$ 6,216	$ 3,280
GEM VN	8,609	5,764	168	30
	$ 43,245	$ 26,118	$ 6,384	$ 3,310

As of December 31, 2023 and 2022, the accumulative unrealized gains on the intercompany property transactions for purchases on behalf of subsidiaries amounted to $76,226 thousand and $70,319 thousand, respectively, which were recorded as reduction of investments accounted for using the equity method. The unrealized gains amortized on a straight-line basis over 10 years and recognized under other income.

The payment collection period was about 4 months. Since there was no similar transaction with third parties, the terms of the disposals were not comparable with those to third parties.

h. Service fees

Key management of subsidiaries and other related parties provided consulting services to the Company and the service fees of $2,244 thousand and $3,800 thousand were recognized as operating expenses and paid for the years ended December 31, 2023 and 2022, respectively.

i. Lease arrangements

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities	Su, Chung-Hong	$ 303	$ 342

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Acquisition of right-of-use assets	Key management personnel		
	Su, Chung-Hong	$ -	$ 348
Finance costs	Key management personnel		
	Su, Chung-Hong	$ 81	$ 14
Rental expenses	Key management personnel		
	Su, Tun-Li	$ 890	$ 890
	Su, Chung-Hong	-	80
		$ 890	$ 970

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

j. Loans to related parties (including principal and interest)

Line Items	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Other receivables- related parties	Subsidiaries		
	GEM VN	$ -	$ 217,781
	Genius HK	-	62,044
		$ -	$ 279,825
Interest income	Subsidiaries		
	GEM VN	$ 2,918	$ 6,166
	Genius HK	247	1,527
		$ 3,165	$ 7,693

The Company provided related parties with unsecured loans at rates similar to market interest rate. These loans are expected to be recovered within one year; and therefore, no expected credit loss was recognized.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 5,031	$ 5,284
Post-employment benefits	261	260
	$ 5,292	$ 5,544

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.

l. Guarantees

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

Guarantor	December 31	
	2023	2022
Su, Tun-Li	$ 859,506	$ 848,050
Su, Chung-Hong	672,606	678,999
	$ 1,532,112	$ 1,527,049

26. ASSETS PLEDGED AS COLLATERAL

As of December 31, 2023 and 2022, the amount of property, plant and equipment provided as collateral for bank borrowings was $153,751 thousand and $253,303 thousand, respectively.

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023, the Company's significant contingent liabilities and unrecognized commitments were as follows:

a. The amount of contracts for the Company's purchases of property, plant and equipment (including on behalf of subsidiaries) was $73,184 thousand.

b. The amount of contracts for the Company's purchases of raw materials was $1,671 thousand.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company 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)
December 31, 2023				
Financial assets				
Monetary items				
USD	$ 4,501	30.710	(USD:NTD)	$ 138,228
HKD	438	3.931	(HKD:NTD)	1,720
				$ 139,948
Non-monetary items				
Investments in subsidiaries accounted for using the equity method				
USD	84,151	30.710	(USD:NTD)	$ 2,584,265

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
Financial liabilities				
Monetary items				
USD	$ 1,576	30.710	(USD:NTD)	$ 48,387
HKD	10,341	3.931	(HKD:NTD)	40,651
				$ 89,038
December 31, 2022				
Financial assets				
Monetary items				
USD	19,587	30.715	(USD:NTD)	$ 601,615
HKD	426	3.939	(HKD:NTD)	1,676
				$ 603,291
Non-monetary items				
Investments in subsidiaries accounted for using the equity method				
USD	84,858	30.715	(USD:NTD)	$ 2,606,410
Financial liabilities				
Monetary items				
USD	1,192	30.715	(USD:NTD)	$ 36,617
HKD	17,226	3.939	(HKD:NTD)	67,852
				$ 104,469

(Concluded)

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain
USD	30.710 (USD:NTD)	$ (1,012)	30.715 (USD:NTD)	$ 9,858
HKD	3.931 (HKD:NTD)	1,919	3.939 (HKD:NTD)	1,462
		$ 907		$ 11,320

29. ADDITIONAL DISCLOSURES

a. Information about significant transactions

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investment in subsidiaries): Table 2.

4) Marketable securities acquired or disposed of at cost or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: For the year ended December 31, 2023, net loss of futures contracts was $127 thousand.

b. Information on investees: Table 4

c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 5.

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

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 6.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 6

3) The amount of property transactions and the amount of the resultant gains or losses: Table 6.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.

6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

d. Information of major shareholders:

List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7.

TABLE 1

GEM TERMINAL IND. CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance (Note 2)	Actual Amount Borrowed (Note 2)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	$ 368,580	$ 184,260	$ -	5.63-5.8	Short-term financing	$ -	Business development	$ -	-	$ -	$ 421,185	$ 842,371	Note 1
0	The Company	Genius HK	Other receivables - related parties	Yes	153,575	-	-	-	Short-term financing	-	Business development	-	-	-	421,185	842,371	Note 1

Note 1: Under the Company's "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 shareholders' equity, and individual financing shall not exceed 20% of the Company's shareholders' equity.

Note 2: The exchange rate was US$1: NT$30.71.

TABLE 2

GEM TERMINAL IND. CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Beneficiary Certificates							
	Yuanta U.S. Treasury Bond 20-Year ETF Fund	-	Financial assets at FVTPL - current	60,000	$ 1,851	-	$ 1,851	
	Cathay 20-Year U.S. Treasury Bond ETF Fund	-	Financial assets at FVTPL - current	30,000	954	-	954	
	Yuanta AAA to A Corporate Bond ETF Fund	-	Financial assets at FVTPL - current	60,000	2,120	-	2,120	
	Cathay Sustainable High Dividend ETF Fund	-	Financial assets at FVTPL - current	30,000	654	-	654	
	Qunyi Taiwan High Dividend ETF Fund	-	Financial assets at FVTPL - current	30,000	668	-	668	
					$ 6,247		$ 6,247	
	Shares							
	Yulon Motor Co., Ltd.	-	Financial assets at FVTOCI - current	1,680	$ 126	-	$ 126	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTOCI - current	13,000	7,709	-	7,709	
	Silicon Integrated Systems Co., Ltd.	-	Financial assets at FVTOCI - current	299,000	13,634	-	13,634	
	Quanta Computer Co., Ltd.	-	Financial assets at FVTOCI - current	20,000	4,490	-	4,490	
	MediaTek Co., Ltd.	-	Financial assets at FVTOCI - current	4,000	4,060	-	4,060	
	Aerospace Industrial Development Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	322	-	322	
	DAVICOM Semiconductor Co., Ltd.	-	Financial assets at FVTOCI - current	50,000	2,010	-	2,010	
	Wistron Co., Ltd.	-	Financial assets at FVTOCI - current	20,000	1,972	-	1,972	
	Gloria Material Technology Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	293	-	293	
	Coretronic Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	429	-	429	
	Quanta Storage Co., Ltd.	-	Financial assets at FVTOCI - current	50,000	4,100	-	4,100	
	BASO Precision Optics Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	861	-	861	
					$ 40,006		$ 40,006	

TABLE 3

GEM TERMINAL IND. CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Genius HK	Subsidiary	Purchases	$ (139,958)	(44)	120 days after monthly closing	No comparable transactions with third parties	Not significantly different from those in the market	$ (40,132)	(42)	
	Global HK	Subsidiary	Purchases	(109,372)	(34)	120 days after monthly closing	No comparable transactions with third parties	Not significantly different from those in the market	(26,658)	(28)	

TABLE 4

GEM TERMINAL IND. CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares/Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	$ 1,295,208	$ 1,295,208	40,137,184	100	$ 1,980,242	$ (116,784)	$ (116,295)	Note
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	573,029	392,669	18,598,333	100	386,447	(42,007)	(42,007)	Note
	Genius	British Virgin Islands	International investment and trading	23,282	23,282	750,000	100	123,564	5,299	5,299	Note

Note: It was eliminated on consolidation.

