

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2016 and 2015 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2016 and 2015 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China (ROC). A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the ROC, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 10, 2016

Notice to Readers

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 1,719,343	28	\$ 1,323,316	22	\$ 1,342,194	23	Short-term borrowings (Notes 16 and 25)	\$ 744,951	12	\$ 659,626	11	\$ 772,366	13
Available-for-sale financial assets - current (Note 7)	7,289	-	13,173	-	1,203	-	Short-term bills payable (Note 16)	50,000	1	-	-	-	-
Notes receivable (Note 8)	129,801	2	151,493	3	213,553	4	Notes payable (Note 14)	99,215	2	248,075	4	109,758	2
Accounts receivable, net (Note 8)	786,302	13	982,557	16	907,679	15	Accounts payable (Note 14)	304,258	5	269,353	5	260,910	5
Other receivables	3,069	-	3,205	-	2,632	-	Other payables (Note 15)	185,434	3	225,671	4	170,569	3
Current tax assets (Note 4)	2,296	-	2,239	-	2,279	-	Current tax liabilities (Note 4)	7,264	-	15,517	-	2,952	-
Inventories (Note 10)	568,378	10	579,481	10	731,231	12	Long-term borrowings - current portion (Notes 16 and 25)	412,000	7	303,425	5	675,885	11
Other financial assets - current (Notes 9 and 25)	359,034	6	500,551	8	365,632	6	Other current liabilities	4,624	-	3,816	-	15,416	-
Other current assets (Notes 13 and 25)	97,382	2	96,164	2	85,793	1							
Total current assets	3,672,894	61	3,652,179	61	3,652,196	61	Total current liabilities	1,807,746	30	1,725,483	29	2,007,856	34
NONCURRENT ASSETS							NONCURRENT LIABILITIES						
Property, plant and equipment (Notes 12, 25 and 26)	2,133,373	35	2,077,070	34	2,076,121	35	Long-term borrowings (Notes 16 and 25)	1,137,335	19	1,158,750	19	670,000	11
Deferred tax assets (Note 4)	107,146	2	95,441	2	76,392	1	Deferred tax liabilities (Note 4)	97,746	1	97,977	1	87,521	2
Prepayments for equipment (Notes 12 and 26)	34,601	-	93,749	1	36,903	1	Net defined benefit liabilities (Notes 4 and 17)	46,179	1	45,627	1	75,324	1
Other financial assets - noncurrent (Note 9)	3,328	-	3,337	-	3,346	-							
Long-term prepayment for lease (Notes 13 and 25)	99,337	2	101,016	2	102,331	2	Total noncurrent liabilities	1,281,260	21	1,302,354	21	832,845	14
Other noncurrent assets	7,206	-	7,881	-	7,739	-	Total liabilities	3,089,006	51	3,027,837	50	2,840,701	48
Total noncurrent assets	2,384,991	39	2,378,494	39	2,302,832	39	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
							Ordinary shares	1,692,000	28	1,692,000	28	1,715,980	29
							Capital surplus	271,315	4	271,315	5	270,187	4
							Retained earnings						
							Legal reserve	338,662	6	338,662	5	329,878	6
							Unappropriated earnings	330,497	5	346,487	6	418,738	7
							Total retained earnings	669,159	11	685,149	11	748,616	13
							Others equity	336,405	6	354,372	6	379,544	6
							Total equity	2,968,879	49	3,002,836	50	3,114,327	52
TOTAL	\$ 6,057,885	100	\$ 6,030,673	100	\$ 5,955,028	100	TOTAL	\$ 6,057,885	100	\$ 6,030,673	100	\$ 5,955,028	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 Net Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 761,553	100	\$ 855,017	100
OPERATING COSTS (Notes 10, 19 and 24)	<u>679,787</u>	<u>89</u>	<u>780,260</u>	<u>91</u>
GROSS PROFIT	<u>81,766</u>	<u>11</u>	<u>74,757</u>	<u>9</u>
OPERATING EXPENSES (Notes 19 and 24)				
Marketing	33,205	4	30,908	4
General and administrative	49,936	7	52,244	6
Research and development	<u>8,127</u>	<u>1</u>	<u>9,918</u>	<u>1</u>
Total operating expenses	<u>91,268</u>	<u>12</u>	<u>93,070</u>	<u>11</u>
LOSS FROM OPERATIONS	<u>(9,502)</u>	<u>(1)</u>	<u>(18,313)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Note 19)				
Other income	6,398	1	10,120	1
Other gains and losses	(1,235)	-	3,443	-
Finance costs	<u>(10,493)</u>	<u>(2)</u>	<u>(11,469)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(5,330)</u>	<u>(1)</u>	<u>2,094</u>	<u>-</u>
CONSOLIDATED LOSS BEFORE INCOME TAX	(14,832)	(2)	(16,219)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 20)	<u>1,158</u>	<u>-</u>	<u>(4,063)</u>	<u>-</u>
CONSOLIDATED NET LOSS	<u>(15,990)</u>	<u>(2)</u>	<u>(12,156)</u>	<u>(2)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 20)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(21,514)	(3)	(23,389)	(3)
Unrealized loss on available-for-sale financial assets	(172)	-	(20)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,719</u>	<u>1</u>	<u>3,981</u>	<u>1</u>

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
Other comprehensive loss for the period, net of income tax	<u>\$ (17,967)</u>	<u>(2)</u>	<u>\$ (19,428)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (33,957)</u>	<u>(4)</u>	<u>\$ (31,584)</u>	<u>(4)</u>
NET LOSS ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ (15,990)</u>	<u>(2)</u>	<u>\$ (12,156)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ (33,957)</u>	<u>(4)</u>	<u>\$ (31,584)</u>	<u>(4)</u>
NET LOSS PER SHARE (Note 21)				
Basic	<u>\$ (0.09)</u>		<u>\$ (0.07)</u>	
Diluted	<u>\$ (0.09)</u>		<u>\$ (0.07)</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company					Other Equity				Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings		Total	Unrealized Loss on Available -for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Remeasurement of Defined benefit Plans	Total	
			Legal Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2016	\$ 1,692,000	\$ 271,315	\$ 338,662	\$ 346,487	\$ 685,149	\$ (278)	\$ 347,230	\$ 7,420	\$ 354,372	\$ 3,002,836
Net loss for the three months ended March 31, 2016	-	-	-	(15,990)	(15,990)	-	-	-	-	(15,990)
Other comprehensive loss for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	(110)	(17,857)	-	(17,967)	(17,967)
Total comprehensive loss for the three months ended March 31, 2016	-	-	-	(15,990)	(15,990)	(110)	(17,857)	-	(17,967)	(33,957)
BALANCE, MARCH 31, 2016	\$ 1,692,000	\$ 271,315	\$ 338,662	\$ 330,497	\$ 669,159	\$ (388)	\$ 329,373	\$ 7,420	\$ 336,405	\$ 2,968,879
BALANCE, JANUARY 1, 2015	\$ 1,715,980	\$ 270,187	\$ 329,878	\$ 430,894	\$ 760,772	\$ -	\$ 390,801	\$ 8,171	\$ 398,972	\$ 3,145,911
Net loss for the three months ended March 31, 2015	-	-	-	(12,156)	(12,156)	-	-	-	-	(12,156)
Other comprehensive loss for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	(15)	(19,413)	-	(19,428)	(19,428)
Total comprehensive loss for the three months ended March 31, 2015	-	-	-	(12,156)	(12,156)	(15)	(19,413)	-	(19,428)	(31,584)
BALANCE, MARCH 31, 2015	\$ 1,715,980	\$ 270,187	\$ 329,878	\$ 418,738	\$ 748,616	\$ (15)	\$ 371,388	\$ 8,171	\$ 379,544	\$ 3,114,327

