

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 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 September 30, 2016 and 2015 and the related consolidated statements of comprehensive income for the three months ended September 30, 2016 and 2015, and for the nine months ended September 30, 2016 and 2015, and changes in equity and cash flows for the nine months ended September 30, 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.

November 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	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 1,651,300	26	\$ 1,323,316	22	\$ 1,485,892	23	Short-term borrowings (Notes 16 and 25)	\$ 858,390	14	\$ 659,626	11	\$ 871,612	14
Available-for-sale financial assets - current (Note 7)	43,743	1	13,173	-	29,118	-	Notes payable (Note 14)	194,091	3	248,075	4	228,654	4
Notes receivable (Note 8)	127,046	2	151,493	3	197,904	3	Accounts payable (Note 14)	379,537	6	269,353	5	366,920	6
Accounts receivable, net (Note 8)	1,013,912	16	982,557	16	1,027,185	16	Other payables (Note 15)	151,124	2	225,671	4	197,227	3
Other receivables	2,407	-	3,205	-	655	-	Current tax liabilities (Note 4)	15,563	-	15,517	-	8,518	-
Current tax assets (Note 4)	250	-	2,239	-	2,185	-	Long-term borrowings - current portion (Notes 16 and 25)	523,848	9	303,425	5	674,655	10
Inventories (Note 10)	608,264	10	579,481	10	670,458	11	Other current liabilities	3,413	-	3,816	-	7,857	-
Other financial assets - current (Notes 9 and 25)	377,275	6	500,551	8	489,592	8	Total current liabilities	2,125,966	34	1,725,483	29	2,355,443	37
Other current assets (Notes 13 and 25)	102,869	2	96,164	2	89,710	1	NONCURRENT LIABILITIES						
Total current assets	3,927,066	63	3,652,179	61	3,992,699	62	Long-term borrowings (Notes 16 and 25)	1,089,544	17	1,158,750	19	770,000	12
NONCURRENT ASSETS							Deferred tax liabilities (Note 4)	99,926	2	97,977	1	105,422	2
Property, plant and equipment (Notes 12, 25 and 26)	1,987,002	32	2,077,070	34	2,141,698	34	Net defined benefit liabilities (Notes 4 and 17)	46,123	1	45,627	1	75,311	1
Deferred tax assets (Note 4)	142,202	2	95,441	2	82,971	1	Total noncurrent liabilities	1,235,593	20	1,302,354	21	950,733	15
Prepayments for equipment (Notes 12 and 26)	40,771	1	93,749	1	69,216	1	Total liabilities	3,361,559	54	3,027,837	50	3,306,176	52
Other financial assets - noncurrent (Note 9)	3,235	-	3,337	-	3,398	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Long-term prepayment for lease (Notes 13 and 25)	97,957	2	101,016	2	103,277	2	Ordinary shares	1,692,000	27	1,692,000	28	1,715,980	27
Other noncurrent assets	8,682	-	7,881	-	7,357	-	Capital surplus	271,315	5	271,315	5	270,187	4
Total noncurrent assets	2,279,849	37	2,378,494	39	2,407,917	38	Retained earnings						
TOTAL	\$ 6,206,915	100	\$ 6,030,673	100	\$ 6,400,616	100	Legal reserve	338,662	5	338,662	5	338,662	5
							Unappropriated earnings	366,408	6	346,487	6	334,220	5
							Total retained earnings	705,070	11	685,149	11	672,882	10
							Others equity	176,971	3	354,372	6	450,344	7
							Treasury shares	-	-	-	-	(14,953)	-
							Total equity	2,845,356	46	3,002,836	50	3,094,440	48
							TOTAL	\$ 6,206,915	100	\$ 6,030,673	100	\$ 6,400,616	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 952,430	100	\$ 967,902	100	\$ 2,634,285	100	\$ 2,782,916	100
OPERATING COSTS (Notes 10, 19 and 24)	828,798	87	893,536	92	2,286,041	87	2,552,256	92
GROSS PROFIT	123,632	13	74,366	8	348,244	13	230,660	8
OPERATING EXPENSES (Notes 19 and 24)								
Marketing	38,626	4	36,778	4	108,747	4	101,333	4
General and administrative	49,725	5	52,669	6	157,470	6	152,392	5
Research and development	9,492	1	11,200	1	24,617	1	31,961	1
Total operating expenses	97,843	10	100,647	11	290,834	11	285,686	10
GAIN (LOSS) FROM OPERATIONS	25,789	3	(26,281)	(3)	57,410	2	(55,026)	(2)
NON-OPERATING INCOME AND EXPENSES (Note 19)								
Other income	3,547	-	6,152	1	14,953	1	22,484	1
Other gains and losses	1,645	-	10,046	1	14,575	-	15,869	-
Finance costs	(11,333)	(1)	(12,139)	(1)	(32,804)	(1)	(35,067)	(1)
Total non-operating income and expenses	(6,141)	(1)	4,059	1	(3,276)	-	3,286	-
CONSOLIDATED PROFIT (LOSS) BEFORE INCOME TAX	19,648	2	(22,222)	(2)	54,134	2	(51,740)	(2)
INCOME TAX EXPENSE (Notes 4 and 20)	5,063	-	1,166	-	34,213	1	1,830	-
CONSOLIDATED NET PROFIT (LOSS)	14,585	2	(23,388)	(2)	19,921	1	(53,570)	(2)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 20)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(112,636)	(12)	141,948	15	(212,610)	(8)	64,547	2
Unrealized gain (loss) on available-for-sale financial assets	(1,111)	-	1,115	-	(1,330)	-	(2,792)	-