TABLE 5

GEM TERMINAL IND. CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Note 1)	Carrying Amount as of December 31, 2023 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	$ 733,453	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	$ 452,130	$ -	$ -	$ 452,130	$ (92,371)	100	$ (76,654)	$ 788,597	$ 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.	1,084,940	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	741,320	-	-	741,320	(31,733)	100	(40,747)	1,224,345	753,650	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	$ 1,193,450	$ 1,741,257 (US$56,700 thousand)	$ 1,263,556

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

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

TABLE 6

GEM TERMINAL IND. CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Type	Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	$ 61,685	120 days after monthly closing	No significant difference with those to third parties	$ 9,114	-	$ 13,302	
		Gain on purchasing equipment on behalf of others	20,354	120 days after monthly closing	No comparable transactions with those in the market	-	-	19,179	
	GEM Dongguan	Sales	1,518	120 days after monthly closing	No significant difference with those to third parties	392	-	150	

TABLE 7

GEM TERMINAL IND. CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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

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

GEM Terminal Ind. Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates of GEM Terminal Ind. Co., Ltd. as of and for the year ended December 31, 2023 under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard No. 10, "Consolidated Financial Statements". In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates has all been included in the consolidated financial statements of GEM Terminal Ind. Co., Ltd. and its subsidiaries. Consequently, GEM Terminal Ind. Co., Ltd. and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

GEM Terminal Ind. Co., Ltd.

By

Su, Tun-Li
Chairman

March 12, 2024

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is as follows:

Occurrence of revenue from specific customers

The Group's operating revenue from specific customers for the year ended December 31, 2023 was significantly inconsistent with the overall customers in terms of the amounts and rates of change. In addition, based on the ROC GAAS, revenue recognition is presumed to have a significant risk. Therefore, we considered the occurrence of revenue from specific customers as a key audit matter.

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

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

1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls relevant to shipment and revenue recognition.

2. We selected samples and verified the occurrence of recorded revenue from specific customers against supporting documents, including shipping and collection documents, and we checked and confirmed that the payer is the same as the buyer.

Other Matter

We have also audited the parent company only financial statements of GEM Terminal Ind. Co., Ltd. as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

<u>*Notice to Readers*</u>

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,040,692	19	$ 1,175,042	24
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	6,247	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	40,219	1	620	-
Notes receivable (Notes 4 and 9)	153,039	3	104,649	2
Accounts receivable, net (Notes 4 and 9)	807,014	15	695,020	14
Other receivables	799	-	2,736	-
Current tax assets (Note 22)	781	-	18,442	-
Inventories (Notes 4, 5 and 10)	1,041,787	19	843,020	18
Other financial assets - current (Notes 11 and 27)	30,587	1	22,039	1
Other current assets	187,005	4	71,032	2
Total current assets	3,308,170	62	2,932,600	61
NONCURRENT ASSETS				
Property, plant and equipment (Notes 4, 13, 27 and 28)	1,718,234	32	1,676,817	35
Right-of-use assets (Notes 4, 14, 26 and 27)	59,715	1	68,866	1
Deferred tax assets (Notes 4 and 22)	213,742	4	120,614	3
Prepayments for equipment	21,015	1	6,076	-
Other financial assets - noncurrent (Notes 11 and 27)	6,890	-	7,004	-
Net defined benefit assets (Notes 4 and 18)	4,926	-	408	-
Other noncurrent assets	11,784	-	7,231	-
Total noncurrent assets	2,036,306	38	1,887,016	39
TOTAL	$ 5,344,476	100	$ 4,819,616	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 946,834	18	$ 798,393	17
Short-term bills payable (Note 17)	50,000	1	-	-
Notes payable (Note 15)	437,037	8	220,700	5
Accounts payable (Note 15)	535,140	10	207,815	4
Other payables (Notes 16 and 18)	184,969	4	142,336	3
Lease liabilities - current (Notes 4, 14 and 26)	781	-	764	-
Long-term borrowings - current portion (Note 17)	413,342	8	334,433	7
Other current liabilities	19,406	-	16,724	-
Total current liabilities	2,587,509	49	1,721,165	36
NONCURRENT LIABILITIES				
Long-term borrowings (Note 17)	628,770	12	747,716	15
Deferred tax liabilities (Notes 4 and 22)	22,018	-	35,995	1
Lease liabilities - noncurrent (Notes 4, 14 and 26)	252	-	1,048	-
Total noncurrent liabilities	651,040	12	784,759	16
Total liabilities	3,238,549	61	2,505,924	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Ordinary shares	1,692,000	32	1,692,000	35
Capital surplus	271,315	5	271,315	6
Retained earnings				
Legal reserve	364,825	7	364,825	8
Special reserve	97,816	2	159,585	3
Accumulated deficit	(142,334)	(3)	(33,158)	(1)
Total retained earnings	320,307	6	491,252	10
Other equity	(134,636)	(3)	(97,816)	(2)
Treasury shares	(43,059)	(1)	(43,059)	(1)
Total equity	2,105,927	39	2,313,692	48
TOTAL	$ 5,344,476	100	$ 4,819,616	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE, NET (Notes 4 and 20)	$ 2,590,481	100	$ 2,881,970	100
OPERATING COSTS (Notes 10 and 21)	2,514,614	97	2,780,643	96
GROSS PROFIT	75,867	3	101,327	4
OPERATING EXPENSES (Notes 9, 21 and 26)				
Marketing	123,106	5	123,331	4
General and administrative	207,054	8	201,482	7
Research and development	11,864	1	17,184	1
Expected credit loss (reversed)	1,018	-	(1,298)	-
Total operating expenses	343,042	14	340,699	12
LOSS FROM OPERATIONS	(267,175)	(11)	(239,372)	(8)
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 26)				
Interest income	17,098	1	11,351	1
Other income	4,102	-	5,834	-
Other gains and losses	11,559	1	92,111	3
Finance costs	(40,442)	(2)	(47,721)	(2)
Total non-operating income and expenses	(7,683)	-	61,575	2
LOSS BEFORE INCOME TAX	(274,858)	(11)	(177,797)	(6)
INCOME TAX BENEFIT (Notes 4 and 22)	(101,420)	(4)	(74,683)	(3)
NET LOSS	(173,438)	(7)	(103,114)	(3)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 18, 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,026	-	1,001	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	10,144	1	(2,492)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(578)	-	(59)	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Net Loss) Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (48,934)	(2)	$ 65,997	2
Income tax relating to items that may be reclassified subsequently to profit or loss	2,015	-	(3,697)	-
Other comprehensive loss for the year, net of income tax	(34,327)	(1)	60,750	2
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (207,765)	(8)	$ (42,364)	(1)
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	$ (173,438)	(7)	$ (103,114)	(4)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owners of the Company	$ (207,765)	(8)	$ (42,364)	(1)
NET LOSS PER SHARE (Note 23)				
Basic	$ (1.05)		$ (0.62)	
Diluted	$ (1.05)		$ (0.62)	

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to the Owners of the Company											
			Retained Earnings				Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2022	$ 1,692,000	$ 271,315	$ 343,170	$ 85,432	$ 216,553	$ 645,155	$ 1,303	$ (165,045)	$ 4,157	$ (159,585)	$ (43,059)	$ 2,405,826
Appropriation of 2021 earnings												
Legal reserve	-	-	21,655	-	(21,655)	-	-	-	-	-	-	-
Special reserve	-	-	-	74,153	(74,153)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(49,770)	(49,770)	-	-	-	-	-	(49,770)
	-	-	21,655	74,153	(145,578)	(49,770)	-	-	-	-	-	(49,770)
Net loss for the year ended December 31, 2022	-	-	-	-	(103,114)	(103,114)	-	-	-	-	-	(103,114)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	(2,351)	62,300	801	60,750	-	60,750
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(103,114)	(103,114)	(2,351)	62,300	801	60,750	-	(42,364)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(1,019)	(1,019)	1,019	-	-	1,019	-	-
BALANCE AT DECEMBER 31, 2022	1,692,000	271,315	364,825	159,585	(33,158)	491,252	(29)	(102,745)	4,958	(97,816)	(43,059)	2,313,692
Appropriation of 2022 earnings Legal reserve Reversal	-	-	-	(61,769)	61,769	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2023	-	-	-	-	(173,438)	(173,438)	-	-	-	-	-	(173,438)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	10,171	(46,919)	2,421	(34,327)	-	(34,327)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(173,438)	(173,438)	10,171	(46,919)	2,421	(34,327)	-	(207,765)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,493	2,493	(2,493)	-	-	(2,493)	-	-
BALANCE AT DECEMBER 31, 2023	$ 1,692,000	$ 271,315	$ 364,825	$ 97,816	$ (142,334)	$ 320,307	$ 7,649	$ (149,664)	$ 7,379	$ (134,636)	$ (43,059)	$ 2,105,927