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated loss before income tax	\$ (14,832)	\$ (16,219)
Adjustments for:		
Depreciation expense	64,972	65,842
Amortization expense	1,273	1,148
Reversal of allowance for doubtful accounts	(2,534)	(2,342)
Finance costs	10,493	11,469
Interest income	(3,505)	(5,452)
Loss on disposal of property, plant and equipment, net	1,106	1,262
Gain on sale of investments, net	(996)	-
Write-down of inventories	1,134	3,357
Other non-cash items	1,901	1,169
Changes in operating assets and liabilities		
Notes receivable	21,692	28,284
Accounts receivable	198,851	128,538
Other receivables	(1,405)	18,747
Inventories	10,162	68,687
Other current assets	(2,263)	2,899
Notes payable	(148,860)	(104,227)
Accounts payable	34,905	(96,216)
Other payables	(15,842)	(16,632)
Other current liabilities	(45)	170
Net defined benefit liabilities	(30,030)	(7)
Cash generated from operations	126,177	90,477
Interest received	5,046	7,567
Income tax paid	(16,060)	(11,972)
Net cash generated from operating activities	<u>115,163</u>	<u>86,072</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(98,266)	(1,224)
Proceeds from disposal of available-for-sale financial assets	104,945	-
Acquisition of property, plant and equipment	(82,246)	(96,371)
Proceeds from disposal of property, plant and equipment	24	-
Decrease in other financial assets	141,526	106,524
Increase in other noncurrent assets	-	(7,155)
Net cash generated from investing activities	<u>65,983</u>	<u>1,774</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	548,467	507,425
Decrease in short-term borrowings	(455,789)	(420,177)
Increase in short-term bills payable	50,000	-

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2016	2015
Increase in long-term borrowings	\$ 390,502	\$ 120,000
Repayment of long-term borrowings	(302,500)	(208,750)
Interest paid	<u>(11,697)</u>	<u>(12,535)</u>
Net cash generated from (used in) financing activities	<u>218,983</u>	<u>(14,037)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(4,102)</u>	<u>(1,264)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	396,027	72,545
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,323,316</u>	<u>1,269,649</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,719,343</u>	<u>\$ 1,342,194</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

GEM Terminal Ind. Co., Ltd. (the “Company”) was incorporated in July 1993 under the laws of the Republic of China (ROC). The Company mainly manufactures and sells the following products:

- Series terminals, plug inserts, housing and electronic connectors for AC and DC power cords.
- Electric and motor parts terminal.
- Electric and communication terminal.
- Optical communication passive devices.
- Lead frames.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue on May 10, 2016.

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

The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet endorsed by the Financial Supervisory Commission (FSC):

The Company and its subsidiaries (collectively, the “Group”) have not applied the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC.

On March 10, 2016, the FSC announced the scope of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New, Amended or Revised Standards and Interpretations (New IFRSs)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IFRS 15 “Clarifications to IFRS 15”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies, except for the following:

a. IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- 2) For debt instruments, if they are held within a business model whose objective is achieved by both collecting of contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for accounts receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

b. Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique.

c. IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

- 1) Identify the contract with the customer;
- 2) Identify the performance obligations in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendment are effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

d. IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

e. Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that unless the tax law restricts the utilization of losses to deduction against income of a specific type, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Consolidation

See Note 11, table 5 and 6 for the detailed information of subsidiaries (including percentage of ownership and main business).

c. Other significant accounting policy

Except for the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2015.

1) Retirement benefits

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

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	\$ 1,877	\$ 2,153	\$ 2,461
Checking accounts and demand deposits	1,303,724	956,573	702,867
			(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Cash equivalent			
Time deposits with original maturities less than 3 months	<u>\$ 413,742</u>	<u>\$ 364,590</u>	<u>\$ 636,866</u>
	<u>\$ 1,719,343</u>	<u>\$ 1,323,316</u>	<u>\$ 1,342,194</u> (Concluded)

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	March 31, 2016	December 31, 2015	March 31, 2015
Domestic listed shares	\$ 2,385	\$ 12,612	\$ -
Foreign listed shares	<u>4,904</u>	<u>561</u>	<u>1,203</u>
	<u>\$ 7,289</u>	<u>\$ 13,173</u>	<u>\$ 1,203</u>

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable			
Notes receivable - operating	<u>\$ 129,801</u>	<u>\$ 151,493</u>	<u>\$ 213,553</u>
Accounts receivable			
Accounts receivable	\$ 796,426	\$ 995,277	\$ 922,034
Less: Allowance for doubtful accounts	<u>10,124</u>	<u>12,720</u>	<u>14,355</u>
	<u>\$ 786,302</u>	<u>\$ 982,557</u>	<u>\$ 907,679</u>

a. Accounts receivable

The average credit period of sales of goods was 30-120 days. The Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for doubtful accounts of 100% against all receivables over 360 days because historical experience revealed that receivables that are past due beyond 360 days were not collectible. Allowance for doubtful accounts is recognized against accounts receivables between 0 days and 360 days based on estimated uncollectible amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

There were no accounts receivable that were past due and not impaired at the end of the reporting period. Inspection on customers' credit was taken regularly and aging analysis was preformed based on the past due date.

Aging analysis of accounts receivable was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Not past due	\$ 722,647	\$ 907,945	\$ 775,154
Past due 1-60 days	67,170	82,916	141,990
Past due 61-90 days	3,792	1,409	127
Past due 91-180 days	8	22	53
Past due over 181 days	<u>2,809</u>	<u>2,985</u>	<u>4,710</u>
	<u>\$ 796,426</u>	<u>\$ 995,277</u>	<u>\$ 922,034</u>

Movements of the allowance for doubtful accounts on accounts receivable were as follows:

	Collectively Assessed for Impairment	
	For the Three months Ended March 31	
	2016	2015
Balance, beginning of period	\$ 12,720	\$ 16,817
Reversal of allowance for doubtful accounts	(2,534)	(2,342)
Effect of foreign currency exchange differences	<u>(62)</u>	<u>(120)</u>
Balance, end of period	<u>\$ 10,124</u>	<u>\$ 14,355</u>

b. Credit risk of notes and accounts receivable

The Group's receivables are significantly concentrated in certain individuals, most of which have similar business operations and economic features. Credit risk concentration occurs when the counterparties to financial instrument transactions are 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 customers with carrying amounts that were 10% or more of the account totals as of each reporting date were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Group A	<u>\$ 170,822</u>	<u>\$ 214,699</u>	<u>\$ 176,687</u>

9. OTHER FINANCIAL ASSET

	March 31, 2016	December 31, 2015	March 31, 2015
Time deposits with original maturities more than 3 months	\$ 270,890	\$ 270,358	\$ 269,821
Pledge time deposits	88,000	230,048	95,498
Refundable deposits	<u>3,472</u>	<u>3,482</u>	<u>3,659</u>
	<u>\$ 362,362</u>	<u>\$ 503,888</u>	<u>\$ 368,978</u>

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Current	\$ 359,034	\$ 500,551	\$ 365,632
Non-current	<u>3,328</u>	<u>3,337</u>	<u>3,346</u>
	<u>\$ 362,362</u>	<u>\$ 503,888</u>	<u>\$ 368,978</u> (Concluded)

The pledge information of other financial assets refer to Note 25.