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that may be reclassified subsequently to profit or loss	\$ 19,461	2	\$ (24,308)	(3)	\$ 36,539	1	\$ (10,383)	-
Other comprehensive income (loss) for the period, net of income tax	(94,286)	(10)	118,755	12	(177,401)	(7)	51,372	2
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (79,701)</u>	<u>(8)</u>	<u>\$ 95,367</u>	<u>10</u>	<u>\$ (157,480)</u>	<u>(6)</u>	<u>\$ (2,198)</u>	<u>-</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO: Owners of the Company	<u>\$ 14,585</u>	<u>2</u>	<u>\$ (23,388)</u>	<u>(2)</u>	<u>\$ 19,921</u>	<u>1</u>	<u>\$ (53,570)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: Owners of the Company	<u>\$ (79,701)</u>	<u>(8)</u>	<u>\$ 95,367</u>	<u>10</u>	<u>\$ (157,480)</u>	<u>(6)</u>	<u>\$ (2,198)</u>	<u>-</u>
EARNINGS PER SHARE (NET LOSS) (Note 21)								
Basic	<u>\$ 0.09</u>		<u>\$ (0.14)</u>		<u>\$ 0.12</u>		<u>\$ (0.31)</u>	
Diluted	<u>\$ 0.09</u>		<u>\$ (0.14)</u>		<u>\$ 0.12</u>		<u>\$ (0.31)</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 NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company					Other 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	Treasury Shares	Total Equity
			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 profit for the nine months ended September 30, 2016	-	-	-	19,921	19,921	-	-	-	-	-	19,921
Other comprehensive loss for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	(935)	(176,466)	-	(177,401)	-	(177,401)
Total comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	19,921	19,921	(935)	(176,466)	-	(177,401)	-	(157,480)
BALANCE, SEPTEMBER 30, 2016	\$ 1,692,000	\$ 271,315	\$ 338,662	\$ 366,408	\$ 705,070	\$ (1,213)	\$ 170,764	\$ 7,420	\$ 176,971	\$ -	\$ 2,845,356
BALANCE, JANUARY 1, 2015	\$ 1,715,980	\$ 270,187	\$ 329,878	\$ 430,894	\$ 760,772	\$ -	\$ 390,801	\$ 8,171	\$ 398,972	\$ -	\$ 3,145,911
Appropriation of 2014 earnings (Note 18)											
Legal reserve	-	-	8,784	(8,784)	-	-	-	-	-	-	-
Cash dividends to stockholders	-	-	-	(34,320)	(34,320)	-	-	-	-	-	(34,320)
Net loss for the nine months ended September 30, 2015	-	-	-	(53,570)	(53,570)	-	-	-	-	-	(53,570)
Other comprehensive loss for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	(2,202)	53,574	-	51,372	-	51,372
Total comprehensive income (loss) for the nine months ended September 30, 2015	-	-	-	(53,570)	(53,570)	(2,202)	53,574	-	51,372	-	(2,198)
Buy-back of ordinary shares (Note 18)	-	-	-	-	-	-	-	-	-	(14,953)	(14,953)
BALANCE, SEPTEMBER 30, 2015	\$ 1,715,980	\$ 270,187	\$ 338,662	\$ 334,220	\$ 672,882	\$ (2,202)	\$ 444,375	\$ 8,171	\$ 450,344	\$ (14,953)	\$ 3,094,440

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated profit (loss) before income tax	\$ 54,134	\$ (51,740)
Adjustments for:		
Depreciation expense	187,240	200,401
Amortization expense	3,783	3,510
Allowance (reversal of allowance) for doubtful accounts	1,082	(605)
Finance costs	32,804	35,067
Interest income	(10,349)	(14,802)
Dividend income	(252)	(952)
Loss on disposal of property, plant and equipment, net	6,944	4,695
Gain (loss) on sale of investments, net	(6,052)	5,724
Write-down of inventories	1,459	11,009
Other non-cash items	3,287	4,794
Changes in operating assets and liabilities		
Notes receivable	24,447	43,933
Accounts receivable	(31,829)	6,820
Other receivables	(885)	19,382
Inventories	(28,545)	121,006
Other current assets	(10,016)	(2,184)
Notes payable	(53,984)	14,669
Accounts payable	110,184	9,794
Other payables	(18,322)	(18,249)
Other current liabilities	(571)	2,051
Net defined benefit liabilities	(30,086)	(20)
Cash generated from operations	<u>234,473</u>	<u>394,303</u>
Interest received	12,032	17,612
Income tax paid	<u>(37,174)</u>	<u>(18,785)</u>
Net cash generated from operating activities	<u>209,331</u>	<u>393,130</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(357,139)	(1,021,566)
Proceeds from disposal of available-for-sale financial assets	330,956	983,902
Acquisition of property, plant and equipment	(222,658)	(264,244)
Proceeds from disposal of property, plant and equipment	1,050	169
Decrease (increase) in other financial assets	123,378	(17,488)
Increase in other noncurrent assets	(6,788)	(7,740)
Dividend received	<u>252</u>	<u>952</u>
Net cash used in investing activities	<u>(130,949)</u>	<u>(326,015)</u>

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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)

	<u>Nine Months Ended September 30</u>	
	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 599,893	\$ 1,126,935
Decrease in short-term borrowings	(365,430)	(995,586)
Increase in commercial paper payable	50,000	-
Decrease in commercial paper payable	(50,000)	-
Increase in long-term borrowings	745,395	510,000
Repayment of long-term borrowings	(592,500)	(500,000)
Cash dividends paid	-	(34,320)
Payments for buy-back of ordinary shares	-	(14,953)
Interest paid	<u>(36,381)</u>	<u>(39,880)</u>
Net cash generated from financing activities	<u>350,977</u>	<u>52,196</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(101,375)</u>	<u>96,932</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	327,984	216,243
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>\$ 1,651,300</u>	<u>\$ 1,485,892</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 November 10, 2016.

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

- a. International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC) for application starting from 2017

Rule No. 1050026834 issued by the FSC endorsed the following IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) for application starting January 1, 2017.

New, Amended or Revised Standards and Interpretations (the “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)
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
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
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

(Concluded)

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.

Except for the following, the initial application of the above IFRSs in 2017 would not have any material impact on the Company and its subsidiaries (collectively, the “Group”) accounting policies:

1) Amendment to IFRS 8 “Operating Segments”

IFRS 8 was amended by the Annual Improvements to IFRSs: 2010-2012 Cycle to require disclosure of the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the Group’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

2) Amendments to IFRS 13 “Fair Value Measurement”

The basis for conclusions of IFRS 13 was amended by the Annual Improvements to IFRSs: 2010-2012 Cycle to clarify that when the amendment becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial. Otherwise, the material effect of discounting will be adjusted retrospectively.

IFRS 13 was also amended by the Annual Improvements to IFRSs: 2011-2013 Cycle to clarify that the scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

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 IFRSs.

New IFRSs	Effective Date Announced by IASB (Note)
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarification to IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

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

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:

1) 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:

- a) 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;

- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of 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 the 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.

Impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be 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 trade 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.

2) 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, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- 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.

3) 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. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the 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.

4) 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 by applying to 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

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand	\$ 1,636	\$ 2,153	\$ 2,988
Checking accounts and demand deposits	1,253,362	956,573	1,066,451
Cash equivalent			
Time deposits with original maturities less than 3 months	<u>396,302</u>	<u>364,590</u>	<u>416,453</u>
	<u>\$ 1,651,300</u>	<u>\$ 1,323,316</u>	<u>\$ 1,485,892</u>

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	September 30, 2016	December 31, 2015	September 30, 2015
Domestic listed shares	\$ -	\$ 12,612	\$ 5,071
Overseas listed shares	<u>43,743</u>	<u>561</u>	<u>24,047</u>
	<u>\$ 43,743</u>	<u>\$ 13,173</u>	<u>\$ 29,118</u>

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 127,046</u>	<u>\$ 151,493</u>	<u>\$ 197,904</u>
<u>Accounts receivable</u>			
Accounts receivable	\$ 1,027,106	\$ 995,277	\$ 1,043,752
Less: Allowance for doubtful accounts	<u>13,194</u>	<u>12,720</u>	<u>16,567</u>
	<u>\$ 1,013,912</u>	<u>\$ 982,557</u>	<u>\$ 1,027,185</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 performed based on the past due date.