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)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (274,858)	$ (177,797)
Adjustments for:		
Depreciation expense	234,316	245,924
Amortization expense	3,227	3,799
Expected credit loss (reversed)	1,018	(1,298)
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(1,788)	4,172
Finance costs	40,442	47,721
Interest income	(17,098)	(11,351)
Dividend income	(378)	(158)
Net loss on disposal of property, plant and equipment	4,455	5,593
Write-down of inventories	508	51,197
Write-down of right-of-use assets	5,194	-
Other non-cash items	360	(2,192)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,332)	384
Notes receivable	(48,390)	84,024
Accounts receivable	(112,863)	436,784
Other receivables	1,845	710
Inventories	(198,222)	333,837
Other current assets	(115,973)	14,696
Financial liabilities held for trading	(127)	(4,570)
Notes payable	216,337	(38,966)
Accounts payable	327,325	(222,542)
Other payables	21,260	(51,686)
Other current liabilities	2,598	310
Net defined benefit assets and liabilities	(1,492)	(9,819)
Cash generated from operations	83,364	708,772
Interest received	17,190	11,167
Income tax received (paid)	8,712	(34,916)
Net cash generated from operating activities	109,266	685,023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(64,520)	(36,420)
Proceeds from sale of financial assets at fair value through other comprehensive income	35,015	47,960
Payments for property, plant and equipment	(331,704)	(319,399)
Proceeds from disposal of property, plant and equipment	1,556	2,998
Decrease (increase) in other financial assets	(8,434)	25,215
Increase in other noncurrent assets	(8,107)	(3,211)

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	2023	2022
Dividends received	$ 378	$ 158
Net cash used in investing activities	(375,816)	(282,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,173,727	2,896,421
Decrease in short-term borrowings	(2,013,118)	(3,450,543)
Increase in short-term bills payable	160,000	150,000
Decrease in short-term bills payable	(110,000)	(200,000)
Increase in long-term borrowings	336,000	714,700
Repayment of long-term borrowings	(376,037)	(473,356)
Repayment of the principal portion of lease liabilities	(779)	(1,339)
Cash dividends paid	-	(49,770)
Interest paid	(45,742)	(51,490)
Net cash generated from (used in) financing activities	124,051	(465,377)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	8,149	52,905
NET DECREASE IN CASH AND CASH EQUIVALENTS	(134,350)	(10,148)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,175,042	1,185,190
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,040,692	$ 1,175,042

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

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on March 12, 2024.

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

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

The initial application of the IFRS Accounting Standards 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 IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities (assets) 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 based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

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

e. Foreign currencies

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

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

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

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

f. Inventories

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

g. Property, plant, and equipment

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

Freehold land is not depreciated.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

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

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

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

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 25.

ii Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

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

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

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

k. Leasing

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

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

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

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

l. Borrowing costs

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

n. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 2,817	$ 2,313
Checking accounts and demand deposits	899,246	841,239
Cash equivalents		
Time deposits with original maturities of 3 months or less	138,629	331,490
	$ 1,040,692	$ 1,175,042

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

	December 31	
	2023	2022
Time deposits (%)	1.09-5.40	0.95-4.65

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

7. FINANCIAL ASSETS AT FVTPL - CURRENT

	December 31	
Financial assets-current	2023	2022
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Beneficiary certificates	$ 6,247	$ -

8. FINANCIAL ASSETS AT FVTOCI - CURRENT

	December 31	
	2023	2022
Investments in equity instruments at FVTOCI		
Domestic listed shares	$ 40,006	$ 620
Overseas listed shares	213	-
	$ 40,219	$ 620

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

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Notes receivable		
Notes receivable - operating	$ 153,039	$ 104,649
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 817,539	$ 704,675
Less: Allowance for impairment loss	10,525	9,655
	$ 807,014	$ 695,020

a. Notes and accounts receivable

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

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

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

The following table details the loss allowance for receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-60	50-100	
Gross carrying amount	$ 925,649	$ 38,885	$ 1,035	$ 5,009	$ 970,578
Loss allowance (Lifetime ECLs)	(3,199)	(1,978)	(383)	(4,965)	(10,525)
Amortized cost	$ 922,450	$ 36,907	$ 652	$ 44	$ 960,053

December 31, 2022

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-60	70-100	
Gross carrying amount	$ 773,088	$ 30,846	$ 421	$ 4,969	$ 809,324
Loss allowance (Lifetime ECLs)	(3,033)	(1,594)	(116)	(4,942)	(9,655)
Amortized cost	$ 770,085	$ 29,252	$ 305	$ 27	$ 799,669

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 9,655	$ 10,692
Loss allowance recognized (reversed)	1,018	(1,298)
Foreign exchange gains and losses	(148)	261
Balance at December 31	$ 10,525	$ 9,655

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 amounts as of each reporting period were as follows:

	December 31	
	2023	2022
Group A	$ 97,485	$ 116,532

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	$ 270,605	$ 315,409
Work in process	162,007	176,954
Raw materials	491,573	265,805
Supplies	117,602	84,852
	$ 1,041,787	$ 843,020

All operating costs recognized in 2023 and 2022 were the cost of inventories, which included the following items:

	For the Year Ended December 31	
	2023	2022
Write-down of inventories	$ 508	$ 51,197
Recognition (reversal) of provisions	78	(83)
Others	(107)	321
	$ 479	$ 51,435

11. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Pledged time deposits	$ 9,658	$ 10,470
Time deposits with original maturities exceeding 3 months	12,580	-
Refundable deposits	15,239	18,573
	$ 37,477	$ 29,043
Current	$ 30,587	$ 22,039
Noncurrent	6,890	7,004
	$ 37,477	$ 29,043

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

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

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

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

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

		Percentage of Ownership (%)	
Name of Investor	Name of Investee	December 31, 2023	December 31, 2022
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	100	100
	Genius Terminal Co., Ltd. (Genius)	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	100	100

(Continued)

Name of Investor	Name of Investee	Percentage of Ownership (%) December 31, 2023	December 31, 2022
Genius	Genius Terminal (HK) Ltd. (Genius HK)	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	100	100

(Concluded)

Refer to Tables 5 and 6 for information on the Group's main business and registered country.