10. INVENTORIES

	March 31, 2016	December 31, 2015	March 31, 2015
Finished goods	\$ 243,901	\$ 295,559	\$ 298,066
Work in process	156,954	91,640	178,477
Raw materials	109,778	133,088	192,760
Supplies	<u>57,745</u>	<u>59,194</u>	<u>61,928</u>
	<u>\$ 568,378</u>	<u>\$ 579,481</u>	<u>\$ 731,231</u>

The cost of inventories recognized as costs of goods sold were \$679,787 thousand and \$780,260 thousand for the three months ended March 31, 2016 and 2015, respectively, which included the following items:

	For the Three months Ended March 31	
	2016	2015
Write-down of inventories	\$ 1,134	\$ 3,357
Others	<u>860</u>	<u>44</u>
	<u>\$ 1,994</u>	<u>\$ 3,401</u>

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		
			March 31, 2016	December 31, 2015	March 31, 2015
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global (Cayman))	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius Terminal)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Terminal (Cayman))	Note 1	100	100	100
Global (Cayman)	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global (HK))	Note 2	100	100	100

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		
			March 31, 2016	December 31, 2015	March 31, 2015
Genius Terminal	Genius Terminal (HK) Ltd. (Genius (HK))	Note 2	100	100	100
GEM Terminal (Cayman)	Vietnam Gem Electronic and Metal Co., Ltd (GEM (VN))	Notes 3 and 4	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM (Suzhou))	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM (Dongguan))	Note 3	100	100	100

(Concluded)

Note 1: International investment.

Note 2: International trading.

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

Note 4: Rui Zhan Hardware VN Co., Ltd changed its name to Vietnam Gem Electronic and Metal Co., Ltd in September, 2015.

12. PROPERTY, PLANT, AND EQUIPMENT

The Company purchased land for \$7,908 thousand. On this land, a resort will be constructed for the employees. However, a part of the land is agricultural land that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of an individual temporarily, and in December 2014, its registration is transferred to chairman's name. The land is mortgaged to the Company and the agreement stipulated unconditional conveyance of the land to the Company.

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

Three months ended March 31, 2016

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2016	\$ 146,218	\$ 805,786	\$ 1,801,237	\$ 59,910	\$ 669,520	\$ 398,523	\$ 3,881,194
Additions	-	-	22,536	82	8,132	118,360	149,110
Disposal	-	(300)	(5,722)	-	(1,922)	-	(7,944)
Reclassification	-	623	15,067	-	9,336	(29,138)	(4,112)
Effect of foreign currency exchange differences	-	(5,819)	4,732	(263)	(3,914)	(7,633)	(12,897)
Balance at March 31, 2016	<u>\$ 146,218</u>	<u>\$ 800,290</u>	<u>\$ 1,837,850</u>	<u>\$ 59,729</u>	<u>\$ 681,152</u>	<u>\$ 480,112</u>	<u>\$ 4,005,351</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2016	\$ -	\$ (396,915)	\$ (988,068)	\$ (47,383)	\$ (371,758)	\$ -	\$ (1,804,124)
Depreciation expenses	-	(9,124)	(36,590)	(987)	(18,271)	-	(64,972)
Disposal	-	271	4,949	-	1,594	-	6,814
Effect of foreign currency exchange differences	-	4,028	(16,332)	209	2,399	-	(9,696)
Balance at March 31, 2016	<u>\$ -</u>	<u>\$ (401,740)</u>	<u>\$ (1,036,041)</u>	<u>\$ (48,161)</u>	<u>\$ (386,036)</u>	<u>\$ -</u>	<u>\$ (1,871,978)</u>
Carrying amounts as of January 1, 2016	<u>\$ 146,218</u>	<u>\$ 408,871</u>	<u>\$ 813,169</u>	<u>\$ 12,527</u>	<u>\$ 297,762</u>	<u>\$ 398,523</u>	<u>\$ 2,077,070</u>
Carrying amounts at March 31, 2016	<u>\$ 146,218</u>	<u>\$ 398,550</u>	<u>\$ 801,809</u>	<u>\$ 11,568</u>	<u>\$ 295,116</u>	<u>\$ 480,112</u>	<u>\$ 2,133,373</u>

Three months ended March 31, 2015

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2015	\$ 146,218	\$ 815,421	\$ 1,808,955	\$ 60,349	\$ 572,592	\$ 348,780	\$ 3,752,315
Additions	-	4,036	49,868	223	26,961	1,488	82,576
Disposal	-	(238)	(12,429)	-	(1,773)	-	(14,440)
Reclassification	-	-	-	-	367	(367)	-
Effect of foreign currency exchange differences	-	(5,164)	(3,559)	(360)	(4,487)	(6,164)	(19,734)
Balance at March 31, 2015	<u>\$ 146,218</u>	<u>\$ 814,055</u>	<u>\$ 1,842,835</u>	<u>\$ 60,212</u>	<u>\$ 593,660</u>	<u>\$ 343,737</u>	<u>\$ 3,800,717</u>
<u>Accumulated depreciation</u>							
Balance on January 1, 2015	\$ -	\$ (363,984)	\$ (933,576)	\$ (44,764)	\$ (319,957)	\$ -	\$ (1,662,281)
Depreciation expenses	-	(10,418)	(38,188)	(1,069)	(16,167)	-	(65,842)
Disposal	-	148	11,649	-	1,381	-	13,178
Effect of foreign currency exchange differences	-	1,935	(14,386)	273	2,527	-	(9,651)
Balance at March 31, 2015	<u>\$ -</u>	<u>\$ (372,319)</u>	<u>\$ (974,501)</u>	<u>\$ (45,560)</u>	<u>\$ (332,216)</u>	<u>\$ -</u>	<u>\$ (1,724,596)</u>
Carrying amounts at March 31, 2015	<u>\$ 146,218</u>	<u>\$ 441,736</u>	<u>\$ 868,334</u>	<u>\$ 14,652</u>	<u>\$ 261,444</u>	<u>\$ 343,737</u>	<u>\$ 2,076,121</u>

b. Estimated useful lives

Depreciation is provided on a straight-line basis over estimated useful lives as follows:

Buildings

Factory	10-20 years
Main building	5-20 years
The major component part of the factory	19-20 years
The major component part of the office	10-55 years
Machinery and equipment	4.67-15 years
Transportation equipment	3-12 years
Others	3-20 years

Refer to Note 25 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

c. Investing activities affecting both cash and non-cash items

	<u>Three Months Ended March 31</u>	
	<u>2016</u>	<u>2015</u>
Acquisition of in property, plant and equipment	\$ 149,110	\$ 82,576
Capitalized interest	(1,759)	(1,927)
Increase (decrease) in prepayments for equipment	(59,148)	5,201
Decrease (increase) in payable for purchased equipment	<u>(5,957)</u>	<u>10,521</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 82,246</u>	<u>\$ 96,371</u>

13. PREPAYMENTS FOR LEASE

	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>March 31, 2015</u>
Current (included in other current assets)	\$ 2,035	\$ 2,053	\$ 2,058
Noncurrent (included in long-term prepayment for lease)	<u>99,337</u>	<u>101,016</u>	<u>102,331</u>
	<u>\$ 101,372</u>	<u>\$ 103,069</u>	<u>\$ 104,389</u>

As of March 31, 2016, December 31, 2015 and March 31, 2015, prepayments for lease are for land use rights and property use rights in Mainland China and Vietnam, the remaining amortization year of land use rights belongs to Mainland China is 31-45 years, the remaining amortization year of land use rights and property use rights belongs to Vietnam is 38-49 years. Prepayment for lease with carrying amount of RMB 1,200 thousand is in the process of obtaining the land use right certificate.