Aging analysis of accounts receivable was as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Not past due	\$ 931,350	\$ 907,945	\$ 935,724
Past due 1-60 days	80,828	82,916	98,681
Past due 61-90 days	9,228	1,409	3,865
Past due 91-180 days	1,648	22	21
Past due over 181 days	<u>4,052</u>	<u>2,985</u>	<u>5,461</u>
	<u>\$ 1,027,106</u>	<u>\$ 995,277</u>	<u>\$ 1,043,752</u>

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

	Collectively Assessed for Impairment	
	For the Nine Months Ended September 30	
	2016	2015
Balance, beginning of period	\$ 12,720	\$ 16,817

(Continued)

	Collectively Assessed for Impairment	
	For the Nine Months Ended September 30	
	2016	2015
Allowance (reversal of allowance) for doubtful accounts	\$ 1,082	\$ (605)
Effect of foreign currency exchange differences	<u>(608)</u>	<u>355</u>
Balance, end of period	<u>\$ 13,194</u>	<u>\$ 16,567</u> (Concluded)

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. Concentration of credit risk 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:

	September 30, 2016	December 31, 2015	September 30, 2015
Group A	<u>\$ 190,373</u>	<u>\$ 214,699</u>	<u>\$ 207,960</u>

9. OTHER FINANCIAL ASSET

	September 30, 2016	December 31, 2015	September 30, 2015
Time deposits with original maturities more than 3 months	\$ 257,697	\$ 270,358	\$ 279,605
Pledge time deposits	119,442	230,048	209,837
Refundable deposits	<u>3,371</u>	<u>3,482</u>	<u>3,548</u>
	<u>\$ 380,510</u>	<u>\$ 503,888</u>	<u>\$ 492,990</u>
Current	\$ 377,275	\$ 500,551	\$ 489,592
Non-current	<u>3,235</u>	<u>3,337</u>	<u>3,398</u>
	<u>\$ 380,510</u>	<u>\$ 503,888</u>	<u>\$ 492,990</u>

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

10. INVENTORIES

	September 30, 2016	December 31, 2015	September 30, 2015
Finished goods	\$ 186,259	\$ 295,559	\$ 313,900
Work in process	194,688	91,640	153,596
Raw materials	166,004	133,088	138,980
Supplies	<u>61,313</u>	<u>59,194</u>	<u>63,982</u>
	<u>\$ 608,264</u>	<u>\$ 579,481</u>	<u>\$ 670,458</u>

The cost of inventories recognized as costs of goods sold for the three months ended September 30, 2016 and 2015 and for the nine months ended September 30, 2016 and 2015 were \$828,798 thousand, \$893,536 thousand, \$2,286,041 thousand and \$2,552,256 thousand, respectively, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Write-down (reversal of write - down) of inventories	\$ 4,336	\$ 4,650	\$ 1,459	\$ 11,009
Others	<u>222</u>	<u>1,636</u>	<u>395</u>	<u>2,321</u>
	<u>\$ 4,558</u>	<u>\$ 6,286</u>	<u>\$ 1,854</u>	<u>\$ 13,330</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		
			September 30, 2016	December 31, 2015	September 30, 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
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))	Note 3	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM (Suzhou))	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM (Dongguan))	Note 3	100	100	100

Note 1: International investment.

Note 2: International trading.

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

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:

Nine months ended September 30, 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	-	10,708	7,720	1,320	35,946	198,201	253,895
Disposal	-	(1,090)	(44,131)	(1,102)	(4,797)	-	(51,120)
Reclassification	-	169,600	107,483	-	73,263	(350,464)	(118)
Effect of foreign currency exchange differences	-	(45,868)	(156,362)	(2,983)	(44,871)	(33,921)	(284,005)
Balance at September 30, 2016	<u>\$ 146,218</u>	<u>\$ 939,136</u>	<u>\$ 1,715,947</u>	<u>\$ 57,145</u>	<u>\$ 729,061</u>	<u>\$ 212,339</u>	<u>\$ 3,799,846</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2016	\$ -	\$ (396,915)	\$ (988,068)	\$ (47,383)	\$ (371,758)	\$ -	\$ (1,804,124)
Depreciation expenses	-	(28,329)	(100,902)	(2,844)	(55,165)	-	(187,240)
Disposal	-	989	37,991	9	4,137	-	43,126
Effect of foreign currency exchange differences	-	19,851	84,648	2,410	28,485	-	135,394
Balance at September 30, 2016	<u>\$ -</u>	<u>\$ (404,404)</u>	<u>\$ (966,331)</u>	<u>\$ (47,808)</u>	<u>\$ (394,301)</u>	<u>\$ -</u>	<u>\$ (1,812,844)</u>
Carrying amounts at 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 September 30, 2016	<u>\$ 146,218</u>	<u>\$ 534,732</u>	<u>\$ 749,616</u>	<u>\$ 9,337</u>	<u>\$ 334,760</u>	<u>\$ 212,339</u>	<u>\$ 1,987,002</u>

Nine months ended September 30, 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	-	3,933	50,349	371	35,969	148,292	238,914
Disposal	-	(3,800)	(39,706)	(981)	(5,054)	-	(49,541)
Reclassification	-	1,224	73,133	140	54,714	(128,848)	363
Effect of foreign currency exchange differences	-	11,181	17,828	1,774	10,143	4,267	45,193
Balance at September 30, 2015	<u>\$ 146,218</u>	<u>\$ 827,959</u>	<u>\$ 1,910,559</u>	<u>\$ 61,653</u>	<u>\$ 668,364</u>	<u>\$ 372,491</u>	<u>\$ 3,987,244</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2015	\$ -	\$ (363,984)	\$ (933,576)	\$ (44,764)	\$ (319,957)	\$ -	\$ (1,662,281)
Depreciation expenses	-	(31,018)	(116,057)	(3,172)	(50,154)	-	(200,401)
Disposal	-	3,322	36,257	902	4,196	-	44,677
Effect of foreign currency exchange differences	-	(4,892)	(17,695)	(606)	(4,348)	-	(27,541)
Balance at September 30, 2015	<u>\$ -</u>	<u>\$ (396,572)</u>	<u>\$ (1,031,071)</u>	<u>\$ (47,640)</u>	<u>\$ (370,263)</u>	<u>\$ -</u>	<u>\$ (1,845,546)</u>
Carrying amounts at September 30, 2015	<u>\$ 146,218</u>	<u>\$ 431,387</u>	<u>\$ 879,488</u>	<u>\$ 14,013</u>	<u>\$ 298,101</u>	<u>\$ 372,491</u>	<u>\$ 2,141,698</u>

b. Estimated useful lives

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

Buildings	
Factory	10-50 years
Main building	10-25 years
The major component part of the factory	10-20 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

	For the Nine Months Ended September 30	
	2016	2015
Acquisition of in property, plant and equipment	\$ 253,895	\$ 238,914
Capitalized interest	(4,186)	(5,269)
Increase (decrease) in prepayments for equipment	(52,978)	37,514
Decrease (increase) in payable for purchased equipment	<u>25,927</u>	<u>(6,915)</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 222,658</u>	<u>\$ 264,244</u>

13. PREPAYMENTS FOR LEASE

	September 30, 2016	December 31, 2015	September 30, 2015
Current (included in other current assets)	\$ 1,949	\$ 2,053	\$ 2,093
Noncurrent (included in long-term prepayment for lease)	<u>97,957</u>	<u>101,016</u>	<u>103,277</u>
	<u>\$ 99,906</u>	<u>\$ 103,069</u>	<u>\$ 105,370</u>