13. PROPERTY, PLANT AND EQUIPMENT

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

For the year ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2023	$ 245,920	$ 1,056,899	$ 1,758,251	$ 49,319	$ 764,823	$ 158,801	$ 4,034,013
Additions	-	20,754	157,359	5,821	81,398	78,106	343,438
Disposal	-	(9,827)	(167,989)	(8,634)	(47,634)	-	(234,084)
Effect of foreign currency exchange differences	-	(19,314)	60,082	(2,379)	(15,869)	(3,434)	19,086
Balance at December 31, 2023	$ 245,920	$ 1,048,512	$ 1,807,703	$ 44,127	$ 782,718	$ 233,473	$ 4,162,453
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ (623,773)	$ (1,182,170)	$ (31,190)	$ (520,063)	$ -	$ (2,357,196)
Depreciation expenses	-	(41,195)	(106,195)	(3,684)	(80,447)	-	(231,521)
Disposal	-	8,177	165,383	8,455	46,058	-	228,073
Effect of foreign currency exchange differences	-	11,598	(107,827)	1,347	11,307	-	(83,575)
Balance at December 31, 2023	$ -	$ (645,193)	$ (1,230,809)	$ (25,072)	$ (543,145)	$ -	$ (2,444,219)
Carry amounts at December 31, 2023	$ 245,920	$ 403,319	$ 576,894	$ 19,055	$ 239,573	$ 233,473	$ 1,718,234

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2022	$ 146,218	$ 1,027,855	$ 1,670,589	$ 49,197	$ 766,301	$ 64,137	$ 3,724,297
Additions	99,702	4,611	59,149	5,811	54,781	93,932	317,986
Disposal	-	(2,159)	(52,395)	(6,408)	(78,910)	-	(139,872)
Effect of foreign currency exchange differences	-	26,592	80,908	719	22,651	732	131,602
Balance at December 31, 2022	$ 245,920	$ 1,056,899	$ 1,758,251	$ 49,319	$ 764,823	$ 158,801	$ 4,034,013

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ (575,359)	$ (1,050,483)	$ (33,910)	$ (496,251)	$ -	$ (2,156,003)
Depreciation expenses	-	(41,053)	(111,846)	(3,026)	(87,286)	-	(243,211)
Disposal	-	501	47,512	6,276	76,992	-	131,281
Effect of foreign currency exchange differences	-	(7,862)	(67,353)	(530)	(13,518)	-	(89,263)
Balance at December 31, 2022	$ -	$ (623,773)	$ (1,182,170)	$ (31,190)	$ (520,063)	$ -	$ (2,357,196)
Carry amounts at December 31, 2022	$ 245,920	$ 433,126	$ 576,081	$ 18,129	$ 244,760	$ 158,801	$ 1,676,817

(Concluded)

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

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

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

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

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

	For the Year Ended December 31	
	2023	2022
Additions to property, plant and equipment	$ 343,438	$ 317,986
Capitalized interest	(5,441)	(3,612)
Increase in prepayments for purchasing equipment	14,939	6,076
Increase in equipment purchasing payables	(21,232)	(1,051)
Cash paid	$ 331,704	$ 319,399

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 55,995	$ 64,257
Buildings	3,116	3,280
Transportation equipment	604	1,329
	$ 59,715	$ 68,866

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ -	$ 348
Depreciation charge for right-of-use assets		
Land	$ 1,995	$ 1,915
Buildings	75	73
Transportation equipment	725	725
	$ 2,795	$ 2,713

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 781	$ 764
Noncurrent	$ 252	$ 1,048
Range of discount rates for lease liabilities (%)		
Land	2.07	2.07
Transportation equipment	1.57	1.57

c. Material leasing activities and terms

The subsidiaries lease land and buildings for use as plants, offices and employee dormitories with lease terms of 35 to 50 years, which will expire from December 2046 to December 2066 in a row. The Group does not have bargain purchase options to acquire the leasehold land and buildings or extension options at the end of the lease terms. As of December 31, 2023, the Group is in the process of obtaining the land use right certificate for a partial land lease of $8,318 thousand. Among them, The Group has been assessed to have no recoverable value of $5,194 thousand, and impairment losses were recognized as other gains and losses in the consolidated comprehensive income statement for the year ended December 31, 2023.

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 Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 1,163	$ 1,193
Expenses relating to low-value assets leases	$ 47	$ 67
Total cash outflow for leases	$ 2,285	$ 2,954

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

16. OTHER PAYABLES

	December 31	
	2023	2022
Payable for purchase of equipment	$ 59,093	$ 37,861
Payable for salaries and bonuses	41,198	39,010
Payable for freight	14,641	11,926
Payable for service fees	10,731	7,927
Payable for utility expenses	4,953	3,875
Payable for processing fees	4,536	2,960
Payable for taxes	3,777	1,718
Others	46,040	37,059
	$ 184,969	$ 142,336

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Bank loans		
Unsecured bank loans	$ 655,618	$ 596,196
Secured bank loans (Note 27)	291,216	202,197
	$ 946,834	$ 798,393

(Continued)

	December 31	
	2023	2022
Unsecured bank loans annual interest rates (%)	2.05-5.70	1.80-3.30
Secured bank loans annual interest rates (%)	2.85-6.07	2.20-4.53

(Concluded)

b. Short-term bills payable

	December 31	
	2023	2022
Commercial papers		
China Bills Finance Corporation	$ 50,000	$ -
Annual interest rates (%)	2.04	-

c. Long-term borrowings

	December 31	
	2023	2022
Bank loans		
Unsecured bank loans	$ 864,337	$ 791,333
Secured bank loans (Note 27)	177,775	290,816
	1,042,112	1,082,149
Less: Current portion	413,342	334,433
	$ 628,770	$ 747,716
Unsecured bank loans annual interest rates (%)	2.00-2.72	2.00-2.48
Secured bank loans annual interest rates (%)	2.32	2.19-2.20
Unsecured bank loans expiration period	2024.05-2028.10	2023.04-2027.08
Secured bank loans expiration period	2025.07	2025.07-2037.08

Under loan agreements with certain banks, the Group should maintain certain financial ratios based on their reviewed semiannual and audited annual consolidated financial statements.

The Group was not compliant with the requirement of the times interest earned ratio and loan ratio stated in the partial borrowing with certain banks as of December 31, 2023, except for exempted loans. According to the agreements, the banks may adjust the interest rates on the incompliant loan.

The Group was not compliant with the requirement of the times interest earned ratio stated in the partial borrowing with certain banks as of December 31, 2022; thus, according to the agreements, the banks may adjust the interest rates on the incompliant loan.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

1) The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

2) GEM Dongguan, GEM Suzhou and GEM Vietnam of the Group make contributions in accordance with the local regulations, which are defined contribution plan.

b. Defined benefit plans

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

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

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 63,266	$ 69,145
Fair value of plan assets	(68,192)	(69,553)
Net defined benefit assets	$ (4,926)	$ (408)

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2022	$ 70,206	$ (59,794)	$ 10,412
Service cost			
Current service cost	267	-	267
Net interest expense (income)	491	(424)	67
Recognized in profit or loss	758	(424)	334
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,645)	(4,645)
Actuarial loss - change in financial assumptions	630	-	630
Actuarial loss - experience adjustments	3,014	-	3,014
Recognized in other comprehensive income	3,644	(4,645)	(1,001)
Contributions from the employer	-	(10,153)	(10,153)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Benefit payment			
Plan assets	$ (5,463)	$ 5,463	$ -
Balance at December 31, 2022	69,145	(69,553)	(408)
Service cost			
Current service cost	240	-	240
Net interest expense (income)	864	(880)	(16)
Recognized in profit or loss	1,104	(880)	224
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(545)	(545)
Actuarial gain - experience adjustments	(2,481)	-	(2,481)
Recognized in other comprehensive income	(2,481)	(545)	(3,026)
Contributions from the employer	-	(1,716)	(1,716)
Benefit payment			
Plan assets	(4,502)	4,502	-
Balance at December 31, 2023	$ 63,266	$ (68,192)	$ (4,926)

(Concluded)

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2023	2022
Discount rate (%)	1.25	1.25
Expected rate of salary increase (%)	2.00	2.00

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	$ (445)	$ (640)
0.25% decrease	$ 454	$ 657
Expected rate of salary increase		
1% increase	$ 1,846	$ 2,674
1% decrease	$ (1,729)	$ (2,480)

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	$ 1,727	$ 1,743
The average duration of the defined benefit obligation	5.5 years	6.7 years

19. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	221,000	221,000
Shares authorized	$ 2,210,000	$ 2,210,000
Number of shares issued and fully paid (in thousands)	169,200	169,200
Shares issued	$ 1,692,000	$ 1,692,000

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	December 31	
	2023	2022
Issuance of ordinary shares	$ 266,411	$ 266,411
Treasury share transactions	4,904	4,904
	$ 271,315	$ 271,315