Refer to Note 25 for the carrying amount of prepayments for lease that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

14. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

15. OTHER PAYABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Payable for purchase of equipment	\$ 68,189	\$ 62,232	\$ 50,095
Salaries and bonus	38,632	41,609	38,881
Payable for utilities expense	8,457	9,070	10,090
Payable for welfare	5,957	6,321	2,481
Payable for pension	777	31,369	767
Payable for bonus to employees and remuneration to directors and supervisors	-	-	5,680
Others	<u>63,422</u>	<u>75,070</u>	<u>62,575</u>
	<u>\$ 185,434</u>	<u>\$ 225,671</u>	<u>\$ 170,569</u>

Other payables - others were payables for labor and health insurance, rent, and payable for parts purchased.

16. BORROWINGS

a. Short-term borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured borrowings	\$ 407,602	\$ 316,918	\$ 490,790
Secured borrowings	<u>337,349</u>	<u>342,708</u>	<u>281,576</u>
	<u>\$ 744,951</u>	<u>\$ 659,626</u>	<u>\$ 772,366</u>

Interest rates P.A. on short-term borrowings were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured borrowings (%)	1.25-5.35	1.25-5.35	1.45-6.00
Secured borrowings (%)	3.92-4.35	3.92-5.35	4.82-6.00

b. Short-term bills payable - only as of March 31, 2106

The commercial paper \$50,000 thousand with one year revolving credit facilities was issued and granted by DAH CHUNG Bills Finance Corporation, with annual interest rate of 1.15%.

c. Long-term borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured borrowings	<u>\$ 1,549,335</u>	<u>\$ 1,262,500</u>	<u>\$ 1,146,250</u>
Commercial paper payable	-	200,000	200,000
Less: Unamortized discount	<u>-</u>	<u>325</u>	<u>365</u>
	<u>-</u>	<u>199,675</u>	<u>199,635</u>
	1,549,335	1,462,175	1,345,885
Less: Current portion	<u>412,000</u>	<u>303,425</u>	<u>675,885</u>
	<u>\$ 1,137,335</u>	<u>\$ 1,158,750</u>	<u>\$ 670,000</u>

Under the loan agreements with partial banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of December 31, 2015, the Group was in compliance with the above mentioned financial ratio requirements stated in the loan agreements with the banks.

1) Unsecured borrowings

	March 31, 2016	December 31, 2015	March 31, 2015
Borrowings	\$ 1,549,335	\$ 1,262,500	\$ 1,146,250
Less: Current portion	<u>412,000</u>	<u>303,425</u>	<u>476,250</u>
Long-term borrowings	<u>\$ 1,137,335</u>	<u>\$ 959,075</u>	<u>\$ 670,000</u>
Interest rate P.A. (%)	1.66-2.57	1.76-2.10	1.66-2.20

The Group had sufficient long term credit facility obtained before March 31, 2016 and December 31, 2015, respectively, to refinance a portion of the loans on a long-term basis. Therefore, \$238,000 and \$450,000 were not classified as current portion of long-term borrowings as of March 31, 2016 and December 31, 2015, respectively.

2) Long-term commercial paper payable

The commercial paper was issued by International Bill Finance Corporation, its credit lines was granted by TC bank as of December 31, 2015, the annual rate was at 1.2%, it is repaid a lump sum in February, 2016.

17. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2016 and 2015, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$496 thousand and \$545 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2015 and 2014.

18. EQUITY

a. Share capital

	March 31, 2016	December 31, 2015	March 31, 2015
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>169,200</u>	<u>169,200</u>	<u>171,598</u>
Shares issued	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,715,980</u>

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

The change of ordinary shares is due to buy-back and cancelation of treasury shares of 2,398 thousand shares during 4th quarter of 2015.

b. Capital Surplus

	March 31, 2016	December 31, 2015	March 31, 2015
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Arising from issuance of common shares	\$ 266,411	\$ 266,411	\$ 270,187
Arising from treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>-</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 270,187</u>

The 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 share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Appropriation of Earnings and Dividend Policy

Under the Company's Articles of Incorporation, the Company should make appropriations from its net income (less any deficit) in the following order:

- 1) 10% as legal reserve, until its balance equals the Company's paid-in capital;
- 2) Special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;
- 3) The balance of remaining balance should be allocated or retained by board of directors in accordance with the Company's operation. Dividends, bonus to employees, and remuneration to directors and supervisors (bonus to employees should be at least 3%; all of these appropriations should be submitted to the stockholders' meeting for approval).

- 4) If bonus to employees is in the form of stock, affiliates' employees who meet certain requirements may also receive the stock bonus. The stock bonus distribution plan should be approved in a board of directors' meeting.

The Company's dividend policy is in line with the Company's operating scale and research and development needs as well as the status of the economy and industry in order to maintain sound management and promote stockholders' long-term interests. Thus, the Company adopted Residual dividend policy as its Shareholder dividends' policy. Company's profits may be distributed in the form of cash and/or stock. However, distribution of profits should preferably be in the form of cash dividend. Cash dividends should be at least 10% of total dividends. But if a cash dividend is less than NT\$0.2, the Company may choose to appropriate stock dividends instead.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to stockholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on November 10, 2015 and are subject to the resolution of the shareholders in their meeting to be held on June 22, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to (e). Employee benefits expense in Note 19.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The deficit compensation for 2015 and the appropriations of earnings for 2014 had been proposed and approved in the board of directors' meeting on March 25, 2016 and the shareholders' meeting on June 15, 2015, respectively. The deficit compensation for 2015 are subject to the resolution of the shareholders' meeting to be held on June 22, 2016. The appropriations of earning for 2014 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 8,784	
Cash dividends	<u>34,320</u>	\$ 0.2
	<u>\$ 43,104</u>	

d. Other Equity Items

- 1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2016	2015
Balance, beginning of period	\$ 347,230	\$ 390,801

(Continued)

	For the Three Months Ended March 31	
	2016	2015
Exchange differences arising on translating the foreign operations	\$ (21,514)	\$ (23,389)
Related income tax	<u>3,657</u>	<u>3,976</u>
Balance, end of period	<u>\$ 329,373</u>	<u>\$ 371,388</u> (Concluded)

2) Unrealized gain (loss) from available-for-sale financial assets

	For the Three Months Ended March 31	
	2016	2015
Balance, beginning of period	\$ (278)	\$ -
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	824	(20)
Related income tax	478	5
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(996)	-
Related income tax	<u>(416)</u>	<u>-</u>
Balance, end of period	<u>\$ (388)</u>	<u>\$ (15)</u>

19. CONSOLIDATED LOSS BEFORE INCOME TAX

Consolidated loss before income tax was as follows:

a. Other income

	For the Three Months Ended March 31	
	2016	2015
Interest income	\$ 3,505	\$ 5,452
Others	<u>2,893</u>	<u>4,668</u>
	<u>\$ 6,398</u>	<u>\$ 10,120</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2016	2015
Foreign exchange gain (loss), net	\$ (747)	\$ 4,828
Loss on disposal of property, plant and equipment, net	(1,106)	(1,262)
Gain on disposal of investments, net	996	-
Others	<u>(378)</u>	<u>(123)</u>
	<u>\$ (1,235)</u>	<u>\$ 3,443</u>

c. Finance costs

	For the Three Months Ended March 31	
	2016	2015
Interest expense of borrowings	\$ 12,252	\$ 13,396
Less: Amounts included in the cost of qualifying assets	<u>1,759</u>	<u>1,927</u>
	<u>\$ 10,493</u>	<u>\$ 11,469</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2016	2015
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 1,759	\$ 1,927
Capitalization rate (%)	1.79-5.10	1.84-4.76