As of September 30, 2016, December 31, 2015 and September 30, 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 in Mainland China is 30-45 years, the remaining amortization year of land use rights and property use rights in Vietnam is 38-48 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

	September 30, 2016	December 31, 2015	September 30, 2015
Payable for purchase of equipment	\$ 36,305	\$ 62,232	\$ 67,531
Payable for salaries and bonus	44,112	41,609	39,741
Payable for utilities expense	8,879	9,070	11,291
Payable for welfare	5,012	6,321	6,731
Payable for compensation to employees and remuneration to directors and supervisors (Note 19)	1,887	-	-
Payable for pension	787	31,369	782
Others	<u>54,142</u>	<u>75,070</u>	<u>71,151</u>
	<u>\$ 151,124</u>	<u>\$ 225,671</u>	<u>\$ 197,227</u>

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

16. BORROWINGS

a. Short-term borrowings

	September 30, 2016	December 31, 2015	September 30, 2015
Unsecured borrowings	\$ 539,844	\$ 316,918	\$ 516,457
Secured borrowings	<u>318,546</u>	<u>342,708</u>	<u>355,155</u>
	<u>\$ 858,390</u>	<u>\$ 659,626</u>	<u>\$ 871,612</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Unsecured borrowings (%)	1.20-4.35	1.25-5.35	1.30-5.35
Secured borrowings (%)	3.92-4.35	3.92-5.35	4.14-5.35

b. Long-term borrowings

	September 30, 2016	December 31, 2015	September 30, 2015
Unsecured borrowings	\$ 1,558,000	\$ 1,262,500	\$ 1,245,000
Secured borrowings	55,392	-	-
Commercial paper payable	<u>-</u>	<u>199,675</u>	<u>199,655</u>
	1,613,392	1,462,175	1,444,655
Less: Current portion	<u>523,848</u>	<u>303,425</u>	<u>674,655</u>
	<u>\$ 1,089,544</u>	<u>\$ 1,158,750</u>	<u>\$ 770,000</u>

Under the loan agreements with several banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. The financial ratio of the Group as of June 30, 2016, December 31, 2015 and June 30, 2015 were in compliance with the requirements stated in the loan agreements.

The Group had sufficient long term credit facility obtained before September 30, 2016 and December 31, 2015, respectively, to refinance a portion of the loans on a long-term basis. Therefore, \$130,000 thousand and \$450,000 thousand were not classified as current portion of long-term borrowings as of September 30, 2016 and December 31, 2015, respectively.

1) Borrowings

	September 30, 2016	December 31, 2015	September 30, 2015
Unsecured borrowings	\$ 1,558,000	\$ 1,262,500	\$ 1,245,000
Secured borrowings	55,392	-	-
Less: Current portion	<u>523,848</u>	<u>303,425</u>	<u>475,000</u>
Long-term borrowings	<u>\$ 1,089,544</u>	<u>\$ 959,075</u>	<u>\$ 770,000</u>

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

	September 30, 2016	December 31, 2015	September 30, 2015
Unsecured borrowings (%)	1.49-2.09	1.76-2.10	1.79-2.20
Secured borrowings (%)	2.70	-	-

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 and September 30, 2015, the annual interest rate was at 1.2%, it is repaid a lump sum in February, 2016.

17. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2016 and 2015 and for the nine months ended September 30, 2016 and 2015, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$496 thousand, \$546 thousand, \$1,488 thousand and \$1,636 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

	September 30, 2016	December 31, 2015	September 30, 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>

(Continued)

	September 30, 2016	December 31, 2015	September 30, 2015
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> (Concluded)

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

	September 30, 2016	December 31, 2015	September 30, 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

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 stockholders held their regular meeting on June 22, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to (e) Employee benefits expense in Note 19.

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 stockholder 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.

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 approved in the stockholders' meeting on June 22, 2016 and June 15, 2015, respectively. The appropriations of earnings 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 Nine Months Ended September 30	
	2016	2015
Balance, beginning of period	\$ 347,230	\$ 390,801
Exchange differences arising on translating the foreign operations	(212,610)	64,547
Related income tax	<u>36,144</u>	<u>(10,973)</u>
Balance, end of period	<u>\$ 170,764</u>	<u>\$ 444,375</u>

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

	For the Nine Months Ended September 30	
	2016	2015
Balance, beginning of period	\$ (278)	\$ -
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	4,722	(8,516)
Related income tax	(1,071)	590
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(6,052)	5,724
Related income tax	<u>1,466</u>	<u>-</u>
Balance, end of period	<u>\$ (1,213)</u>	<u>\$ (2,202)</u>

e. Treasury Shares-Only September 30, 2015

	Shares Cancelled (In Thousands of Shares)
Number of shares at January 1, 2015	-
Increase during the period	<u>1,613</u>
Number of shares at September 30, 2015	<u><u>1,613</u></u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise stockholders' rights on these shares, such as rights to dividends and to vote.

19. CONSOLIDATED PROFIT (LOSS) BEFORE INCOME TAX

Consolidated profit (loss) before income tax was as follows:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Interest income	\$ 3,154	\$ 4,286	\$ 10,349	\$ 14,802
Others	<u>393</u>	<u>1,866</u>	<u>4,604</u>	<u>7,682</u>
	<u>\$ 3,547</u>	<u>\$ 6,152</u>	<u>\$ 14,953</u>	<u>\$ 22,484</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Foreign exchange gains, net	\$ 2,730	\$ 21,011	\$ 16,428	\$ 27,448
Loss on disposal of property, plant and equipment, net	(2,684)	(1,576)	(6,944)	(4,695)
Gain (loss) on disposal of investments, net	1,695	(8,512)	6,052	(5,724)
Others	<u>(96)</u>	<u>(877)</u>	<u>(961)</u>	<u>(1,160)</u>
	<u>\$ 1,645</u>	<u>\$ 10,046</u>	<u>\$ 14,575</u>	<u>\$ 15,869</u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Interest expense of borrowings	\$ 12,068	\$ 13,690	\$ 36,990	\$ 40,336

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Less: Amounts included in the cost of qualifying assets	\$ 735	\$ 1,551	\$ 4,186	\$ 5,269
	<u>\$ 11,333</u>	<u>\$ 12,139</u>	<u>\$ 32,804</u>	<u>\$ 35,067</u> (Concluded)

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 735	\$ 1,551	\$ 4,186	\$ 5,269
Capitalization rate (%)	1.75-4.12	1.90-5.03	1.75-5.19	1.82-5.03