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

c. Retained earnings and dividend policy

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

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

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

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

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

The offsetting of the deficit for 2022 and the appropriation of earnings for 2021, which were approved by the shareholders in their meetings held in June 2023 and June 2022, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	$ -	$ 21,655
Special reserve	$(61,769)	$ 74,153
Cash dividends	$ -	$ 49,770
Cash dividends per share (NT$)	$ -	$ 0.3

The offsetting of the deficit for 2023 was proposed by the board of directors on March 12, 2024, and will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (102,745)	$ (165,045)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(48,934)	65,997
Income tax effects	2,015	(3,697)
Balance at December 31	$ (149,664)	$ (102,745)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (29)	$ 1,303
Recognized for the year		
Unrealized gain (loss) - equity instruments	10,144	(2,492)
Income tax effects	27	141
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal	(2,493)	1,019
Balance at December 31	$ 7,649	$ (29)

e. Treasury shares

	For the Year Ended December 31	
	2023	2022
Number of shares at January 1 and December 31 (in thousand shares)	3,301	3,301

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

20. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 2,590,481	$ 2,881,970

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	$ 153,039	$ 104,649	$ 188,673
Accounts receivable, net	807,014	695,020	1,130,767
	$ 960,053	$ 799,669	$ 1,319,440

b. Disaggregation of revenue

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

21. LOSS BEFORE INCOME TAX

Loss before income tax included following items:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 17,098	$ 11,351

b. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income	$ 378	$ 158
Others	3,724	5,676
	$ 4,102	$ 5,834

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains, net	$ 22,783	$ 105,705
Loss on disposal of property, plant and equipment, net	(4,455)	(5,593)
Loss (gain) on financial instruments at FVTPL, net	1,788	(4,172)
Impairment loss (Note 14)	(5,194)	-
Others	(3,363)	(3,829)
	$ 11,559	$ 92,111

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense of borrowings	$ 45,587	$ 50,978
Interest on lease liabilities	296	355
Less: Amounts included in the cost of qualifying assets	5,441	3,612
	$ 40,442	$ 47,721
Capitalization rate (%)	2.04-4.20	1.47-4.80

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 231,521	$ 243,211
Right-of-use assets	2,795	2,713
Other noncurrent assets	3,227	3,799
	$ 237,543	$ 249,723
An analysis of depreciation by function		
Operating costs	$ 199,142	$ 212,011
Operating expenses	35,174	33,913
	$ 234,316	$ 245,924
An analysis of amortization by function		
Operating costs	$ 73	$ 15
Operating expenses	3,154	3,784
	$ 3,227	$ 3,799

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits (Note 18)		
Defined contribution plans	$ 28,759	$ 28,278
Defined benefit plans	224	334
	28,983	28,612
Short-term employee benefits	427,602	431,795
	$ 456,585	$ 460,407
An analysis by function		
Operating costs	$ 316,795	$ 315,386
Operating expenses	139,790	145,021
	$ 456,585	$ 460,407

g. Employees' compensation and remuneration of directors

The Group accrued compensation of employees and remuneration of directors at rates no less than 3% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. For the years ended December 31, 2023 and 2022, the Group incurred a net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued for those years.

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

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

22. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense benefit recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 2,627	$ 7,630
Adjustments for prior years	6,349	(4,065)
	8,976	3,565
Deferred tax		
In respect of the current year	(93,258)	(78,248)
Adjustments for prior years	(17,138)	-
	(110,396)	(78,248)
	$ (101,420)	$ (74,683)

A reconciliation of accounting loss and income tax benefit was as follows:

	For the Year Ended December 31	
	2023	2022
Loss before income tax	$ (274,858)	$ (177,797)
Income tax benefit calculated at the statutory rate	$ (62,179)	$ (42,785)
Nondeductible expenses (deductible income determining taxable income)	2,496	540
Deferred tax effect of loss of subsidiaries	(31,187)	(28,686)
Adjustments for prior years	(10,789)	(4,065)
Nondeductible withholding tax	239	313
	$ (101,420)	$ (74,683)

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

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 2,015	$ (3,697)
Remeasurement of defined benefit plans	(605)	(200)
Fair value changes of financial assets at FVTOCI	27	141
	$ 1,437	$ (3,756)

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 781	$ 18,442

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Balance, End of Year
Deferred Tax Assets						
Temporary differences						
Unrealized deferred profits	$ 19,477	$ 2,577	$ -	$ -	$ 946	$ 23,000
Earnings and translation of foreign operations	24,196	17,846	2,015	-	-	44,057
Property, plant and equipment	16,094	956	-	-	(320)	16,730
Unrealized loss on inventories	21,090	(6,047)	-	-	(1,077)	13,966
Others	6,579	(591)	27	(27)	(1,388)	4,600
	87,436	14,741	2,042	(27)	(1,839)	102,353
Loss carryforwards	33,178	80,877	-	-	(2,666)	111,389
	$ 120,614	$ 95,618	$ 2,042	$ (27)	$ (4,505)	$ 213,742
Deferred Tax Liabilities						
Temporary differences						
Defined benefit obligations	$ 82	$ 298	$ 605	$ -	$ -	$ 985
Earnings and translation of foreign operations	25,599	(12,852)	-	-	(26)	12,721
Land value increment tax	7,398	-	-	-	-	7,398
Others	2,916	(2,224)	-	-	222	914
	$ 35,995	$ (14,778)	$ 605	$ -	$ 196	$ 22,018

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Balance, End of Year
Deferred Tax Assets						
Temporary differences						
Unrealized deferred profits	$ 25,883	$ (6,406)	$ -	$ -	$ -	$ 19,477
Defined benefit obligations	2,082	(3,121)	1,039	-	-	-
Earnings and translation of foreign operations	22,585	5,308	(3,697)	-	-	24,196
Property, plant and equipment	13,848	2,294	-	-	(48)	16,094
Unrealized loss on inventories	8,683	12,082	-	-	325	21,090
Others	4,105	2,129	141	(157)	361	6,579
	77,186	12,286	(2,517)	(157)	638	87,436
Loss carryforwards	11,539	21,777	-	-	(138)	33,178
	$ 88,725	$ 34,063	$ (2,517)	$ (157)	$ 500	$ 120,614
Deferred Tax Liabilities						
Temporary differences						
Defined benefit obligations	$ -	$ (1,157)	$ 1,239	$ -	$ -	$ 82
Earnings and translation of foreign operations	61,048	(38,419)	-	-	2,970	25,599
Land value increment tax	7,398	-	-	-	-	7,398
Others	7,523	(4,609)	-	-	2	2,916
	$ 75,969	$ (44,185)	$ 1,239	$ -	$ 2,972	$ 35,995

e. Information about unused loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 145,299	2027
210,843	2028
40,507	2031
35,324	2032
52,153	2033
$ 484,126	

f. Income tax assessments

The income tax returns of the Company and GEM VN through 2021 and 2020 have been assessed by the tax authorities, respectively.

GEM Dongguan and GEM Suzhou had completed the filing of their income tax returns through 2022 with the tax authorities.

23. NET LOSS PER SHARE

Due to the net losses on December 31, 2023, and 2022, there is no dilutive effect on the computation of diluted loss per share.

The net loss and weighted average number of ordinary shares outstanding used in the computation of net loss per share were as follows:

Net loss for the year - attributable to owners of the Company

	For the Year Ended December 31	
	2023	2022
Net loss used in the computation of basic net loss per share	$ (173,438)	$ (103,114)

Weighted average number of ordinary shares outstanding (in thousands)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic net loss per share	165,899	165,899

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

24. CAPITAL MANAGEMENT

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

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

25. FINANCIAL INSTRUMENTS

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

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

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

   December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	$ 6,247	$ -	$ -	$ 6,247

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 40,006	$ -	$ -	$ 40,006
Overseas listed shares	213	-	-	213
	$ 40,219	$ -	$ -	$ 40,219

(Concluded)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 620	$ -	$ -	$ 620

There were no transfers between Level 1 and Level 2 in 2023 and 2022.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Measured at amortized cost (Note 1)	$ 2,039,021	$ 2,006,490
Mandatorily classified as at FVTPL	6,247	-
Financial assets at FVTOCI Equity instruments	40,219	620
Financial liabilities		
Measured at amortized cost (Note 2)	3,196,092	2,451,393

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	For the Year Ended December 31	
	2023	**2022**
USD	$ 1,253	$ 4,024
HKD	133	420

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:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 160,867	$ 341,960
Financial liabilities	539,074	448,008
Cash flow interest rate risk		
Financial assets	899,053	841,109
Financial liabilities	1,500,905	1,434,346

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by $6,019 thousand and $5,932 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 financial assets at FVTPL had been 1% higher/lower, the pre-tax profit (loss) for the years ended December 31, 2023 would increase/decrease by $62 thousand, as a result of holding these investments.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would increase/decrease by $402 thousand and $6 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

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

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

Liquidity risk tables for non-derivative financial liabilities

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

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

December 31, 2023	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-5 Years
Fixed interest rate liabilities	$ 170,927	$ 40,428	$ 284,662	$ 50,351
Variable interest rate liabilities	81,076	243,552	626,384	593,630
Lease liabilities	90	179	674	360
Financial guarantee contracts	6,925	10,438	12,791	-
Non-interest bearing	556,510	400,309	198,539	-
	$ 815,528	$ 694,906	$ 1,123,050	$ 644,341

December 31, 2022	On Demand or Less than 1 Month	1-3 Months	4 Months to 1 Year	1-5 Years	Over 5 Years
Fixed interest rate liabilities	$ 151,084	$ 1,384	$ 201,801	$ 102,211	$ -
Variable interest rate liabilities	57,591	25,001	728,812	650,461	17,660
Lease liabilities	90	179	806	1,275	-
Financial guarantee contracts	9,078	6,974	3,459	-	-
Non-interest bearing	258,220	127,431	183,553	-	-
	$ 476,063	$ 160,969	$ 1,118,431	$ 753,947	$ 17,660

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

e. Transfers of financial assets

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

	December 31	
	2023	2022
Transferred but not derecognized (Note1)	$ 49,451	$ 23,794
Transferred and derecognized (Note 2)	30,154	19,511
	$ 79,605	$ 43,305
Maturity date	2024.01-2024.05	2023.01-2023.05

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

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

For the years ended December 31, 2023 and 2022, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

26. TRANSACTIONS WITH RELATED PARTIES

Except for those disclosed in other notes, transactions between the Group and its related parties were as follows:

a. Related party name and its relationship with the Group

Related Party Name	Relationship with the Group
Su, Tun-Li	Key management personnel
Su, Chung-Hong	Key management personnel
Guu, Herng-Chang	Key management personnel
Su, Hong-Yue-Chi	Other related party
Su, Tun-Jen	Other related party
Su, Tun-Yi	Other related party

b. Payables to related parties

Line Item	Related Party Name	December 31	
		2023	2022
Other payables - related parties	Su, Tun-Li	$ 890	$ -

The above other payables were rental payables.

The outstanding payables to related parties are unsecured.

c. Service fees

Key management of subsidiaries and other related parties provided consulting services to the Company and the service fees of $2,244 thousand and $3,800 thousand were recognized as general and administrative expenses and paid for the years ended December 31, 2023 and 2022, respectively.

d. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 13,748	$ 12,575
Post-employment benefits	261	260
	$ 14,009	$ 12,835

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.

e. Lease arrangements

Line Item	Related Party Name	December 31 2023	December 31 2022
Lease liabilities	Su, Chung-Hong	$ 303	$ 342

Line Item	Related Party Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Acquisition of right-of-use assets	Su, Chung-Hong	$ -	$ 348
Finance costs	Su, Chung-Hong	$ 81	$ 14
Rental expenses	Su, Tun-Li	$ 890	$ 890
	Su, Chung-Hong	-	80
		$ 890	$ 970

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

f. Acquisition of property, plant, equipment

In June 2022, the Company has contracted a land purchase agreement with the related party, Su Hong-Yue-Chi to build a plant. The determined purchase price was based on the professional appraisal report. The transaction was been completed and the right of the land was transferred on July 29, 2022.

g. Guarantees

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

Guarantor	December 31 2023	December 31 2022
Su, Tun-Li	$ 993,903	$ 926,699
Su, Chung-Hong	807,003	757,648
	$ 1,800,906	$ 1,684,347

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31 2023	December 31 2022
Property, plant and equipment	$ 372,756	$ 496,201
Pledged deposits (under other financial assets)	9,658	10,470
Right-of-use assets	27,934	29,495
	$ 410,348	$ 536,166

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023, 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 $90,580 thousand.

b. The amount of contracts for the Group's purchases of raw materials was $25,336 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)
December 31, 2023				
Financial assets				
Monetary items				
USD	$ 4,501	30.71	(USD:NTD)	$ 138,228
USD	22,675	7.0957	(USD:RMB)	696,344
USD	25,229	7.8123	(USD:HKD)	774,793
USD	6,002	24,412	(USD:VND)	184,330
HKD	438	3.9310	(HKD:NTD)	1,720
HKD	12,117	0.9083	(HKD:RMB)	47,632
HKD	1,271	0.1280	(HKD:USD)	4,997
				$ 1,848,044
Financial liabilities				
Monetary items				
USD	1,576	30.71	(USD:NTD)	$ 48,387
USD	5,052	7.0957	(USD:RMB)	155,134
USD	21,644	7.8123	(USD:HKD)	664,672
USD	26,058	24,412	(USD:VND)	800,249
HKD	10,341	3.9310	(HKD:NTD)	40,651
HKD	100	0.9083	(HKD:RMB)	392
				$ 1,709,485
December 31, 2022				
Financial assets				
Monetary items				
USD	19,587	30.715	(USD:NTD)	$ 601,615
USD	9,465	6.9664	(USD:RMB)	290,703
USD	14,559	7.7977	(USD:HKD)	447,188

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate		NTD (In Thousands)
USD	$ 4,057	23,736	(USD:VND)	$ 124,608
HKD	426	3.9390	(HKD:NTD)	1,676
HKD	26,387	0.8934	(HKD:RMB)	103,937
HKD	1,236	0.1282	(HKD:USD)	4,870
				$ 1,574,597
Financial liabilities				
Monetary items				
USD	1,192	30.715	(USD:NTD)	$ 36,617
USD	3,643	6.9664	(USD:RMB)	111,899
USD	11,209	7.7977	(USD:HKD)	344,283
USD	18,524	23,736	(USD:VND)	568,964
HKD	17,226	3.9390	(HKD:NTD)	67,852
HKD	153	0.8934	(HKD:RMB)	601
				$ 1,130,216

(Concluded)

For the years ended December 31, 2023 and 2022, realized and unrealized foreign exchange were a net gain of $22,783 thousand and a net gain of $105,705 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the Group's entities.

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions

1) Financing provided to others: Table 1.

2) Endorsements/guarantees provided: None.

3) Marketable securities held: Table 2.

4) Marketable securities acquired or disposed of at cost or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

9) Trading in derivative instruments: For the year ended December 31, 2023, net loss of futures contracts was $127 thousand.

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

b. Information on investees: Table 5

c. Information on investments in mainland China

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

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

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 7.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 7.

3) The amount of property transactions and the amount of the resultant gains or losses: Table 7.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.

6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: Table 8.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 9.

31. SEGMENT INFORMATION

Information is reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Each entity of the Group is considered a separate operating segment by the chief operating decision maker (CODM). For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

a. These operating segments have similar production and sales processes;

b. These operating segments have similar main businesses and products; and

c. The finance and business of these operating segments as to the consolidated financial statements are not material.

The Group's reportable segments were as follows:

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

a. Segment revenues and results

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

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
For the Year ended December 31, 2023							
Revenue from external customers	$ 328,837	$ 688,171	$ 1,540,326	$ 33,147	$ -	$ -	$ 2,590,481
Inter-segment revenue	76,217	451,997	1,733,638	1,029,690	-	(3,291,542)	-
Segment revenue	$ 405,054	$ 1,140,168	$ 3,273,964	$ 1,062,837	$ -	$ (3,291,542)	$ 2,590,481
Segment income (loss)	$ (84,434)	$ (123,333)	$ (61,033)	$ (21,691)	$ (1,763)	$ 25,079	$ (267,175)
Interest income							17,098
Other income							4,102
Other gains and losses							11,559
Finance costs							(40,442)
Consolidated loss before income tax							(274,858)
Income tax benefit							(101,420)
Consolidated net loss							$ (173,438)
December 31, 2023							
Segment assets	$ 3,809,494	$ 969,275	$ 2,980,716	$ 1,237,815	$ 65,986	$ (3,718,810)	$ 5,344,476
Segment liabilities	$ 1,703,567	$ 61,760	$ 1,714,944	$ 832,790	$ 12,721	$ (1,087,233)	$ 3,238,549
For the Year ended December 31, 2022							
Revenue from external customers	$ 473,407	$ 1,160,850	$ 1,239,557	$ 8,156	$ -	$ -	$ 2,881,970
Inter-segment revenue	129,627	350,969	1,342,714	975,600	-	(2,798,910)	-
Segment revenue	$ 603,034	$ 1,511,819	$ 2,582,271	$ 983,756	$ -	$ (2,798,910)	$ 2,881,970
Segment income (loss)	$ (47,809)	$ (119,887)	$ (98,115)	$ 9,289	$ (1,302)	$ 18,452	$ (239,372)
Interest income							11,351
Other income							5,834
Other gains and losses							92,111
Finance costs							(47,721)
Consolidated loss before income tax							(177,797)
Income tax benefit							74,683
Consolidated net loss							$ (103,114)
December 31, 2022							
Segment assets	$ 4,026,450	$ 1,199,298	$ 2,091,863	$ 848,311	$ 65,175	$ (3,411,481)	$ 4,819,616
Segment liabilities	$ 1,712,758	$ 189,104	$ 773,613	$ 589,960	$ 12,747	$ (772,258)	$ 2,505,924

b. Revenue from major products

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

	For the Year Ended December 31	
	2023	2022
Terminals	$ 2,574,459	$ 2,845,149
Others	16,022	36,821
	$ 2,590,481	$ 2,881,970

c. Geographical information

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

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	$ 126,822	$ 213,496	$ 548,849	$ 408,784
China	2,246,117	2,433,822	776,878	889,424
Vietnam	103,983	71,609	485,021	460,782
Others	113,559	163,043	-	-
	$ 2,590,481	$ 2,881,970	$ 1,810,748	$ 1,758,990

Noncurrent assets exclude financial assets - noncurrent, deferred income tax assets and net defined benefit assets.

d. Information about major customers

No group contributed 10% or more of the Group's consolidated operating revenue for the year ended December 31, 2022. Revenue from a single group accounting for at least 10% of the Group's consolidated operating revenue for the year ended December 31, 2023 was as follows:

	For the Year Ended December 31, 2023	
	Amount	%
Group A	$ 275,980	11

TABLE 1

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Year	Ending Balance (Note 2)	Actual Amount Borrowed (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	$ 368,580	$ 184,260	$ -	5.63-5.8	Short-term financing	$ -	Business development	$ -	-	$ -	$ 421,185	$ 842,371	Note 1
0	The Company	Genius HK	Other receivables - related parties	Yes	153,575	-	-	-	Short-term financing	-	Business development	-	-	-	421,185	842,371	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	32,420	30,710	30,710	5.76	Short-term financing	-	Business development	-	-	-	406,993	813,987	Note 1
2	GEM Dongguan	GEM Suzhou	Other receivables - related parties	Yes	129,840	129,840	129,840	2.85-3	Short-term financing	-	Business development	-	-	-	157,719	315,439	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' shareholders' equity, and individual financing shall not exceed 20% of the Company's and the subsidiaries' shareholders' equity.

Note 2: The exchange rate was US$1: NT$30.71.

Note 3: It was eliminated on consolidation.

TABLE 2

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Beneficiary Certificates							
	Yuanta U.S. Treasury Bond 20-Year ETF Fund	-	Financial assets at FVTPL - current	60,000	$ 1,851	-	$ 1,851	
	Cathay 20-Year U.S. Treasury Bond ETF Fund	-	Financial assets at FVTPL - current	30,000	954	-	954	
	Yuanta AAA to A Corporate Bond ETF Fund	-	Financial assets at FVTPL - current	60,000	2,120	-	2,120	
	Cathay Sustainable High Dividend ETF Fund	-	Financial assets at FVTPL - current	30,000	654	-	654	
	Qunyi Taiwan High Dividend ETF Fund	-	Financial assets at FVTPL - current	30,000	668	-	668	
					$ 6,247		$ 6,247	
	Shares							
	Yulon Motor Co., Ltd.	-	Financial assets at FVTOCI - current	1,680	126	-	126	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTOCI - current	13,000	7,709	-	7,709	
	Silicon Integrated Systems Co., Ltd.	-	Financial assets at FVTOCI - current	299,000	13,634	-	13,634	
	Quanta Computer Co., Ltd.	-	Financial assets at FVTOCI - current	20,000	4,490	-	4,490	
	MediaTek Co., Ltd.	-	Financial assets at FVTOCI - current	4,000	4,060	-	4,060	
	Aerospace Industrial Development Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	322	-	322	
	DAVICOM Semiconductor Co., Ltd.	-	Financial assets at FVTOCI - current	50,000	2,010	-	2,010	
	Wistron Co., Ltd.	-	Financial assets at FVTOCI - current	20,000	1,972	-	1,972	
	Gloria Material Technology Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	293	-	293	
	Coretronic Co., Ltd.	-	Financial assets at FVTOCI - current	6,000	429	-	429	
	Quanta Storage Co., Ltd.	-	Financial assets at FVTOCI - current	50,000	4,100	-	4,100	
	BASO Precision Optics Co., Ltd.	-	Financial assets at FVTOCI - current	10,000	861	-	861	
					$ 40,006		$ 40,006	
GEM Suzhou	Shares							
	Dong-E-E-Jiao Co., Ltd.	-	Financial assets at FVTOCI - current	1,000	$ 213	-	$ 213	

TABLE 3

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
GEM Suzhou	GEM Dongguan	Affiliate	Sales	$ 596,203	19	120 days after monthly closing	Note 1	Note 2	$ 14,047	1	Note 3
	Global HK	Affiliate	Sales	1,054,420	33	120 days after monthly closing	Note 1	Note 2	516,284	41	Note 3
GEM VN	Genius HK	Affiliate	Sales	233,509	22	120 days after monthly closing	Note 1	Note 2	-	-	Note 3
	Global HK	Affiliate	Sales	745,981	70	120 days after monthly closing	Note 1	Note 2	124,229	83	Note 3
Genius HK	The Company	Subsidiary	Sales	139,958	25	120 days after monthly closing	Note 1	Note 2	40,132	46	Note 3
	GEM Dongguan	Affiliate	Sales	240,126	43	120 days after monthly closing	Note 1	Note 2	-	-	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	314,190	28	120 days after monthly closing	Note 1	Note 2	44,826	14	Note 3
	GEM Suzhou	Affiliate	Sales	309,202	27	120 days after monthly closing	Note 1	Note 2	194,927	60	Note 3
Global HK	The Company	Subsidiary	Sales	109,372	6	120 days after monthly closing	Note 1	Note 2	26,658	4	Note 3
	GEM Suzhou	Affiliate	Sales	760,884	40	120 days after monthly closing	Note 1	Note 2	146,015	22	Note 3
	GEM VN	Affiliate	Sales	1,027,961	54	120 days after monthly closing	Note 1	Note 2	484,426	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.