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2016	2015
Property, plant and equipment	\$ 64,972	\$ 65,842
Prepayments for lease (current/noncurrent)	626	584
Other assets	<u>647</u>	<u>564</u>
	<u>\$ 66,245</u>	<u>\$ 66,990</u>

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

	For the Three Months Ended March 31	
	2016	2015
Analysis of depreciation by function		
Operating costs	\$ 54,878	\$ 55,298
Operating expenses	<u>10,094</u>	<u>10,544</u>
	<u>\$ 64,972</u>	<u>\$ 65,842</u>
Analysis of amortization by function		
Operating costs	\$ 100	\$ 68
Operating expenses	<u>1,173</u>	<u>1,080</u>
	<u>\$ 1,273</u>	<u>\$ 1,148</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2016	2015
Short-term employee benefits		
Salary	\$ 113,634	\$ 104,551
Labor and health insurance	6,243	5,250
Others	<u>5,823</u>	<u>6,447</u>
	<u>125,700</u>	<u>116,248</u>
Post-employment benefits		
Defined contribution plans	8,937	6,696
Defined benefit plans (Note 17)	<u>496</u>	<u>545</u>
	<u>9,433</u>	<u>7,241</u>
	<u>\$ 135,133</u>	<u>\$ 123,489</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 99,560	\$ 86,219
Operating expenses	<u>35,573</u>	<u>37,270</u>
	<u>\$ 135,133</u>	<u>\$ 123,489</u>

The existing Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 3% and quota assignment, respectively, of net income (net of the bonus and remuneration). For the three months ended March 31, 2015, the Group had incurred net loss, hence, no bonus to employees and remuneration to directors and supervisors were accrued for the period.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles through directors board meeting held in November, 2015 of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 3% and no higher than \$4,000 thousand, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. The Company had incurred net loss for the three months ended March 31, 2016, hence, no compensation to employees and remuneration to directors and supervisors were accrued for the period.

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

The bonus to employees and remuneration to directors and supervisors for 2015 and 2014 which have been approved in the board of directors' meeting and the stockholders' meetings on March 25, 2016 and June 15, 2015, respectively. Since the Company had incurred net loss for 2015, no compensation to employees and remuneration to directors and supervisors were distributed. The compensation to employees and remuneration to directors and supervisors for 2014 were as follows:

	<u>Cash Dividends</u>
Bonus to employees (distributed in cash)	\$ 3,580
Remuneration to directors and supervisors	2,100

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders meetings and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014.

Information on the bonus to employees and remuneration directors and supervisors resolved by the shareholders meeting are available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2016	2015
Foreign exchange gains	\$ 13,638	\$ 9,022
Foreign exchange losses	<u>(14,385)</u>	<u>(4,194)</u>
Net gain (loss)	<u>\$ (747)</u>	<u>\$ 4,828</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Three Months Ended March 31	
	2016	2015
Current tax		
In respect of the current period	\$ 6,911	\$ 638
Adjustments for prior periods	<u>839</u>	<u>-</u>
	<u>7,750</u>	<u>638</u>
Deferred Tax		
In respect of the current period	(8,216)	(5,405)
Exchange rate influence	<u>1,624</u>	<u>704</u>
	<u>(6,592)</u>	<u>(4,701)</u>
Income tax expense (income) recognized in profit or loss	<u>\$ 1,158</u>	<u>\$ (4,063)</u>

b. Income tax recognized in other comprehensive income (loss)

	For the Three Months Ended March 31	
	2016	2015
Deferred tax		
Translation of foreign operations	\$ 3,657	\$ 3,976
Unrealized gain on available-for-sale financial asset	<u>62</u>	<u>5</u>
	<u>\$ 3,719</u>	<u>\$ 3,981</u>

c. Integrated income tax

	March 31, 2016	December 31, 2015	March 31, 2015
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>323,813</u>	<u>339,803</u>	<u>412,054</u>
	<u>\$ 330,497</u>	<u>\$ 346,487</u>	<u>\$ 418,738</u>
Imputation credits accounts	<u>\$ 25,469</u>	<u>\$ 25,469</u>	<u>\$ 27,198</u>

The creditable ratios for the distribution of earnings of 2015 and 2014 was 7.35% (estimated) and 6.56% (actual), respectively.

d. Income tax assessments

The tax returns of the Company through 2011 have been assessed by the tax authorities.

GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2014 with the tax authorities.

21. NET LOSS PER SHARE (EPS)

There is no diluted effect for the three months ended March 31, 2016 and 2015 for net loss incurred in the reporting period.

The net loss and weighted average number of ordinary shares outstanding in the computation of basic and diluted EPS were as follows:

Net loss for the periods ended

	For the Three Months Ended March 31	
	2016	2015
Net loss used in the computation of basic / diluted net loss per share	<u>\$ (15,990)</u>	<u>\$ (12,156)</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Three Months Ended March 31	
	2016	2015
Weighted average number of ordinary shares in computation of basic EPS	<u>169,200</u>	<u>171,598</u>

If the Company is allowed to settle bonus to employees by cash and/or shares, the Company presumes that the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to

employees at their meeting in the following year.

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt and equity of the Group. The Group is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements. (Refer to Note 16)

Key management personnel of the Group review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of liabilities paid and current assets management to balance its entire capital structure.

23. FINANCIAL INSTRUMENTS

a. Information of fair value - 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. Information of fair value - fair value of financial instruments that are measured at fair value

March 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 2,385	\$ -	\$ -	\$ 2,385
Overseas listed shares	<u>4,904</u>	<u>-</u>	<u>-</u>	<u>4,904</u>
	<u>\$ 7,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,289</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 12,612	\$ -	\$ -	\$ 12,612
Overseas listed shares	<u>561</u>	<u>-</u>	<u>-</u>	<u>561</u>
	<u>\$ 13,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,173</u>

March 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Overseas listed shares	<u>\$ 1,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,203</u>

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2016 and 2015.

c. Categories of financial instruments

	March 31, 2016	December 31, 2015	March 31, 2015
<u>Financial assets</u>			
Loans and receivables (Note 1)	\$ 3,000,877	\$ 2,964,459	\$ 2,835,036
Available-for-sale financial assets	7,289	13,173	1,203
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,933,193	2,864,900	2,659,488

Note 1: The balances included in loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, net, other receivables and other financial assets-current and non-current.

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

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, accounts receivable, other financial assets, borrowings, notes payable and accounts payable. The Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Corporate Treasury function reports monthly to the Group's risk management committee.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to the risks from the fluctuation of USD and HKD.

The following table details the sensitivity to a 1% increase and decrease in the functional currency rate against the relevant foreign currencies of the Group's outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates an increase (decrease) in pre-tax profit and other equity associated with the functional currency.

	USD impact		HKD impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2016	2015	2016	2015
Profit or loss	\$ 4,509	\$ 4,211	\$ 480	\$ 384

b) Interest rate risk

The Group was exposed to interest rate risk because entities in 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:

	March 31, 2016	December 31, 2015	March 31, 2015
Fair value interest rate risk			
Financial liabilities	\$ 1,150,000	\$ 1,162,175	\$ 1,055,885
Cash flow interest rate risk			
Financial assets	1,303,621	956,470	702,664
Financial liabilities	399,335	300,000	290,000

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2016 and 2015 would have been higher/lower by \$2,261 thousand and \$1,032 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the counterparties' failure to

discharge an obligation and because of financial guarantees provided by the Group is the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties, and continuously monitoring the credit exposure and credit rating of the counterparties besides, controlling the credit exposure through the credit line limit of counterparties.

The Group's receivables are significantly concentrated in certain individuals, most of which have similar business operations and economic features. Credit risk concentration occurs when the counterparties to financial instrument transactions are 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. Accounts receivable from customers with carrying amounts that were 10% or more of the account totals were disclosed in Note 8.