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Property, plant and equipment	\$ 61,642	\$ 65,756	\$ 187,240	\$ 200,401
Prepayments for lease (current/noncurrent)	710	615	1,949	1,803
Other assets	<u>646</u>	<u>584</u>	<u>1,834</u>	<u>1,707</u>
	<u>\$ 62,998</u>	<u>\$ 66,955</u>	<u>\$ 191,023</u>	<u>\$ 203,911</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Analysis of depreciation by function				
Operating costs	\$ 51,101	\$ 55,359	\$ 156,383	\$ 169,083
Operating expenses	<u>10,541</u>	<u>10,397</u>	<u>30,857</u>	<u>31,318</u>
	<u>\$ 61,642</u>	<u>\$ 65,756</u>	<u>\$ 187,240</u>	<u>\$ 200,401</u>
Analysis of amortization by function				
Operating costs	\$ 93	\$ 90	\$ 288	\$ 225
Operating expenses	<u>1,263</u>	<u>1,109</u>	<u>3,495</u>	<u>3,285</u>
	<u>\$ 1,356</u>	<u>\$ 1,199</u>	<u>\$ 3,783</u>	<u>\$ 3,510</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Short-term employee benefits				
Salary	\$ 132,360	\$ 137,496	\$ 378,472	\$ 362,790
Labor and health insurance	6,183	6,715	19,023	18,374
Others	<u>7,641</u>	<u>6,853</u>	<u>20,558</u>	<u>19,783</u>
	<u>146,184</u>	<u>151,064</u>	<u>418,053</u>	<u>400,947</u>
Post-employment benefits				
Defined contribution plans	8,988	9,887	27,950	25,815
Defined benefit plans (Note 17)	<u>496</u>	<u>546</u>	<u>1,488</u>	<u>1,636</u>
	<u>9,484</u>	<u>10,433</u>	<u>29,438</u>	<u>27,451</u>
	<u>\$ 155,668</u>	<u>\$ 161,497</u>	<u>\$ 447,491</u>	<u>\$ 428,398</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 120,410	\$ 126,977	\$ 338,642	\$ 325,950
Operating expenses	<u>35,258</u>	<u>34,520</u>	<u>108,849</u>	<u>102,448</u>
	<u>\$ 155,668</u>	<u>\$ 161,497</u>	<u>\$ 447,491</u>	<u>\$ 428,398</u>

The stockholders meeting held in June 2016 and resolved amendments to the Company's Articles; the amendments stipulate distribution of 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. For the three months and nine months ended September 30, 2016, the employees' compensation and the remuneration to directors and supervisors represented 3% and estimated distribution, respectively, of the net profit before income tax, the amounts were as follow:

	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2015
Employees' Compensation	<u>\$ 418</u>	<u>\$ 672</u>
Remuneration to directors and supervisors	<u>\$ 405</u>	<u>\$ 1,215</u>

The Articles before the amendment stipulated 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 and nine months ended September 30, 2015, the Group had incurred net loss, hence, no bonus 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.

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

to employees and remuneration to directors and supervisors for 2014 were as follows:

	For the Year Ended December 31, 2014
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 September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Foreign exchange gains	\$ 10,944	\$ 45,781	\$ 41,600	\$ 64,278
Foreign exchange losses	<u>(8,214)</u>	<u>(24,770)</u>	<u>(25,172)</u>	<u>(36,830)</u>
Foreign exchange gains, net	<u>\$ 2,730</u>	<u>\$ 21,011</u>	<u>\$ 16,428</u>	<u>\$ 27,448</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Current tax				
In respect of the current period	\$ 2,405	\$ 4,242	\$ 23,728	\$ 8,155
Income tax on unappropriated earnings	-	-	-	4,474
Adjustments for prior periods	<u>367</u>	<u>-</u>	<u>15,481</u>	<u>482</u>
	<u>2,772</u>	<u>4,242</u>	<u>39,209</u>	<u>13,111</u>
Deferred tax				
In respect of the current period	105	1,310	(8,273)	(8,447)
Exchange rate influence	<u>2,186</u>	<u>(4,386)</u>	<u>3,277</u>	<u>(2,834)</u>
	<u>2,291</u>	<u>(3,076)</u>	<u>(4,996)</u>	<u>(11,281)</u>
Income tax expense recognized in profit or loss	<u>\$ 5,063</u>	<u>\$ 1,166</u>	<u>\$ 34,213</u>	<u>\$ 1,830</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Deferred tax				
Translation of foreign operations	\$ 19,149	\$ (24,131)	\$ 36,144	\$ (10,973)
Unrealized loss (gain) on available-for-sale financial asset	<u>312</u>	<u>(177)</u>	<u>395</u>	<u>590</u>
	<u>\$ 19,461</u>	<u>\$ (24,308)</u>	<u>\$ 36,539</u>	<u>\$ (10,383)</u>

c. Integrated income tax

	September 30, 2016	December 31, 2015	September 30, 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>359,724</u>	<u>339,803</u>	<u>327,536</u>
	<u>\$ 366,408</u>	<u>\$ 346,487</u>	<u>\$ 334,220</u>
Imputation credits accounts	<u>\$ 25,312</u>	<u>\$ 25,301</u>	<u>\$ 25,015</u>

The Company had incurred net loss for 2015, according to the resolution approved in the stockholders' meeting on June 22, 2016, the earnings were not distributed. The creditable ratio for the distribution of earning for 2014 was 6.56% (actual).

d. Income tax assessments

The tax returns of the Company as of 2014 have been assessed by the tax authorities, and the assessment differences of \$13,065 thousand has been adjusted under current tax expense for the three months ended June 30, 2016.

GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2015 with the tax authorities.

21. EARNING (NET LOSS) PER SHARE (EPS)

There is no diluted effect for the three months and nine months ended September 30, 2015 for net loss incurred in the reporting period.

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

Net profit (loss) for the periods ended

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Net profit (loss) used in the computation of basic/diluted earnings (net loss) per share	<u>\$ 14,585</u>	<u>\$ (23,388)</u>	<u>\$ 19,921</u>	<u>\$ (53,570)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Weighted average number of ordinary shares in computation of basic EPS/Net loss per share	169,200	171,388	169,200	171,527
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>30</u>	<u>-</u>	<u>60</u>	<u>-</u>
Weighted average number of ordinary shares in computation of diluted EPS/Net loss per share	<u>169,230</u>	<u>171,388</u>	<u>169,260</u>	<u>171,527</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

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 on a recurring basis

September 30, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Overseas listed shares	<u>\$ 43,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,743</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>

September 30, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 5,071	\$ -	\$ -	\$ 5,071
Overseas listed shares	<u>24,047</u>	<u>-</u>	<u>-</u>	<u>24,047</u>
	<u>\$ 29,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,118</u>

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2016 and 2015.

- c. Categories of financial instruments

	September 30, 2016	December 31, 2015	September 30, 2015
<u>Financial assets</u>			
Loans and receivables (Note 1)	\$ 3,175,175	\$ 2,964,459	\$ 3,204,626
Available-for-sale financial assets	43,743	13,173	29,118
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,196,534	2,864,900	3,109,068

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, 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 fluctuations 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 decrease in pre-tax profit associated with the functional currency.

	<u>USD impact</u>		<u>HKD impact</u>	
	<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss	\$ 3,359	\$ 5,580	\$ 701	\$ 1,478

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:

	September 30, 2016	December 31, 2015	September 30, 2015
Fair value interest rate risk			
Financial liabilities	\$ 567,500	\$ 912,500	\$ 587,500
Cash flow interest rate risk			
Financial assets	1,253,259	956,470	1,066,348
Financial liabilities	719,899	300,000	320,000

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 nine months ended September 30, 2016 would have been higher/lower by \$4,000 thousand and for the nine months ended September 30, 2015, the Group's pre-tax loss would have been higher / lower by \$5,598 thousand, which was mainly a result of the changes in floating rate bank deposits and borrowings.

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 total are 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>September 30, 2016</u>					
Fixed interest rate liabilities	1.20-4.35	\$ 172,559	\$ 390,886	\$ 643,127	\$ 574,715
Variable interest rate liabilities	1.29-2.70	21,383	24,226	293,636	399,387
Non-interest bearing		<u>351,709</u>	<u>273,332</u>	<u>97,666</u>	<u>-</u>
		<u>\$ 545,651</u>	<u>\$ 688,444</u>	<u>\$ 1,034,429</u>	<u>\$ 974,102</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>
<u>September 30, 2015</u>					
Fixed interest rate liabilities	1.33-5.35	\$ 155,390	\$ 384,952	\$ 902,314	\$ 596,208
Variable interest rate liabilities	1.83-2.20	20,835	990	121,026	185,028
Non-interest bearing		<u>510,722</u>	<u>204,223</u>	<u>75,726</u>	<u>-</u>
		<u>\$ 686,947</u>	<u>\$ 590,165</u>	<u>\$ 1,099,066</u>	<u>\$ 781,236</u>

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 September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Short-term benefits (including salary and bonuses)	\$ 2,714	\$ 1,443	\$ 6,868	\$ 6,883
Post-employment benefits	<u>138</u>	<u>106</u>	<u>207</u>	<u>318</u>
	<u>\$ 2,852</u>	<u>\$ 1,549</u>	<u>\$ 7,075</u>	<u>\$ 7,201</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, 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 September 30, 2016 and 2015 were \$415 thousand and \$493 thousand, respectively; for the nine months ended September 30, 2016 and 2015 were \$1,244 thousand and \$1,478 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 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' short-term and long-term borrowings:

	September 30, 2016	December 31, 2015	September 30, 2015
Property, plant and equipment	\$ 377,494	\$ 344,881	\$ 363,950
Deposit account (under other financial assets-current)	119,442	230,048	209,837
Prepaid rent (including current portion)	<u>36,986</u>	<u>40,205</u>	<u>41,934</u>
	<u>\$ 533,922</u>	<u>\$ 615,134</u>	<u>\$ 615,721</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's significant commitments and contingencies as of September 30, 2016 were as follows:

- a. The amounts of contracts for the Group's purchases of properties and materials were \$425,220 thousand, of which \$104,862 thousand had not been paid.
- b. Unused letters of credit for purchasing equipment and materials amounts to \$5,670 thousand.

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>September 30, 2016</u>				
Financial assets				
Monetary items				
USD	\$ 4,465	31.360	(USD:NTD)	\$ 140,019
USD	13,208	6.683	(USD:RMB)	414,191
USD	10,854	7.751	(USD:HKD)	340,385
USD	1,700	22,304	(USD:VND)	53,299
HKD	6,150	4.046	(HKD:NTD)	24,882
HKD	29,069	0.862	(HKD:RMB)	117,612
HKD	943	0.129	(HKD:USD)	<u>3,815</u>
				<u>\$ 1,094,203</u>
Financial liabilities				
Monetary items				
USD	385	31.360	(USD:NTD)	\$ 12,060
USD	8,008	6.683	(USD:RMB)	251,144
USD	4,676	7.751	(USD:HKD)	146,644
USD	6,446	22,304	(USD:VND)	202,153
HKD	18,707	4.046	(HKD:NTD)	75,689
HKD	118	0.862	(HKD:RMB)	<u>477</u>
				<u>\$ 688,167</u>
<u>December 31, 2015</u>				
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>

(Continued)

	Foreign Currencies	Exchange Rate		Carrying Amount
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>
<hr/> September 30, 2015 <hr/>				
Financial assets				
Monetary items				
USD	7,704	32.860	(USD:NTD)	\$ 253,144
USD	11,026	6.350	(USD:RMB)	362,305
USD	10,553	7.746	(USD:HKD)	346,783
USD	1,492	22,476	(USD:VND)	49,027
HKD	9,945	4.242	(HKD:NTD)	42,187
HKD	64,386	0.820	(HKD:RMB)	273,124
HKD	937	0.129	(HKD:USD)	<u>3,976</u>
				<u>\$ 1,330,546</u>
Financial liabilities				
Monetary items				
USD	237	32.860	(USD:NTD)	\$ 7,780
USD	7,034	6.350	(USD:RMB)	231,169
USD	4,290	7.746	(USD:HKD)	140,986
USD	2,232	22,476	(USD:VND)	73,328
HKD	91	0.820	(HKD:RMB)	387
HKD	40,324	4.242	(HKD:NTD)	<u>171,053</u>
				<u>\$ 624,703</u>
				(Concluded)

For the three months ended September 30, 2016 and 2015, and for the nine months ended September 30, 2016 and 2015, realized and unrealized net foreign exchange gains were \$2,730 thousand, \$21,011 thousand, \$16,428 thousand and \$27,448 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) and Global (HK) consolidated information
- 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:

	GEM Terminal	GEM (Dongguan)& Genius (HK)	GEM (Suzhou)& Global (HK)	Others	Adjustment and Elimination	Consolidated Amount
<u>For the Nine months ended September 30, 2016</u>						
Revenues from external customers	\$ 372,540	\$ 1,095,470	\$ 1,166,275	\$ -	\$ -	\$ 2,634,285
Inter - segment revenues	<u>85,766</u>	<u>320,918</u>	<u>1,003,586</u>	<u>95,246</u>	<u>(1,505,516)</u>	<u>-</u>
Segment revenues	<u>\$ 458,306</u>	<u>\$ 1,416,388</u>	<u>\$ 2,169,861</u>	<u>\$ 95,246</u>	<u>\$ (1,505,516)</u>	<u>\$ 2,634,285</u>
Segment income (loss)	<u>\$ (20,221)</u>	<u>\$ (28,640)</u>	<u>\$ 86,411</u>	<u>\$ (5,535)</u>	<u>\$ 25,395</u>	\$ 57,410
Other income						14,953
Other gains and losses						14,575
Finance cost						<u>(32,804)</u>
Consolidated profit before income tax						54,134
Income tax						<u>(34,213)</u>
Consolidated net profit						<u>\$ 19,921</u>
<u>September 30, 2016</u>						
Segment assets	<u>\$ 4,683,098</u>	<u>\$ 2,085,190</u>	<u>\$ 3,041,041</u>	<u>\$ 764,740</u>	<u>\$ (4,367,154)</u>	<u>\$ 6,206,915</u>
Segment liabilities	<u>\$ 1,837,742</u>	<u>\$ 1,054,723</u>	<u>\$ 972,080</u>	<u>\$ 301,623</u>	<u>\$ (804,609)</u>	<u>\$ 3,361,559</u>
<u>For the Nine months ended September 30, 2015</u>						
Revenues from external customers	\$ 518,540	\$ 1,027,157	\$ 1,237,219	\$ -	\$ -	\$ 2,782,916
Inter-segment revenues	<u>44,994</u>	<u>382,171</u>	<u>437,155</u>	<u>-</u>	<u>(864,320)</u>	<u>-</u>
Segment revenues	<u>\$ 563,534</u>	<u>\$ 1,409,328</u>	<u>\$ 1,674,374</u>	<u>\$ -</u>	<u>\$ (864,320)</u>	<u>\$ 2,782,916</u>
Segment income (loss)	<u>\$ (63,494)</u>	<u>\$ (14,300)</u>	<u>\$ 4,641</u>	<u>\$ (3,269)</u>	<u>\$ 21,396</u>	\$ (55,026)
Other income						22,484
Other gains and losses						15,869
Finance costs						<u>(35,067)</u>
Consolidated loss before income tax						(51,740)
Income tax						<u>(1,830)</u>
Consolidated net loss						<u>\$ (53,570)</u>
<u>September 30, 2015</u>						
Segment assets	<u>\$ 4,893,513</u>	<u>\$ 2,292,563</u>	<u>\$ 3,082,127</u>	<u>\$ 423,236</u>	<u>\$ (4,290,823)</u>	<u>\$ 6,400,616</u>
Segment liabilities	<u>\$ 1,799,073</u>	<u>\$ 1,040,654</u>	<u>\$ 894,176</u>	<u>\$ 197,360</u>	<u>\$ (625,087)</u>	<u>\$ 3,306,176</u>