TABLE 4

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amount Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
GEM Suzhou	Global HK	Affiliate	$ 536,786	2.96	$ -	-	$ 246,034	$ -
GEM Dongguan	GEM Suzhou	Affiliate	325,364	2.35	-	-	56,987	-
GEM VN	Global HK	Affiliate	124,229	9.19	-	-	124,229	-
Global HK	GEM Suzhou	Affiliate	146,015	8.25	-	-	146,015	-
Global HK	GEM VN	Affiliate	484,426	3.2	-	-	241,654	-

Note 1: It included accounts receivable and other receivables.

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

Note 3: It was eliminated on consolidation.

TABLE 5

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	$ 1,295,208	$ 1,295,208	40,137,184	100	$ 1,980,242	$ (116,784)	$ (116,295)	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	573,029	392,669	18,598,333	100	386,447	(42,007)	(42,007)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading.	23,282	23,282	750,000	100	123,564	5,299	5,299	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	111,061	4,748	4,815	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	International investment and trading	1,541,063	1,541,063	359,972,616	100	2,034,967	(116,715)	(116,715)	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,813	2,227	(255)	Notes 1 and 2
GEM Cayman	GEM VN	Vietnam	Production of hardware: machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production; production and processing of copper cores, copper alloys and copper bars.	567,140	386,780	-	100	398,184	(22,503)	(41,554)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Business and Product	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Notes 1 and 3)	Carrying Amount as of December 31, 2022 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
GEM Dongguan	Production of hardware: machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	$ 733,453	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	$ 452,130	$ -	$ -	$ 452,130	$ (92,371)	100	$ (76,654)	$ 788,597	$ 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.	1,084,940	The investment was made through a corporation established in a third country to invest in companies located in mainland China.	741,320	-	-	741,320	(31,733)	100	(40,747)	1,224,345	753,650	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	$ 1,193,450	$ 1,741,257 (US$56,700 thousand)	$ 1,263,556

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

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

Note 3: It was eliminated on consolidation.

TABLE 7

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Counterparty	Transaction Type	Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	$ 61,685	120 days after monthly closing	No significant difference with those to third parties	$ 9,114	9	$ 13,302	
		Purchase	20,354	120 days after monthly closing	No comparable transactions with those in the market	-	-	19,179	
	GEM Dongguan	Sales	1,518	120 days after monthly closing	No significant difference with those to third parties	392	-	150	
Global HK	GEM Suzhou	Sales	760,884	120 days after monthly closing	No significant difference with those to third parties	146,015	22	18,197	
		Purchase	1,054,420	120 days after monthly closing	No significant difference with those to third parties	(516,284)	78	7,372	
		Purchase of property, plant and equipment	88,729	120 days after monthly closing	No comparable transactions with those in the market	(20,502)	3	6,287	
Genius HK	GEM Dongguan	Sales	240,126	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
		Purchase	314,190	120 days after monthly closing	No significant difference with those to third parties	(44,826)	98	(89)	
		Purchase of property, plant and equipment	2,731	120 days after monthly closing	No comparable transactions with those in the market	(920)	2	175	

TABLE 8

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount (Note 1)	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
0	The Company	Global HK	1	Sales	$ 1,128	Payment term of 4 months	-
		GEM Suzhou	1	Sales	61,685	Payment term of 4 months	2
		GEM Suzhou	1	Accounts receivable	9,114	Payment term of 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	34,636	Payment term of 4 months	1
		GEM VN	1	Sales	11,886	Payment term of 4 months	-
		GEM VN	1	Accounts receivable	6,910	Payment term of 4 months	-
		GEM VN	1	Disposal of property, plant and equipment	11,870	Payment term of 4 months	-
		GEM VN	1	Interest income	2,919	Annual interest rate of 2.1%-5.6%	-
		GEM VN	1	Other receivables	2,978	According to working capital conditions to change payment deeding	-
		GEM Dongguan	1	Sales	1,518	Payment term of 4 months	-
		Genius HK	1	Accounts receivable	392	Payment term of 4 months	-
		Genius HK	1	Interest income	247	Annual Interest rates are 1.87%	-
1	GEM Dongguan	The Company	2	Sales	20	Payment term of 4 months	-
		The Company	2	Accounts receivable	8	Payment term of 4 months	-
		The Company	2	Other income	42	Payment term of 4 months	-
		The Company	2	Other receivables	41	Payment term of 4 months	-
		Genius HK	3	Sales	314,190	Payment term of 4 months	12
		Genius HK	3	Accounts receivable	44,826	Payment term of 4 months	1
		Genius HK	3	Other income	158	Payment term of 4 months	-
		Genius HK	3	Disposal of property, plant and equipment	2,731	Payment term of 4 months	-
		Genius HK	3	Other receivables	920	Payment term of 4 months	-
		GEM Suzhou	3	Sales	309,202	Payment term of 4 months	12
		GEM Suzhou	3	Accounts receivable	194,927	Payment term of 4 months	4
		GEM Suzhou	3	Other income	72	Payment term of 4 months	-
		GEM Suzhou	3	Disposal of property, plant and equipment	6,240	Payment term of 4 months	-
		GEM Suzhou	3	Interest income	605	Annual interest rate of 2.85%-3%	-
		GEM Suzhou	3	Other receivables	130,436	According to working capital conditions to change payment deeding	2
2	Genius HK	The Company	2	Sales	139,958	Payment term of 4 months	5
		The Company	2	Accounts receivable	40,132	Payment term of 4 months	1
		The Company	2	Other receivables	470	Payment term of 4 months	-
		GEM Dongguan	3	Sales	240,126	Payment term of 4 months	9
		GEM Dongguan	3	Other receivables	390	Payment term of 4 months	-

(Continued

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Item	Amount (Note 1)	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
		GEM VN	3	Sales	$ 2,817	Payment term of 4 months	-
		GEM VN	3	Accounts receivable	921	Payment term of 4 months	-
3	Global HK	The Company	2	Sales	109,372	Payment term of 4 months	4
		The Company	2	Accounts receivable	29,777	Payment term of 4 months	1
		GEM VN	3	Sales	1,027,961	Payment term of 4 months	40
		GEM VN	3	Accounts receivable	484,426	Payment term of 4 months	9
		GEM Suzhou	3	Sales	760,884	Payment term of 4 months	29
		GEM Suzhou	3	Accounts receivable	146,015	Payment term of 4 months	3
4	GEM Suzhou	The Company	2	Sales	102	Payment term of 4 months	-
		The Company	2	Accounts receivable	40	Payment term of 4 months	-
		Global HK	3	Sales	1,054,420	Payment term of 4 months	41
		Global HK	3	Accounts receivable	516,284	Payment term of 4 months	10
		Global HK	3	Other income	1,772	Payment term of 4 months	-
		Global HK	3	Disposal of property, plant and equipment	88,729	Payment term of 4 months	3
		Global HK	3	Other receivables	20,502	Payment term of 4 months	-
		GEM Dongguan	3	Sales	596,203	Payment term of 4 months	23
		GEM Dongguan	3	Accounts receivable	14,047	Payment term of 4 months	-
		GEM Dongguan	3	Other income	1,602	Payment term of 4 months	-
		GEM Dongguan	3	Disposal of property, plant and equipment	7,503	Payment term of 4 months	-
		GEM Dongguan	3	Other receivables	1,609	Payment term of 4 months	-
5	Vibo	GEM VN	3	Interest income	1,392	Annual interest rate of 2.4%-5.76%	-
		GEM VN	3	Other receivables	31,786	According to working capital conditions to change payment deeding	1
6	GEM VN	The Company	2	Sales	50,145	Payment term of 4 months	2
		The Company	2	Accounts receivable	15,808	Payment term of 4 months	-
		Genius HK	3	Sales	233,509	Payment term of 4 months	9
		Global HK	3	Sales	745,981	Payment term of 4 months	29
		Global HK	3	Accounts receivable	124,229	Payment term of 4 months	2
		GEM Suzhou	3	Sales	55	Payment term of 4 months	-

(Continued)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary.

2) Subsidiary to parent.

3) Subsidiary to subsidiary.

TABLE 9

GEM TERMINAL IND. CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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

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