3) Liquidity risk

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

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

Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the analysis of maturity dates for Group's non-derivative financial liabilities based on the agreed repayment dates, it's based on the earliest date that the Group may be required to repay, without considering the probability of execution of the right, and the tables had been drawn up based on the undiscounted cash flows of financial liabilities. The tables included both interest and principal cash flows.

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>March 31, 2016</u>					
Fixed interest rate liabilities	1.15-5.35	\$ 242,712	\$ 129,582	\$ 773,117	\$ 842,214
Variable interest rate liabilities	1.69-2.57	974	1,229	97,573	309,767
Non-interest bearing		<u>345,530</u>	<u>206,694</u>	<u>34,692</u>	<u>-</u>
		<u>\$ 589,216</u>	<u>\$ 337,505</u>	<u>\$ 905,382</u>	<u>\$ 1,151,981</u>
<u>December 31, 2015</u>					
Fixed interest rate liabilities	1.25-5.35	\$ 142,652	\$ 135,453	\$ 611,758	\$ 966,990
Variable interest rate liabilities	1.76-2.10	781	831	102,828	201,734
Non-interest bearing		<u>395,332</u>	<u>288,352</u>	<u>57,654</u>	<u>-</u>
		<u>\$ 538,765</u>	<u>\$ 424,636</u>	<u>\$ 772,240</u>	<u>\$ 1,168,724</u>

(Continued)

March 31, 2015	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Fixed interest rate liabilities	1.45-6.00	\$ 149,284	\$ 419,683	\$ 786,606	\$ 506,571
Variable interest rate liabilities	1.90-2.20	20,740	912	103,236	172,350
Non-interest bearing		<u>254,756</u>	<u>199,493</u>	<u>22,815</u>	<u>-</u>
		<u>\$ 424,780</u>	<u>\$ 620,088</u>	<u>\$ 912,657</u>	<u>\$ 678,921</u>

(Concluded)

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid in one year after the end of reporting period in compliance with the scheduled repayment dates set out in the loan agreements.

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.

24. TRANSACTIONS WITH RELATED PARTIES

All transactions, balances, revenues and expenses among the Group are eliminated on consolidation, so the information is not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

a. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel for the reporting period were as follows:

	For the Three Months Ended March 31	
	2016	2015
Short-term benefits (including salary and bonuses)	\$ 2,253	\$ 3,163
Post-employment benefits	<u>69</u>	<u>106</u>
	<u>\$ 2,322</u>	<u>\$ 3,269</u>

The remuneration of directors and other members of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

b. Property lease

The Company leased its Taipei office, factories and storehouse from general manager, Su, Tun-Jen, Su, Tun-Li (served as the Company's supervisor before June, 2015), and Su, Tun-Yi (second-degree relatives of the Company's chairman), under one-year operating lease contracts. The rentals for the three months ended March 31, 2016 and 2015 were \$415 thousand and \$493 thousand, respectively, and were recorded as operating expenses and manufacturing cost.

The rental terms were determined by negotiation. The rental rates were similar to the local market rate and the payment terms were at arm's length.

c. Guarantees

The Company's chairman, Su, Chung-Hong, and Su, Tun-Li (served as the Company's supervisor before June, 2015) jointly provided the guarantee for the loans of GEM and GEM (Cayman). The Company's chairman, Su Chung-Hong, provided the guarantee for the loans of Genius (HK), Su, Tun-Li provided the guarantee for the loans of Global (HK) and GEM (VN).

25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Group provided the following assets as collateral for the banks's short-term and long-term borrowings:

	March 31, 2016	December 31, 2015	March 31, 2015
Property, plant and equipment	\$ 393,135	\$ 344,881	\$ 368,265
Deposit account (under other financial assets-current)	88,000	230,048	95,498
Prepaid rent (including current portions)	<u>39,721</u>	<u>40,205</u>	<u>41,460</u>
	<u>\$ 520,856</u>	<u>\$ 615,134</u>	<u>\$ 505,223</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of March 31, 2016, the amounts of contracts for the Group's purchases of properties and materials were \$478,722 thousand, of which \$152,132 thousand had not been paid.

27. SIGNIFICANT FINANCIAL 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 foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows (in thousands of foreign currency, except exchange rate):

	Foreign Currencies	Exchange Rate		Carrying Amount
<u>March 31, 2016</u>				
Financial assets				
Monetary items				
USD	\$ 5,120	32.180	(USD : NTD)	\$ 164,761
USD	10,012	6.476	(USD : RMB)	322,205
USD	9,319	7.751	(USD : HKD)	299,891
USD	1,180	22,301	(USD : VND)	37,979
HKD	8,049	4.152	(HKD : NTD)	33,420
HKD	32,844	0.836	(HKD : RMB)	136,370
HKD	940	0.129	(HKD : USD)	<u>3,902</u>
				<u>\$ 998,528</u>
				(Continued)

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial liabilities				
Monetary items				
USD	\$ 617	32.180	(USD : NTD)	\$ 19,862
USD	4,103	6.476	(USD : RMB)	132,040
USD	3,289	7.751	(USD : HKD)	105,832
USD	3,609	22,301	(USD : VND)	116,166
HKD	29,923	4.152	(HKD : NTD)	124,239
HKD	342	0.836	(HKD : RMB)	<u>1,419</u>
				<u>\$ 499,558</u>

December 31, 2015

Financial assets				
Monetary items				
USD	7,823	32.830	(USD:NTD)	\$ 256,818
USD	6,205	6.572	(USD:RMB)	203,726
USD	10,178	7.745	(USD:HKD)	334,145
USD	663	22,456	(USD:VND)	21,754
HKD	9,625	4.238	(HKD:NTD)	40,790
HKD	37,483	0.848	(HKD:RMB)	158,852
HKD	939	0.129	(HKD:USD)	<u>3,977</u>
				<u>\$ 1,020,062</u>

Financial liabilities				
Monetary items				
USD	126	32.830	(USD:NTD)	\$ 4,143
USD	1,105	6.573	(USD:RMB)	36,284
USD	4,955	7.745	(USD:HKD)	162,663
USD	3,531	22,456	(USD:VND)	115,921
HKD	41,932	4.238	(HKD:NTD)	177,709
HKD	421	0.848	(HKD:RMB)	<u>1,783</u>
				<u>\$ 498,503</u>

March 31, 2015

Financial assets				
Monetary items				
USD	10,259	31.290	(USD : NTD)	\$ 321,017
USD	7,397	6.200	(USD : RMB)	231,449
USD	7,367	7.751	(USD : HKD)	230,512
USD	504	21,535	(USD : VND)	15,758
HKD	11,226	4.037	(HKD : NTD)	45,319
HKD	39,765	0.792	(HKD : RMB)	160,533
HKD	934	0.129	(HKD : USD)	<u>3,770</u>
				<u>\$ 1,008,358</u>

(Continued)

	Foreign Currencies	Exchange Rate		Carrying Amount
Financial liabilities				
Monetary items				
USD	\$ 194	31.290	(USD : NTD)	\$ 6,070
USD	7,761	6.200	(USD : RMB)	242,053
USD	3,144	7.751	(USD : HKD)	98,184
USD	1,005	21,535	(USD : VND)	31,290
HKD	40,717	0.792	(HKD : RMB)	164,373
HKD	1,706	4.037	(HKD : NTD)	<u>6,887</u>
				<u>\$ 548,857</u>
				(Concluded)

For the three months ended March 31, 2016 and 2015, realized and unrealized net foreign exchange losses and gains were losses of \$747 thousand and gains of \$4,828 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

28. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached).
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held: Table 2 (attached).
- 4) Marketable securities acquired and disposed at cost or price 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 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
- 9) Trading in derivative instruments: None.
- 10) Inter - Company business relationship and material transactions and its amount: Table 8 (attached).
- 11) Information on investees: Table 5 (attached).

b. Information on investments in Mainland China

Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership

percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China areas: Table 6 (attached).