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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)	\$ 94,080 (US\$ 3,000 thousand)	\$ 31,360 (US\$ 1,000 thousand)	2.10	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 569,071 (Note 1)	\$ 1,138,142 (Note 1)
		GEM (VN)	Other receivables - related parties	Yes	97,485 (US\$ 3,000 thousand)	94,080 (US\$ 3,000 thousand)	-	2.10	Short-term financing	-	Business development	-	-	-	569,071 (Note 1)	1,138,142 (Note 1)
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	32,615 (US\$ 1,000 thousand)	31,360 (US\$ 1,000 thousand)	31,360 (US\$ 1,000 thousand)	2.00	Short-term financing	-	Business development	-	-	-	607,931 (Note 1)	1,215,862 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	13,046 (US\$ 400 thousand)	12,544 (US\$ 400 thousand)	12,544 (US\$ 400 thousand)	2.00	Short-term financing	-	Business development	-	-	-	612,643 (Note 1)	1,225,287 (Note 1)
3	GEM (Cayman)	GEM (VN)	Other receivables - related parties	Yes	33,420 (US\$ 1,000 thousand)	31,360 (US\$ 1,000 thousand)	31,360 (US\$ 1,000 thousand)	2.10	Short-term financing	-	Business development	-	-	-	72,965 (Note 1)	145,930 (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 September 30, 2016 were US\$ 1: NT\$ 31.36.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 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	September 30, 2016				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
GEM (Suzhou)	<u>Stock</u>							
	Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	-	Available-for-sale financial assets - current	38,000	\$ 11,964	-	\$ 11,964	
	Anhui Gujing Distillery Co., Ltd.	-	Available-for-sale financial assets - current	57,000	11,461	-	11,461	
	Yibin Wuliangye Co., Ltd.	-	Available-for-sale financial assets - current	59,000	9,236	-	9,236	
	Shanxi Xinghuacun Fen Wine Factory Co., Ltd.	-	Available-for-sale financial assets - current	89,000	8,156	-	8,156	
	Jiangxi Copper Co., Ltd.	-	Available-for-sale financial assets - current	33,000	2,159	-	2,159	
	Sichuan Swellfun Co., Ltd.	-	Available-for-sale financial assets - current	10,000	<u>767</u>	-	<u>767</u>	
					<u>\$ 43,743</u>		<u>\$ 43,743</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 594,129 (HK\$127,484 thousand and US\$1,995 thousand)	43	120 days after monthly closing	Note 2	Note 3	\$ 82,149 (HK\$18,202 thousand and US\$275 thousand)	18	Note 1
GEM (Dongguan)	GEM (Suzhou)	Affiliate	Sales	112,947 (RMB\$23,099 thousand)	8	120 days after monthly closing	Note 2	Note 3	45,778 (RMB\$9,756 thousand)	10	Note 1
GEM (Suzhou)	GEM (Dongguan)	Affiliate	Sales	822,600 (RMB\$167,793 thousand)	38	120 days after monthly closing	Note 2	Note 3	295,015 (RMB\$62,869 thousand)	37	Note 1
GEM (Suzhou)	Global (HK)	Affiliate	Sales	312,490 (HK\$11,637 thousand and US\$8,224 thousand)	14	120 days after monthly closing	Note 2	Note 3	90,869 (HK\$5,025 thousand and US\$2,252 thousand)	11	Note 1
Genius (HK)	The Company	Subsidiary	Sales	165,828 (HK\$39,653 thousand)	22	120 days after monthly closing	Note 2	Note 3	62,380 (HK\$15,418 thousand)	22	Note 1
Genius (HK)	GEM (Dongguan)	Affiliate	Sales	102,496 (HK\$1,541 thousand and US\$3,001 thousand)	14	120 days after monthly closing	Note 2	Note 3	26,877 (US\$857 thousand)	9	Note 1

Note 1: It was eliminated on consolidation.

Note 2: The sales price of finished goods is not significantly different from those to third parties, except for the stated sales price of finished goods, other kinds of sales price have no comparable transactions with those in the market.

Note 3: The sales payment terms of intercompany sales are not significantly different from those to third parties.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

SEPTEMBER 30, 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 (Suzhou)	GEM (Dongguan)	Affiliate	\$ 295,015 (RMB\$ 62,869 thousand)	4.05	\$ -	-	\$ 172,190	\$ -

Note: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2016			Net Income (Loss) of the Investee	Share of profit (Loss)	Earnings Appropriation		Note
				September 30, 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	\$ 2,938,579	\$ 51,818	\$ 51,660	\$ -	\$ -	Notes 1 and 2
	GEM (Cayman)	Grand Cayman, Cayman Islands	International investment	392,669 (US\$ 12,598)	275,167 (US\$ 8,998)	12,598,333	100	360,922	(5,873)	(6,263)	-	-	Notes 1 and 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	23,282 (US\$ 750)	23,282 (US\$ 750)	750,000	100	69,510	825	825	-	-	Note 1
								<u>\$ 3,369,011</u>	<u>\$ 46,770</u>	<u>\$ 46,222</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	90,134 (HK\$ 22,000)	90,134 (HK\$ 22,000)	21,999,998	100	<u>\$ 78,277</u>	<u>\$ 829</u>	<u>\$ 811</u>	-	-	Notes 1 and 2
Global (Cayman)	Vibo	Hong Kong	Trading and investment	1,541,063 (HK\$ 359,973)	1,541,063 (HK\$ 359,973)	359,972,616	100	\$ 3,039,640	\$ 52,203	\$ 52,203	-	-	Note 1
	Global (HK)	Hong Kong	International trading	3,747 (HK\$ 1,000)	3,747 (HK\$ 1,000)	1,000,000	100	7,968	(1,676)	(412)	-	-	Notes 1 and 2
								<u>\$ 3,047,608</u>	<u>\$ 50,527</u>	<u>\$ 51,791</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;	386,780 (US\$ 12,436)	269,278 (US\$ 8,836)	386,780	100	<u>\$ 361,260</u>	<u>\$ (3,978)</u>	<u>\$ (5,806)</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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 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 September 30, 2016 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of September 30, 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.	\$ 795,224 (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)	\$ (4,819) (US\$ -129 thousand)	100	\$ (11,227) (US\$ -322 thousand)	\$ 901,711 (US\$ 28,754 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.	1,176,311 (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)	66,982 (US\$ 2,051 thousand)	100	69,829 (US\$ 2,156 thousand)	2,054,530 (US\$ 65,514 thousand)	-
							\$ 1,193,450 (US\$ 37,159 thousand)					

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 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)	\$1,778,112 (US\$56,700 thousand)	\$1,707,214

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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 46,592	120 days after monthly closing	No significant difference with those to third parties	\$ 800	1	\$ 7,113	
		Purchase	9,607	120 days after monthly closing	No significant difference with those to third parties	(83)	-	2	
		Property, plant, and equipment for sale	38,740	120 days after monthly closing	No comparable transactions with those in the market	3,153	2	13,958	
	GEM (Dongguan)	Sales	966	120 days after monthly closing	No significant difference with those to third parties	477	-	121	
GEM (VN)	GEM (Dongguan)	Purchase	258	120 days after monthly closing	No comparable transactions with those in the market	(254)	-	19	
Genius (HK)	GEM (Dongguan)	Sales	102,496	120 days after monthly closing	No significant difference with those to third parties	26,877	9	-	
		Purchase	594,129	120 days after monthly closing	No comparable transactions with those in the market	(82,149)	80	(448)	
Global (HK)	GEM (Suzhou)	Sales	16,333	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
		Purchase	312,490	120 days after monthly closing	No comparable transactions with those in the market	(90,869)	100	1,170	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 6,404	Payment terms are four months	-	Note 1
		Genius (HK)	1	Accounts receivable	2,875	Payment terms are four months	-	Note 1
		GEM (Suzhou)	1	Sales	46,592	Payment terms are four months	2	Note 1
		GEM (Suzhou)	1	Accounts receivable	800	Payment terms are four months	-	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	38,740	Payment terms are four months	1	Note 1
		GEM (Suzhou)	1	Other receivable	3,153	Payment terms are four months	-	Note 1
		GEM (Suzhou)	1	Other income	215	Payment terms are four months	-	Note 1
		GEM (Dongguan)	1	Sales	966	Payment terms are four months	-	Note 1
		GEM (Dongguan)	1	Accounts receivable	477	Payment terms are four months	-	Note 1
		GEM (VN)	1	Sales	17,334	Payment terms are four months	1	Note 1
		GEM (VN)	1	Accounts receivable	12,391	Payment terms are four months	-	Note 1
		GEM (VN)	1	Property, plant and equipment for sale - current	10,508	Payment terms are four months	-	Note 1
		GEM (VN)	1	Other receivable	6,811	Payment terms are four months	-	Note 1
		GEM (VN)	1	Interest income	548	Interest rate P.A. 2.1%	-	Note 1
GEM (VN)	1	Other receivable	31,871	According to working, capital conditions to change payment deeding	1	Note 1		
	Global (HK)	1	Sales	14,470	Payment terms are four months	1	Note 1	
	Global (HK)	1	Property, plant and equipment for sale - current	1,992	Payment terms are four months	-	Note 1	
1	GEM (Dongguan)	Genius (HK)	3	Sales	594,129	Payment terms are four months	23	Note 1
		Genius (HK)	3	Accounts receivable	82,149	Payment terms are four months	1	Note 1
		Genius (HK)	3	Property, plant and equipment	37,902	Payment terms are four months	1	Note 1
		Genius (HK)	3	Other receivable	3,948	Payment terms are four months	-	Note 1
		GEM (Suzhou)	3	Sales	112,947	Payment terms are four months	4	Note 1
		GEM (Suzhou)	3	Accounts receivable	45,778	Payment terms are four months	1	Note 1
		GEM (Suzhou)	3	Property, plant and equipment	78,025	Payment terms are four months	3	Note 1
		GEM (Suzhou)	3	Other income	1,137	Payment terms are four months	-	Note 1
		GEM (Suzhou)	3	Other receivable	62,728	Payment terms are four months	1	Note 1
		The Company	2	Sales	13	Payment terms are four months	-	Note 1
		GEM (VN)	3	Sales	258	Payment terms are four months	-	Note 1
GEM (VN)	3	Accounts receivable	254	Payment terms are four months	-	Note 1		
2	Genius (HK)	The Company	2	Sales	165,828	Payment terms are four months	6	Note 1
		The Company	2	Accounts receivable	62,380	Payment terms are four months	1	Note 1
		The Company	2	Other receivable	13,309	Payment terms are four months	-	Note 1
		GEM (Dongguan)	3	Sales	102,496	Payment terms are four months	4	Note 1
		GEM (Dongguan)	3	Accounts receivable	26,877	Payment terms are four months	-	Note 1
		GEM (Dongguan)	3	Other receivable	441	Payment terms are four months	-	Note 1
		GEM (VN)	3	Sales	41,872	Payment terms are four months	2	Note 1
		GEM (VN)	3	Accounts receivable	12,814	Payment terms are four months	-	Note 1
3	Global (HK)	The Company	2	Sales	84,865	Payment terms are four months	3	Note 1
		The Company	2	Accounts receivable	11,977	Payment terms are four months	-	Note 1
		GEM (Suzhou)	3	Sales	16,333	Payment terms are four months	1	Note 1
		GEM (VN)	3	Sales	86,514	Payment terms are four months	-	Note 1
		GEM (VN)	3	Accounts receivable	50,248	Payment terms are four months	1	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		
4	GEM (Suzhou)	The Company	2	Sales	\$ 9,607	Payment terms are four months	-	Note 1
		The Company	2	Accounts receivable	83	Payment terms are four months	-	Note 1
		Global (HK)	3	Sales	312,490	Payment terms are four months	12	Note 1
		Global (HK)	3	Accounts receivable	90,869	Payment terms are four months	1	Note 1
		Global (HK)	3	Property, plant and equipment	3,491	Payment terms are four months	-	Note 1
		Global (HK)	3	Other receivable	1,422	Payment terms are four months	-	Note 1
		Global (HK)	3	Other income	39	Payment terms are four months	-	Note 1
		GEM (Dongguan)	3	Sales	822,600	Payment terms are four months	31	Note 1
		GEM (Dongguan)	3	Accounts receivable	295,015	Payment terms are four months	5	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	248	Payment terms are four months	-	Note 1
5	Vibo	GEM (Dongguan)	1	Other receivable	31,561	According to working, capital conditions to change payment deeding	1	Note 1
		GEM (Dongguan)	1	Interest income	443	Interest rate P.A. 2.0%	-	Note 1
6	Global (Cayman)	Global (HK)	1	Other receivable	12,633	According to working, capital conditions to change payment deeding	-	Note 1
		Global (HK)	1	Interest income	190	Interest rate P.A. 2.0%	-	Note 1
7	GEM (Cayman)	GEM (VN)	1	Other receivable	31,824	According to working, capital conditions to change payment deeding	1	Note 1
		GEM (VN)	1	Interest income	429	Interest rate P.A. 2.1%	-	Note 1
8	GEM (VN)	Genius (HK)	3	Sales	95,246	Payment terms are four months	4	Note 1
		Genius (HK)	3	Accounts receivable	14,980	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