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

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

29. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. The Group's reportable segments were as follows:

- GEM Terminal, GEM (Dongguan) and Genius (HK) consolidated information
- GEM (Suzhou)
- Others

Segment revenues and results, segment assets and liabilities

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

For the three months ended March 31, 2016	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
Revenue from external customers	\$ 443,324	\$ 271,616	\$ 46,613	\$ -	\$ 761,553
Inter - segment revenues	<u>35,832</u>	<u>301,099</u>	<u>25,781</u>	<u>(362,712)</u>	<u>-</u>
Segment revenues	<u>\$ 479,156</u>	<u>\$ 572,715</u>	<u>\$ 72,394</u>	<u>\$ (362,712)</u>	<u>\$ 761,553</u>

(Continued)

	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
Segment income (loss)	<u>\$ (30,954)</u>	<u>\$ 30,732</u>	<u>\$ (3,050)</u>	<u>\$ (6,230)</u>	\$ (9,502)
Other income					6,398
Other gains and losses					(1,235)
Finance cost					<u>(10,493)</u>
Loss before income tax					(14,832)
Income tax					<u>1,158</u>
Consolidated net loss					<u>\$ (15,990)</u>
<hr/> March 31, 2016 <hr/>					
Segment assets	<u>\$ 4,429,033</u>	<u>\$ 2,799,082</u>	<u>\$ 600,470</u>	<u>\$(1,770,700)</u>	<u>\$ 6,057,885</u>
Segment liabilities	<u>\$ 2,541,201</u>	<u>\$ 661,723</u>	<u>\$ 294,587</u>	<u>\$ (408,505)</u>	<u>\$ 3,089,006</u>
<hr/> For the three months ended March 31, 2015 <hr/>					
Revenue from external customers	\$ 471,726	\$ 337,420	\$ 45,871	\$ -	\$ 855,017
Inter - segment revenues	<u>25,528</u>	<u>127,321</u>	<u>9,425</u>	<u>(162,274)</u>	<u>-</u>
Segment revenues	<u>\$ 497,254</u>	<u>\$ 464,741</u>	<u>\$ 55,296</u>	<u>\$ (162,274)</u>	<u>\$ 855,017</u>
Segment income (loss)	<u>\$ (17,224)</u>	<u>\$ (10,040)</u>	<u>\$ (1,056)</u>	<u>\$ 10,007</u>	\$ (18,313)
Other income					10,120
Other gains and losses					3,443
Finance cost					<u>(11,469)</u>
Loss before income tax					(16,219)
Income tax					<u>(4,063)</u>
Consolidated net loss					<u>\$ (12,156)</u>
<hr/> March 31, 2015 <hr/>					
Segment assets	<u>\$ 6,689,492</u>	<u>\$ 2,635,407</u>	<u>\$ 412,242</u>	<u>\$(3,782,113)</u>	<u>\$ 5,955,028</u>
Segment liabilities	<u>\$ 2,359,369</u>	<u>\$ 524,051</u>	<u>\$ 218,275</u>	<u>\$ (260,994)</u>	<u>\$ 2,840,701</u>

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	GEM (VN)	Other receivables - related parties	Yes	\$ 100,260 (US\$ 3,000 thousand)	\$ 96,540 (US\$ 3,000 thousand)	\$ 32,180 (US\$ 1,000 thousand)	2.10	Short-term financing	\$ -	Business development	\$ -	\$ -	\$ -	\$ 593,776 (Note 1)	\$ 1,187,552 (Note 1)
		GEM (VN)	Other receivables - related parties	Yes	96,540 (US\$ 3,000 thousand)	96,540 (US\$ 3,000 thousand)	-	2.10	Short-term financing	-	Business development	-	-	-	593,776 (Note 1)	1,187,552 (Note 1)
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	33,420 (US\$ 1,000 thousand)	32,180 (US\$ 1,000 thousand)	32,180 (US\$ 1,000 thousand)	2.30	Short-term financing	-	Business development	-	-	-	630,779 (Note 1)	1,261,558 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	13,368 (US\$ 400 thousand)	12,872 (US\$ 400 thousand)	12,872 (US\$ 400 thousand)	2.00	Short-term financing	-	Business development	-	-	-	635,760 (Note 1)	1,271,519 (Note 1)
3	GEM (Cayman)	GEM (VN)	Other receivables - related parties	Yes	32,860 (US\$ 1,000 thousand)	-	-	2.10	Short-term financing	-	Business development	-	-	-	65,284 (Note 1)	130,567 (Note 1)
		GEM (VN)	Other receivables - related parties	Yes	33,420 (US\$ 1,000 thousand)	32,180 (US\$ 1,000 thousand)	32,180 (US\$ 1,000 thousand)	2.10	Short-term financing	-	Business development	-	-	-	65,284 (Note 1)	130,567 (Note 1)

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

Note 2: The conversion rates on March 31, 2016 were US\$1 : NT\$32.18.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2016

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	Shin Kong Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	277,114	\$ 1,790	-	\$ 1,790	
	CTBC Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	35,000	595	-	595	
					<u>2,385</u>		<u>2,385</u>	
GEM (Suzhou)	<u>Stock</u>							
	Tsingtao Brewery Company Limited	-	Available-for-sale financial assets - current	21,000	2,996	-	2,996	
	China United Network Communications Limited	-	Available-for-sale financial assets - current	38,000	829	-	829	
	Bank of China Limited	-	Available-for-sale financial assets - current	45,000	760	-	760	
	China Construction Bank Corporation	-	Available-for-sale financial assets - current	7,000	169	-	169	
	China Merchants Bank Co., Ltd.	-	Available-for-sale financial assets - current	1,000	80	-	80	
	Jianxi Copper Company Limited	-	Available-for-sale financial assets - current	1,000	70	-	70	
					<u>4,904</u>		<u>4,904</u>	
					<u>\$ 7,289</u>		<u>\$ 7,289</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2016

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	\$ 206,114 (HK\$41,347 thousand and US\$928 thousand)	53	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 125,043 (HK\$26,080 thousand and US\$531 thousand)	37	Note
GEM (Suzhou)	GEM (Dongguan)	Affiliate	Sales	219,622 (RMB\$43,481 thousand)	38	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	252,814 (RMB\$50,873 thousand)	43	Note

Note : It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2016

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

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
GEM (Dongguan)	Genius (HK)	Affiliate	\$ 125,043 (HK\$ 26,080 thousand and US\$ 531 thousand)	4.77	\$ -	-	\$ 101,679	\$ -
GEM (Suzhou)	GEM (Dongguan)	Affiliate	252,814 (HK\$ 50,873 thousand)	3.52	-	-	86,293	-

Note: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2016

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2016			Net Income (Loss) of the Investee	Share of profit (Loss)	Earnings Appropriation		Note
				March 31, 2016 (Foreign Currencies in Thousands)	December 31, 2015 (Foreign Currencies in Thousands)	Shares / Units	%	Carrying Amount			Stock	Cash	
The Company	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208 (US\$ 40,137)	\$ 1,295,208 (US\$ 40,137)	40,137,184	100	\$ 3,061,119	\$ (11,690)	\$ (12,338)	\$ -	\$ -	Notes 1 and 2
	GEM (Cayman)	Grand Cayman, Cayman Islands	International investment	340,317 (US\$ 10,998)	275,167 (US\$ 8,998)	10,998,333	100	325,037	(2,538)	(2,538)	-	-	Note 1
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	23,282 (US\$ 750)	23,282 (US\$ 750)	750,000	100	70,205	105	105	-	-	Note 1
								<u>\$ 3,456,361</u>	<u>\$ (14,123)</u>	<u>\$ (14,771)</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	90,134 (HK\$ 22,000)	90,134 (HK\$ 22,000)	21,999,998	100	<u>\$ 79,598</u>	<u>\$ 92</u>	<u>\$ 81</u>	-	-	Notes 1 and 2
Global (Cayman)	Vibo	Hong Kong	Investment and trading	1,541,063 (HK\$ 359,973)	1,541,063 (HK\$ 359,973)	359,972,616	100	\$ 3,153,890	\$ (12,001)	\$ (12,001)	-	-	Note 1
	Global (HK)	Hong Kong	International trading	3,747 (HK\$ 1,000)	3,747 (HK\$ 1,000)	1,000,000	100	9,017	(62)	411	-	-	Notes 1 and 2
								<u>\$ 3,162,907</u>	<u>\$ (12,063)</u>	<u>\$ (11,590)</u>			
GEM (Cayman)	GEM (VN)	Vietnam	Production of hardware; machine processing; electroplating for hardware processing; production and processing of molds and related accessories; plastic products and related plastic accessory production;	334,428 (US\$ 10,298)	269,278 (US\$ 8,298)	334,428	100	<u>\$ 322,849</u>	<u>\$ (1,956)</u>	<u>\$ (2,383)</u>	-	-	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2016

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2016	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 1 and 3)	Carrying Amount as of March 31, 2016 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of March 31, 2016
					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.	\$ 842,166 (RMB 169,467 thousand)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130 (US\$ 14,159 thousand)	\$ -	\$ -	\$ 452,130 (US\$ 14,159 thousand)	\$ (18,104) (US\$ -546 thousand)	100	\$ (18,130) (US\$ -547 thousand)	\$ 1,084,947 (US\$ 33,715 thousand)	\$ -
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.	1,245,749 (RMB 250,679 thousand)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320 (US\$ 23,000 thousand)	-	-	741,320 (US\$ 23,000 thousand)	22,925 (US\$ 692 thousand)	100	8,139 (US\$ 246 thousand)	2,115,043 (US\$ 65,725 thousand)	-
						\$ 1,193,450 (US\$ 37,159 thousand)						

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$1,193,450 (US\$37,159 thousand)	\$1,824,606 (US\$56,700 thousand)	\$1,781,327

Note 1: Amount was recognized based on the reviewed financial statement.

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Transaction Type	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM (Suzhou)	Sales	\$ 14,136	120 days after monthly closing	No comparable transactions with those in the market	\$ -	-	\$ 3,725	
		Purchase	1,938	120 days after monthly closing	No comparable transactions with those in the market	(1,877)	-	42	
		Property, plant, and equipment for sale	15,419	120 days after monthly closing	No comparable transactions with those in the market	-	-	(2,301)	
Genius (HK)	GEM (Dongguan)	Sales	5,265	120 days after monthly closing	No comparable transactions with those in the market	3,626	-	-	
		Purchase	206,114	120 days after monthly closing	No comparable transactions with those in the market	(125,043)	97	(514)	
Global (HK)	GEM (Suzhou)	Purchase	79,539	120 days after monthly closing	No comparable transactions with those in the market	(50,278)	100	869	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Investee Company	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
0	The Company	Genius (HK)	1	Sales	\$ 2,951	Payment terms are four months	-	Note 1
		Genius (HK)	1	Accounts receivable	1,419	Payment terms are four months	-	Note 1
		GEM (Suzhou)	1	Sales	14,136	Payment terms are four months	2	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	15,419	Payment terms are four months	2	Note 1
		GEM (Suzhou)	1	Other income	215	Payment terms are four months	-	Note 1
		GEM (VN)	1	Other receivable	32,365	According to working, capital conditions to change payment deeding	1	Note 1
		GEM (VN)	1	Sales	1,733	Payment terms are four months	-	Note 1
		GEM (VN)	1	Interest income	223	Interest rate P.A. 2.1%	-	Note 1
		GEM (VN)	1	Accounts receivable	1,857	Payment terms are four months	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	206,114	Payment terms are four months	27	Note 1
		Genius (HK)	3	Accounts receivable	125,043	Payment terms are four months	2	Note 1
		Genius (HK)	3	Property, plant and equipment for sale - current	7,230	Payment terms are four months	-	Note 1
		GEM (Suzhou)	3	Sales	12,655	Payment terms are four months	2	Note 1
		GEM (Suzhou)	3	Accounts receivable	16,895	Payment terms are four months	-	Note 1
		GEM (Suzhou)	3	Property, plant and equipment	2,022	Payment terms are four months	-	Note 1
2	Genius (HK)	The Company	2	Sales	58,629	Payment terms are four months	8	Note 1
		The Company	2	Accounts receivable	97,985	Payment terms are four months	2	Note 1
		The Company	2	Other receivable	26,253	Payment terms are four months	-	Note 1
		GEM (Dongguan)	3	Sales	5,265	Payment terms are four months	1	Note 1
		GEM (Dongguan)	3	Accounts receivable	3,626	Payment terms are four months	-	Note 1
		GEM (Dongguan)	3	Other receivable	452	Payment terms are four months	-	Note 1
		GEM (VN)	3	Sales	7,308	Payment terms are four months	1	Note 1
3	Global (HK)	The Company	2	Sales	23,503	Payment terms are four months	3	Note 1
		The Company	2	Accounts receivable	17,985	Payment terms are four months	-	Note 1
		GEM (VN)	3	Sales	11,036	Payment terms are four months	1	Note 1
		GEM (VN)	3	Accounts receivable	10,300	Payment terms are four months	-	Note 1
4	GEM (Suzhou)	The Company	2	Sales	1,938	Payment terms are four months	-	Note 1
		The Company	2	Accounts receivable	1,877	Payment terms are four months	-	Note 1
		Global (HK)	3	Sales	79,539	Payment terms are four months	10	Note 1
		Global (HK)	3	Accounts receivable	50,278	Payment terms are four months	1	Note 1
		Global (HK)	3	Property, plant and equipment for sale - current	1,235	Payment terms are four months	-	Note 1
		GEM (Dongguan)	3	Sales	219,622	Payment terms are four months	29	Note 1
		GEM (Dongguan)	3	Accounts receivable	252,814	Payment terms are four months	4	Note 1
		5	Vibo	GEM (Dongguan)	1	Other receivable	32,853	According to working, capital conditions to change payment deeding
GEM (Dongguan)	1			Interest income	190	Interest rate P.A. 2.3%	-	Note 1

(Continued)

No.	Investee Company	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
6	Global (Cayman)	Global (HK)	1	Other receivable	\$ 13,076	According to working, capital conditions to change payment deeding	-	Note 1
		Global (HK)	1	Interest income	66	Interest rate P.A. 2.0%	-	Note 1
7	GEM (Cayman)	GEM (VN)	1	Interest income	91	Interest rate P.A. 2.1%	-	Note 1
		GEM (VN)	1	Other receivable	32,317	According to working, capital conditions to change payment deeding	1	Note 1
8	GEM (VN)	Genius (HK)	3	Sales	2,278	Payment terms are four months	-	Note 1
		Genius (HK)	3	Accounts receivable	2,207	Payment terms are four months	-	Note 1

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary