

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2020 and 2019 and the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three months ended June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 11, 2020

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	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,069,190	22	\$ 1,173,569	21	\$ 968,783	17
Financial assets at fair value through profit or loss - current (Note 7)	53	-	1,891	-	-	-
Financial assets at fair value through other comprehensive income - current (Note 8)	77,428	1	47,939	1	122,319	2
Notes receivable (Note 9)	125,904	3	189,678	3	131,155	2
Accounts receivable, net (Note 9)	853,676	18	944,206	17	962,984	17
Other receivables	2,453	-	19,815	-	17,020	-
Current tax assets (Note 4)	79	-	1,051	-	146	-
Inventories (Note 10)	705,937	15	950,408	17	1,026,617	18
Other financial assets - current (Notes 11 and 27)	38,861	1	176,132	3	193,377	3
Other current assets	94,456	2	111,822	2	218,118	4
Total current assets	2,968,037	62	3,616,511	64	3,640,519	63
NONCURRENT ASSETS						
Property, plant and equipment (Notes 13, 27 and 28)	1,642,504	34	1,775,470	32	1,838,084	32
Right-of-use assets (Notes 14, 26 and 27)	70,283	2	77,342	1	98,241	2
Deferred tax assets (Note 4)	94,234	2	133,743	3	126,771	2
Prepayments for equipment (Note 28)	12,779	-	9,326	-	19,910	1
Other financial assets - non-current (Note 11)	2,558	-	2,623	-	1,714	-
Other non-current assets	7,930	-	7,137	-	8,366	-
Total non-current assets	1,830,288	38	2,005,641	36	2,093,086	37
TOTAL	\$ 4,798,325	100	\$ 5,622,152	100	\$ 5,733,605	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 27)	\$ 1,146,035	24	\$ 1,090,977	19	\$ 833,674	14
Short-term bills payable (Note 17)	50,000	1	100,000	2	100,000	2
Financial liabilities at fair value through profit or loss - current (Note 7)	147	-	530	-	-	-
Notes payable (Note 15)	120,347	2	126,704	2	93,319	2
Accounts payable (Note 15)	317,849	7	379,306	7	380,391	7
Other payables (Note 16)	139,610	3	176,613	3	170,619	3
Current tax liabilities (Note 4)	-	-	-	-	1,424	-
Lease liabilities - current (Notes 14 and 26)	709	-	1,658	-	1,599	-
Long-term borrowings - current portion (Notes 17 and 27)	493,642	10	784,113	14	809,809	14
Other current liabilities	10,451	-	3,372	-	10,453	-
Total current liabilities	2,278,790	47	2,663,273	47	2,401,288	42
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 17 and 27)	345,917	7	506,049	9	670,815	12
Deferred tax liabilities (Note 4)	61,537	1	181,652	3	80,350	1
Lease liabilities - non-current (Notes 14 and 26)	709	-	5,389	-	5,389	-
Net defined benefit liabilities (Note 4)	18,153	1	18,528	1	25,719	1
Total non-current liabilities	426,316	9	711,618	13	782,273	14
Total liabilities	2,705,106	56	3,374,891	60	3,183,561	56
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Ordinary shares	1,692,000	35	1,692,000	30	1,692,000	29
Capital surplus	271,315	6	271,315	5	271,315	5
Retained earnings						
Legal reserve	343,170	7	343,170	6	343,170	6
Special reserve	85,432	2	40,765	1	40,765	1
Unappropriated earnings (accumulated deficits)	(64,102)	(1)	44,667	1	203,766	3
Total retained earnings	364,500	8	428,602	8	587,701	10
Other equity	(234,596)	(5)	(144,656)	(3)	(972)	-
Total equity	2,093,219	44	2,247,261	40	2,550,044	44
TOTAL	\$ 4,798,325	100	\$ 5,622,152	100	\$ 5,733,605	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 20)	\$ 860,115	100	\$ 913,887	100	\$ 1,349,213	100	\$ 1,691,763	100
OPERATING COSTS (Notes 10 and 21)	733,382	85	824,654	90	1,270,775	94	1,516,579	90
GROSS PROFIT	126,733	15	89,233	10	78,438	6	175,184	10
OPERATING EXPENSES (Note 21)								
Marketing	32,320	4	39,093	4	55,573	4	74,331	4
General and administrative	43,805	5	48,161	5	90,816	7	94,861	6
Research and development	5,081	1	5,222	1	10,019	1	8,851	-
Expected credit loss (reversed) (Note 9)	633	-	(1,833)	-	(998)	-	(1,465)	-
Total operating expenses	81,839	10	90,643	10	155,410	12	176,578	10
GAIN (LOSS) FROM OPERATIONS	44,894	5	(1,410)	-	(76,972)	(6)	(1,394)	-
NON-OPERATING INCOME AND EXPENSES (Note 21)								
Interest income	1,364	-	2,423	-	2,696	-	4,567	-
Other income	1,232	-	15,895	2	3,148	-	17,369	1
Other gains and losses	(111)	-	9,661	1	(4,386)	-	(22,774)	(1)
Finance costs	(10,792)	(1)	(13,742)	(1)	(22,938)	(1)	(27,619)	(2)
Total non-operating income and expenses	(8,307)	(1)	14,237	2	(21,480)	(1)	(28,457)	(2)
PROFIT (LOSS) BEFORE INCOME TAX	36,587	4	12,827	2	(98,452)	(7)	(29,851)	(2)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	15,083	2	15,470	2	(29,326)	(2)	5,418	-
NET PROFIT (LOSS)	21,504	2	(2,643)	-	(69,126)	(5)	(35,269)	(2)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	27,330	3	(2,681)	-	6,123	-	11,880	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(5,329)	-	271	-	(1,931)	-	(2,827)	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ (50,059)	(6)	\$ (35,486)	(4)	\$ (90,075)	(6)	\$ 37,379	2
Income tax relating to items that may be reclassified subsequently to profit or loss	398	-	(133)	-	967	-	(425)	-
Other comprehensive income (loss) for the period, net of income tax	(27,660)	(3)	(38,029)	(4)	(84,916)	(6)	46,007	3
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ (6,156)	(1)	\$ (40,672)	(4)	\$ (154,042)	(11)	\$ 10,738	1
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 21,504	2	\$ (2,643)	-	\$ (69,126)	(5)	\$ (35,269)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ (6,156)	(1)	\$ (40,672)	(4)	\$ (154,042)	(11)	\$ 10,738	1
EARNINGS (NET LOSS) PER SHARE (Note 23)								
Basic	\$ 0.13		\$ (0.02)		\$ (0.41)		\$ (0.21)	
Diluted	\$ 0.13		\$ (0.02)		\$ (0.41)		\$ (0.21)	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company						Other Equity				Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Financial Statements of Foreign Operations	Remeasurement of Defined Benefit Plans	Total	
			Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)						
BALANCE AT JANUARY 1, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 44,667	\$ 428,602	\$ (3,725)	\$ (147,992)	\$ 7,061	\$ (144,656)	\$ 2,247,261
Appropriation of 2019 earnings Special reserve	-	-	-	44,667	(44,667)	-	-	-	-	-	-
Net loss for the six months ended June 30, 2020	-	-	-	-	(69,126)	(69,126)	-	-	-	-	(69,126)
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	4,192	(89,108)	-	(84,916)	(84,916)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	(69,126)	(69,126)	4,192	(89,108)	-	(84,916)	(154,042)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	5,024	5,024	(5,024)	-	-	(5,024)	-
BALANCE AT JUNE 30, 2020	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 85,432	\$ (64,102)	\$ 364,500	\$ (4,557)	\$ (237,100)	\$ 7,061	\$ (234,596)	\$ 2,093,219
BALANCE AT JANUARY 1, 2019	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ -	\$ 273,586	\$ 616,756	\$ (8,988)	\$ (37,167)	\$ 5,390	\$ (40,765)	\$ 2,539,306
Appropriation of 2018 earnings Special reserve	-	-	-	40,765	(40,765)	-	-	-	-	-	-
Net loss for the six months ended June 30, 2019	-	-	-	-	(35,269)	(35,269)	-	-	-	-	(35,269)
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	9,053	36,954	-	46,007	46,007
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	(35,269)	(35,269)	9,053	36,954	-	46,007	10,738
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	6,214	6,214	(6,214)	-	-	(6,214)	-
BALANCE AT JUNE 30, 2019	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 203,766	\$ 587,701	\$ (6,149)	\$ (213)	\$ 5,390	\$ (972)	\$ 2,550,044

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (98,452)	\$ (29,851)
Adjustments for:		
Depreciation expense	126,086	130,761
Amortization expense	1,269	1,347
Expected credit loss reversed	(998)	(1,465)
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	8,483	2,151
Finance costs	22,938	27,619
Interest income	(2,696)	(4,567)
Dividend income	(113)	(59)
Loss on disposal of property, plant and equipment and fire loss, net	2,244	25,916
Write-down of inventories and fire damage	10,141	7,978
Other non-cash items	3,484	2,767
Changes in operating assets and liabilities		
Notes receivable	63,774	(44,933)
Accounts receivable	91,691	121,470
Other receivables	18,177	(8,376)
Inventories	235,941	(225,220)
Other current assets	17,366	(80,276)
Financial liabilities held for trading	(7,038)	(2,983)
Notes payable	(6,357)	(91,777)
Accounts payable	(61,457)	(112,768)
Other payables	(9,544)	(9,696)
Other current liabilities	7,163	(145)
Net defined benefit liabilities	(5,092)	(9,526)
Cash generated from (used in) operations	417,010	(301,633)
Interest received	3,369	4,668
Income tax paid	(52,295)	(5,961)
Net cash generated from (used in) operating activities	<u>368,084</u>	<u>(302,926)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(959,608)	(746,130)
Proceeds from sale of financial assets at fair value through other comprehensive income	933,149	730,201
Payments for property, plant and equipment	(68,732)	(113,379)
Proceeds from disposal of property, plant and equipment	928	51
Decrease (increase) in other financial assets	137,336	(16,415)
Increase in other noncurrent assets	(2,151)	(4,058)
Dividend received	113	59
Net cash generated from (used in) investing activities	<u>41,035</u>	<u>(149,671)</u>

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 856,644	\$ 796,014
Decrease in short-term borrowings	(784,463)	(854,189)
Increase in short-term bills payable	50,000	100,000
Decrease in short-term bills payable	(100,000)	(100,000)
Increase in long-term borrowings	50,000	250,000
Repayment of long-term borrowings	(500,035)	(282,380)
Repayment of the principal portion of lease liabilities	(1,658)	-
Interest paid	<u>(23,764)</u>	<u>(28,995)</u>
Net cash used in financing activities	<u>(453,276)</u>	<u>(119,550)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(60,222)</u>	<u>39,042</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(104,379)	(533,105)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>1,173,569</u>	<u>1,501,888</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 1,069,190</u>	<u>\$ 968,783</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors for issue on August 11, 2020.

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

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

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The basis of preparation applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2019.

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

d. Other significant accounting policy

Except for the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2019.

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 and the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2019.

The Group considers the economic implications of the COVID -19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	\$ 3,999	\$ 2,366	\$ 2,175
Checking accounts and demand deposits	1,053,700	1,062,803	759,327
			(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
Cash equivalents			
Time deposits with original maturities less than 3 months	\$ <u>11,491</u>	\$ <u>108,400</u>	\$ <u>207,281</u>
	<u>\$ 1,069,190</u>	<u>\$ 1,173,569</u>	<u>\$ 968,783</u> (Concluded)

- a. The market annual interest rate intervals of cash equivalents at the end of the reporting period were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits (%)	0.45-1.20	0.55-1.88	0.55-2.35

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivatives (not under hedge accounting)			
Foreign exchange forward contracts	\$ <u>53</u>	\$ <u>1,891</u>	\$ <u>-</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not under hedge accounting)			
Copper futures	\$ -	\$ 530	\$ -
Foreign exchange forward contracts	<u>147</u>	<u>-</u>	<u>-</u>
	<u>\$ 147</u>	<u>\$ 530</u>	<u>\$ -</u>

- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>June 30, 2020 and December 31, 2019</u>			
Sell	USD/CNY	August, 2020	US\$5,000/CNY\$ 35,496

The foreign exchange forward contracts above did not meet the criteria of hedge effectiveness and,

therefore, were not accounted for using hedge accounting.

b. At the end of reporting period, outstanding copper futures not under hedge accounting were as follows:

	Futures Month	Lots	Contract Amount (In thousands)
<u>December 31, 2019</u>			
Copper futures			
Refined copper - sell	May 2020	27	US\$1,877
Refined copper - buy	July 2020	3	US\$ 211

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

	June 30, 2020	December 31, 2019	June 30, 2019
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 14,195	\$ 22,263	\$ 21,180
Overseas listed shares	<u>63,233</u>	<u>25,676</u>	<u>101,139</u>
	<u>\$ 77,428</u>	<u>\$ 47,939</u>	<u>\$ 122,319</u>

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

For the six months ended June 30, 2020 and 2019, the Group acquired \$959,608 thousand and \$746,130 thousand of domestic and overseas listed shares for medium and long-term strategic purposes; the management designated these investments as at FVTOCI.

For the six months ended June 30, 2020 and 2019, the Group sold its domestic and overseas listed shares in order to manage credit concentration risk. The sold shares had a fair value of \$933,149 thousand and \$730,201 thousand and the Group transferred a gain of \$7,032 thousand and a gain of \$8,683 thousand from other equity to retained earnings.

The dividends for the three and six months ended June 30, 2020 were both \$113 thousand, and for the three and six months ended June 30, 2019 were both \$59 thousand. Those related to investments derecognized during the period were \$0 thousand and \$1 thousand and those related to investments held at the end of the reporting period were \$113 thousand and \$58 thousand.

9. NOTES AND ACCOUNTS RECEIVABLE, NET AND OVERDUE RECEIVABLE

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 125,904</u>	<u>\$ 189,678</u>	<u>\$ 131,155</u>

(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 860,700	\$ 952,391	\$ 971,909
Less: Allowance for impairment loss	<u>7,024</u>	<u>8,185</u>	<u>8,925</u>
	<u>\$ 853,676</u>	<u>\$ 944,206</u>	<u>\$ 962,984</u>
<u>Overdue receivable</u>			
At amortized cost			
Gross carrying amount	\$ 616	\$ 616	\$ 616
Less: Allowance for impairment loss	<u>616</u>	<u>616</u>	<u>616</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			(Concluded)

a. Notes and accounts receivable

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

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

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

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

June 30, 2020

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	0.5-10	20-50	30-60	100	
Gross carrying amount	\$ 958,252	\$ 25,727	\$ 123	\$ 499	\$ 2,003	\$ 986,604
Loss allowance (Lifetime ECL)	<u>(3,738)</u>	<u>(978)</u>	<u>(33)</u>	<u>(272)</u>	<u>(2,003)</u>	<u>(7,024)</u>
Amortized cost	<u>\$ 954,514</u>	<u>\$ 24,749</u>	<u>\$ 90</u>	<u>\$ 227</u>	<u>\$ -</u>	<u>\$ 979,580</u>

December 31, 2019

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-55	30-60	70-100	
Gross carrying amount	\$ 1,111,120	\$ 28,488	\$ 407	\$ -	\$ 2,054	\$ 1,142,069
Loss allowance (Lifetime ECL)	<u>(4,381)</u>	<u>(1,531)</u>	<u>(219)</u>	<u>-</u>	<u>(2,054)</u>	<u>(8,185)</u>
Amortized cost	<u>\$ 1,106,739</u>	<u>\$ 26,957</u>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,133,884</u>

June 30, 2019

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	0.5-10	30-55	30-60	80-100	
Gross carrying amount	\$ 1,057,315	\$ 42,774	\$ 795	\$ -	\$ 2,180	\$ 1,103,064
Loss allowance (Lifetime ECL)	<u>(4,260)</u>	<u>(2,150)</u>	<u>(429)</u>	<u>-</u>	<u>(2,086)</u>	<u>(8,925)</u>
Amortized cost	<u>\$ 1,053,055</u>	<u>\$ 40,624</u>	<u>\$ 366</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ 1,094,139</u>

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 8,801	\$ 10,866
Net remeasurement of loss allowance reversal	(998)	(1,465)
Foreign exchange gains and losses	<u>(163)</u>	<u>140</u>
Balance at June 30	<u>\$ 7,640</u>	<u>\$ 9,541</u>

b. Credit risk of notes and accounts receivable

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Group A	<u>\$ 95,727</u>	<u>\$ 117,650</u>	<u>\$ 138,617</u>

10. INVENTORIES

	June 30, 2020	December 31, 2019	June 30, 2019
Finished goods	\$ 201,127	\$ 267,932	\$ 289,853
Work in process	135,269	189,185	227,740

(Continued)

	June 30, 2020	December 31, 2019	June 30, 2019
Raw materials	\$ 301,729	\$ 425,310	\$ 445,505
Supplies	<u>67,812</u>	<u>67,981</u>	<u>63,519</u>
	<u>\$ 705,937</u>	<u>\$ 950,408</u>	<u>\$ 1,026,617</u>

(Concluded)

All operating costs recognized for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019 were the cost of inventories, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Write-down (reversal of write-down) of inventories	\$ (52,336)	\$ 7,013	\$ 10,141	\$ 5,483
Unallocated production overhead	69,265	61,661	149,321	133,914
Fire damage (Note 21)	-	-	-	2,495
Recognition of provisions	(6,219)	3,713	67	2,959
Others	<u>2,872</u>	<u>474</u>	<u>2,900</u>	<u>298</u>
	<u>\$ 13,582</u>	<u>\$ 72,861</u>	<u>\$ 162,429</u>	<u>\$ 145,149</u>

Unallocated production overhead included the related expenses during the shutdown period due to the impact of novel COVID-19.

11. OTHER FINANCIAL ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits with original maturities more than 3 months	\$ 14,745	\$ 140,302	\$ 174,140
Pledge time deposits	18,239	22,190	9,718
Refundable deposits	<u>8,435</u>	<u>16,263</u>	<u>11,233</u>
	<u>\$ 41,419</u>	<u>\$ 178,755</u>	<u>\$ 195,091</u>
Current	\$ 38,861	\$ 176,132	\$ 193,377
Noncurrent	<u>2,558</u>	<u>2,623</u>	<u>1,714</u>
	<u>\$ 41,419</u>	<u>\$ 178,755</u>	<u>\$ 195,091</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits (%)	0.60-6.30	1.35-7.00	1.35-2.80

- b. The counterparty of the Group's time deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.
- c. Refer to Note 27 for the pledge information of other financial assets.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			June 30, 2020	December 31, 2019	June 30, 2019
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 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; production of optical fiber splice; production and processing of copper cores, copper alloys and copper bars.

13. PROPERTY, PLANT, AND EQUIPMENT

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

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

Six months ended June 30, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 146,218	\$ 1,031,745	\$ 1,565,359	\$ 58,204	\$ 788,539	\$ 119,307	\$ 3,709,372
Additions	-	1,882	50,599	1,211	29,831	(40,149)	43,374
Disposal	-	(320)	(13,998)	(7,433)	(22,176)	-	(43,927)
Effect of foreign currency exchange differences	-	(26,408)	(60,961)	(1,121)	(29,363)	(3,270)	(121,123)
Balance at June 30, 2020	<u>\$ 146,218</u>	<u>\$ 1,006,899</u>	<u>\$ 1,540,999</u>	<u>\$ 50,861</u>	<u>\$ 766,831</u>	<u>\$ 75,888</u>	<u>\$ 3,587,696</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ -	\$ (501,245)	\$ (930,808)	\$ (39,748)	\$ (462,101)	\$ -	\$ (1,933,902)
Depreciation expenses	-	(21,099)	(51,970)	(1,484)	(50,216)	-	(124,769)
Disposal	-	175	11,749	7,414	21,417	-	40,755
Effect of foreign currency exchange differences	-	13,490	35,679	931	22,624	-	72,724
Balance at June 30, 2020	<u>\$ -</u>	<u>\$ (508,679)</u>	<u>\$ (935,350)</u>	<u>\$ (32,887)</u>	<u>\$ (468,276)</u>	<u>\$ -</u>	<u>\$ (1,945,192)</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 146,218</u>	<u>\$ 530,500</u>	<u>\$ 634,551</u>	<u>\$ 18,456</u>	<u>\$ 326,438</u>	<u>\$ 119,307</u>	<u>\$ 1,775,470</u>
Carrying amounts at June 30, 2020	<u>\$ 146,218</u>	<u>\$ 498,220</u>	<u>\$ 605,649</u>	<u>\$ 17,974</u>	<u>\$ 298,555</u>	<u>\$ 75,888</u>	<u>\$ 1,642,504</u>

Six months ended June 30, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 146,218	\$ 1,054,182	\$ 1,564,038	\$ 61,923	\$ 773,416	\$ 108,121	\$ 3,707,898
Additions	-	1,305	61,797	1,454	56,556	5,207	126,319
Fire damage	-	(13,591)	(9,188)	-	(4,969)	-	(27,748)
Disposal	-	(292)	(13,278)	(583)	(21,196)	-	(35,349)
Effect of foreign currency exchange differences	-	7,487	(3,187)	493	8,555	1,509	14,857
Balance at June 30, 2019	<u>\$ 146,218</u>	<u>\$ 1,049,091</u>	<u>\$ 1,600,182</u>	<u>\$ 63,287</u>	<u>\$ 812,362</u>	<u>\$ 114,837</u>	<u>\$ 3,785,977</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	\$ -	\$ (474,555)	\$ (904,637)	\$ (43,065)	\$ (424,392)	\$ -	\$ (1,846,649)
Depreciation expenses	-	(21,860)	(53,943)	(1,543)	(51,429)	-	(128,775)
Fire damage	-	1,413	1,252	-	936	-	3,601
Disposal	-	227	11,971	562	20,769	-	33,529
Effect of foreign currency exchange differences	-	(2,022)	(4,198)	(397)	(2,982)	-	(9,599)
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ (496,797)</u>	<u>\$ (949,555)</u>	<u>\$ (44,443)</u>	<u>\$ (457,098)</u>	<u>\$ -</u>	<u>\$ (1,947,893)</u>
Carrying amounts at June 30, 2019	<u>\$ 146,218</u>	<u>\$ 552,294</u>	<u>\$ 650,627</u>	<u>\$ 18,844</u>	<u>\$ 355,264</u>	<u>\$ 114,837</u>	<u>\$ 1,838,084</u>

b. Estimated useful lives

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

Buildings	
Factory facilities	5-25 years
Building facilities	5-25 years
Main buildings of the factory	19-50 years
Main buildings of the office	20-55 years
Machinery and equipment	5-10 years
Transportation equipment	4-12 years
Others	3-15 years

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

	For the Six Months Ended June 30	
	2020	2019
Payment of property, plant and equipment	\$ 43,374	\$ 126,319
Capitalized interest	(529)	(1,039)
Increase (decrease) in prepayments for equipment	3,453	(501)
Decrease (increase) in payable for purchase of equipment	<u>22,434</u>	<u>(11,400)</u>
Cash paid	<u>\$ 68,732</u>	<u>\$ 113,379</u>

14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019	
Carrying amounts				
Land	\$ 65,845	\$ 68,500	\$ 68,531	
Buildings	<u>4,438</u>	<u>8,842</u>	<u>29,710</u>	
	<u>\$ 70,283</u>	<u>\$ 77,342</u>	<u>\$ 98,241</u>	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,582</u>
Depreciation charge for right-of-use assets				
Land	\$ 459	\$ 468	\$ 932	\$ 935
Buildings	<u>194</u>	<u>526</u>	<u>385</u>	<u>1,051</u>
	<u>\$ 653</u>	<u>\$ 994</u>	<u>\$ 1,317</u>	<u>\$ 1,986</u>

- b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Current	<u>\$ 709</u>	<u>\$ 1,658</u>	<u>\$ 1,599</u>
Noncurrent	<u>\$ 709</u>	<u>\$ 5,389</u>	<u>\$ 5,389</u>
Range of discount rate for lease liabilities (%)			
Buildings	1.59	1.69	1.69

c. Material lease-in activities and terms

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

As of June 30, 2020, partial land lease of \$8,509 thousand are in the process of obtaining the land use right certificate.

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

e. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to low-value assets leases	<u>\$ 44</u>	<u>\$ 44</u>	<u>\$ 88</u>	<u>\$ 88</u>
Total cash outflow for leases			<u>\$ 1,746</u>	<u>\$ 88</u>

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable were 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 accounts payable.

16. OTHER PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Payable for purchase of equipment	\$ 33,077	\$ 55,511	\$ 48,767
Payable for salaries and bonuses	37,812	44,705	44,339
Payable for freight	14,031	16,705	15,816
Payable for service fees	9,072	9,146	7,135
Payable for utilities expense	3,407	3,736	4,870
Payable for tax	4,059	1,702	2,871
Payable for pension	822	5,536	839
Others	<u>37,330</u>	<u>39,572</u>	<u>45,982</u>
	<u>\$ 139,610</u>	<u>\$ 176,613</u>	<u>\$ 170,619</u>

Other payables - others were payables for labor and health insurance and interests, etc.

17. BORROWINGS

a. Short-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings	\$ 485,696	\$ 539,946	\$ 309,815
Secured borrowings (Note 27)	<u>660,339</u>	<u>551,031</u>	<u>523,859</u>
	<u>\$ 1,146,035</u>	<u>\$ 1,090,977</u>	<u>\$ 833,674</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings (%)	1.07-2.65	1.20-3.17	1.15-3.80
Secured borrowings (%)	1.91-4.48	2.50-4.57	2.94-4.57

b. Short-term bills payable

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

	June 30, 2020	December 31, 2019	June 30, 2019
Short-term bills payable (%)	1.50	1.49-1.50	1.29-1.34

As of June 30, 2020, commercial paper was issued and granted by China Bills Finance Corporation. As of December 31, 2019 and June 30, 2019, commercial papers of \$50,000 thousand were issued and granted by China Bills Finance Corporation and International Bills Corporation, respectively. The commercial papers above were issued with one year revolving credit facilities.

c. Long-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings	\$ 817,333	\$ 1,252,417	\$ 1,425,833
Secured borrowings (Note 27)	<u>22,226</u>	<u>37,745</u>	<u>54,791</u>
	839,559	1,290,162	1,480,624
Less: Current portion	<u>493,642</u>	<u>784,113</u>	<u>809,809</u>
	<u>\$ 345,917</u>	<u>\$ 506,049</u>	<u>\$ 670,815</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings (%)	1.34-2.08	1.49-2.06	1.49-2.06
Secured borrowings (%)	2.20	3.80	4.00

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

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings	July 2020- December 2022	February 2020- December 2022	July 2019- November 2022
Secured borrowings	February 2021	February 2021	February 2021

Under the loan agreements with certain banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of June 30, 2020 and December 31, 2019, the Group was not compliant with some requirements stated in the loan agreements with certain banks, and the banks may increase the interest rates according to the agreements. As of June 30, 2019, the financial ratio of the Group was in compliance with the requirements stated in the loan agreements.

18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$229 thousand, \$229 thousand, \$458 thousand and \$458 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018.

19. EQUITY

a. Ordinary shares

	June 30, 2020	December 31, 2019	June 30, 2019
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>
Shares issued	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>

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

b. Capital Surplus

	June 30, 2020	December 31, 2019	June 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares			
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

c. Retained of Earnings and Dividend Policy

The stockholders held their regular meeting on June 25, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). According the dividend policy 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 (except when legal reserve equals to the Company's paid-in capital, may also set aside or not), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonuses to stockholders.

The Articles explicitly stipulate that according to the article 240 of the Company Art, the board of directors is authorized to resolve to distribute dividends and bonuses, legal reserve and capital reserve provided by the article 241 of the Company Art in cash, in whole or in part; and in addition there to a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is in line with the Company's operating scale and research and development needs in order to maintain sound management and promote stockholders' long-term interests. Thus, the Company adopted residual dividend policy as its stockholder dividends' policy. The Company's 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 \$0.2, the Company may choose to appropriate stock dividends instead.

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

The deficit compensation and a special reserve of \$44,667 thousand for 2019 and \$40,765 thousand for 2018 were approved in the stockholders' meeting on June 18, 2020 and on June 25, 2019, respectively.

d. Other Equity Items

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ (147,992)	\$ (37,167)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	<u>(89,108)</u>	<u>36,954</u>
Balance at June 30	<u>\$ (237,100)</u>	<u>\$ (213)</u>

2) Unrealized loss on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ (3,725)	\$ (8,988)
Recognized during the period		
Unrealized gain - equity instruments	4,192	9,053
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>(5,024)</u>	<u>(6,214)</u>
Balance at June 30	<u>\$ (4,557)</u>	<u>\$ (6,149)</u>

20. OPERATING REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 860,115</u>	<u>\$ 913,887</u>	<u>\$ 1,349,213</u>	<u>\$ 1,691,763</u>

a. Contract balances (Note 9)

	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Notes receivable	\$ 125,904	\$ 189,678	\$ 131,155	\$ 86,222
Accounts receivable, net	<u>853,676</u>	<u>944,206</u>	<u>962,984</u>	<u>1,083,129</u>
	<u>\$ 979,580</u>	<u>\$ 1,133,884</u>	<u>\$ 1,094,139</u>	<u>\$ 1,169,351</u>

b. Disaggregation of revenue

Refer to Note 32 for the disaggregation of revenue and revenue of segment information.

21. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax including following items:

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Bank deposits	<u>\$ 1,364</u>	<u>\$ 2,423</u>	<u>\$ 2,696</u>	<u>\$ 4,567</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Dividends	\$ 113	\$ 59	\$ 113	59
Fire damage insurance claims income	72	14,021	72	14,021
Others	<u>1,047</u>	<u>1,815</u>	<u>2,963</u>	<u>3,289</u>
	<u>\$ 1,232</u>	<u>\$ 15,895</u>	<u>\$ 3,148</u>	<u>\$ 17,369</u>

In January 2019, a fire accident occurred in the certain area of Subsidiary GEM VN, causing damage to some inventories and property, plant and equipment, which were recognized as operating costs and non-operating losses, respectively. According to the investigation report from the claim adjuster, GEM VN's estimated insurance claim was \$17,055 thousand, which was recognized as non-operating income during the second to fourth quarter in 2019, and reached an agreement with the insurance company for the final insurance claim \$17,127 thousand, which was received in February 2020 and May 2020. The difference between the actual and the estimate amounts was \$72 thousand and was recognized as non-operating income.

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Foreign exchange gains, net	\$ 2,457	\$ 10,443	\$ 6,837	\$ 6,186
Loss on disposal of property, plant and equipment, net	(1,318)	(617)	(2,244)	(1,769)
Fire damage	-	-	-	(24,147)
Gain (loss) on financial instruments at FVTPL, net	(877)	100	(8,483)	(2,151)
Others	<u>(373)</u>	<u>(265)</u>	<u>(496)</u>	<u>(893)</u>
	<u>\$ (111)</u>	<u>\$ 9,661</u>	<u>\$ (4,386)</u>	<u>\$ (22,774)</u>

d. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Interest expense of borrowings	\$ 11,058	\$ 14,238	\$ 23,456	\$ 28,599
Interest on lease liabilities	6	29	11	59
Less: Amounts included in the cost of qualifying assets	<u>272</u>	<u>525</u>	<u>529</u>	<u>1,039</u>
	<u>\$ 10,792</u>	<u>\$ 13,742</u>	<u>\$ 22,938</u>	<u>\$ 27,619</u>

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 272	\$ 525	\$ 529	\$ 1,039
Capitalization rate (%)	1.50-4.44	1.60-4.80	1.50-4.92	1.54-4.92

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Property, plant and equipment	\$ 61,452	\$ 63,947	\$ 124,769	\$ 128,775
Right-of-use assets	653	994	1,317	1,986
Other assets	<u>640</u>	<u>741</u>	<u>1,269</u>	<u>1,347</u>
	<u>\$ 62,745</u>	<u>\$ 65,682</u>	<u>\$ 127,355</u>	<u>\$ 132,108</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
An analysis of depreciation by function				
Operating costs	\$ 52,771	\$ 55,380	\$ 107,254	\$ 111,346
Operating expenses	<u>9,334</u>	<u>9,561</u>	<u>18,832</u>	<u>19,415</u>
	<u>\$ 62,105</u>	<u>\$ 64,941</u>	<u>\$ 126,086</u>	<u>\$ 130,761</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 35	\$ -	\$ 71
Operating expenses	<u>640</u>	<u>706</u>	<u>1,269</u>	<u>1,276</u>
	<u>\$ 640</u>	<u>\$ 741</u>	<u>\$ 1,269</u>	<u>\$ 1,347</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	<u>\$ 115,469</u>	<u>\$ 136,158</u>	<u>\$ 211,989</u>	<u>\$ 250,697</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Post-employment benefits (Note 18)				
Defined contribution plans	\$ 2,020	\$ 7,793	\$ 5,806	\$ 14,934
Defined benefit plans	<u>229</u>	<u>229</u>	<u>458</u>	<u>458</u>
	<u>2,249</u>	<u>8,022</u>	<u>6,264</u>	<u>15,392</u>
	<u>\$ 117,718</u>	<u>\$ 144,180</u>	<u>\$ 218,253</u>	<u>\$ 266,089</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 86,306	\$ 109,027	\$ 156,101	\$ 196,876
Operating expenses	<u>31,412</u>	<u>35,153</u>	<u>62,152</u>	<u>69,213</u>
	<u>\$ 117,718</u>	<u>\$ 144,180</u>	<u>\$ 218,253</u>	<u>\$ 266,089</u>

(Concluded)

g. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and \$2,100 thousand, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors. For the six months ended June 30, 2020 and 2019, the Company had incurred net loss; hence, no employees' compensation and remuneration of directors and supervisors were accrued for the period.

The years ended December 31, 2019 and 2018, the Company had incurred a net loss, hence, no employees' compensation and remuneration of directors and supervisors were accrued for the years.

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

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

22. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	\$ 29,927	\$ (991)	\$ 53,267	\$ (900)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Adjustments for prior periods	\$ <u>-</u>	\$ <u>2,354</u>	\$ <u>-</u>	\$ <u>2,692</u>
	<u>29,927</u>	<u>1,363</u>	<u>53,267</u>	<u>1,792</u>
Deferred tax				
In respect of the current period	(9,359)	4,126	(77,821)	(7,155)
Adjustments for prior periods	<u>(5,485)</u>	<u>9,981</u>	<u>(4,772)</u>	<u>10,781</u>
	<u>(14,844)</u>	<u>14,107</u>	<u>(82,593)</u>	<u>3,626</u>
	<u>\$ 15,083</u>	<u>\$ 15,470</u>	<u>\$ (29,326)</u>	<u>\$ 5,418</u>
				(Concluded)

b. Income tax expense recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current Tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ -	\$ (2,469)	\$ -	\$ (2,469)
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>(5,112)</u>	<u>2,388</u>	<u>(2,008)</u>	<u>-</u>
	<u>\$ (5,112)</u>	<u>\$ (81)</u>	<u>\$ (2,008)</u>	<u>\$ (2,469)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Deferred tax				
In respect of the current period				
Translations of foreign operations	\$ 398	\$ (133)	\$ 967	\$ (425)
Fair value changes of financial assets at FVTOCI	<u>(5,329)</u>	<u>271</u>	<u>(1,931)</u>	<u>(2,827)</u>
	<u>\$ (4,931)</u>	<u>\$ 138</u>	<u>\$ (964)</u>	<u>\$ (3,252)</u>

d. Income tax assessments

The tax returns of the Company through 2018 have been assessed by the tax authorities.

GEM Dongguan, GEM Suzhou and GEM VN had completed the filing of their income tax returns through 2019 with the tax authorities.

23. EARNINGS (NET LOSS) PER SHARE (EPS)

There is no diluted effect for the six months ended June 30, 2020 and 2019 for net loss incurred. The net loss and weighted average number of ordinary shares outstanding used in the computation of EPS were as follows:

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Net profit (loss) used in the computation of basic/diluted EPS	<u>\$ 21,504</u>	<u>\$ (2,643)</u>	<u>\$ (69,126)</u>	<u>\$ (35,269)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares in computation of basic/diluted EPS	169,200	169,200	169,200	169,200

24. CAPITAL MANAGEMENT

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

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

25. FINANCIAL INSTRUMENTS

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

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

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

June 30, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments				
Foreign exchange forward contracts	\$ <u> -</u>	\$ <u> 1,891</u>	\$ <u> -</u>	\$ <u> 1,891</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 22,263	\$ -	\$ -	\$ 22,263
Overseas listed shares	<u>25,676</u>	<u>-</u>	<u>-</u>	<u>25,676</u>
	<u>\$ 47,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,939</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Copper futures	\$ <u> 530</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 530</u>

June 30, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 21,180	\$ -	\$ -	\$ 21,180
Overseas listed shares	<u>101,139</u>	<u>-</u>	<u>-</u>	<u>101,139</u>
	<u>\$ 122,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,319</u>

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2020 and 2019.

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

c. Categories of financial instruments

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,092,642	\$ 2,506,023	\$ 2,275,033
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	53	1,891	-
Financial assets at FVTOCI			
Equity instruments	77,428	47,939	122,319
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,613,400	3,163,762	3,058,627
Financial liabilities at FVTPL			
Held for trading	147	530	-

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, accounts receivable, borrowings, notes payable and accounts payable. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through that analyze exposures to risks. These risks include market risk, credit risk and liquidity risk. The corporate treasury function reports monthly to the Group's management personnel.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risk are managed and measured.

a) Foreign currency risk

The Group had foreign currency denominated trades, which exposed the Group to foreign currency risk.

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

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	For the Six Months Ended June 30	
	2020	2019
USD	\$ 109	\$ 889
HKD	371	1,518

b) Interest rate risk

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Fair value interest rate risk			
Financial assets	\$ 44,475	\$ 270,892	\$ 391,139
Financial liabilities	847,876	888,650	692,012
Cash flow interest rate risk			
Financial assets	1,053,568	1,062,671	759,196
Financial liabilities	1,189,136	1,599,536	1,729,274

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2020 and 2019 would decrease/increase \$678 thousand and \$4,850 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the six months ended June 30, 2020 and 2019 would increase/decrease by \$774 thousand and \$1,223 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

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

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and loan commitments, and continuously monitoring forecasted and actual cash flows as well as matches the maturity profiles of financial assets and liabilities.

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

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

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

June 30, 2020

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

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5-10 Years
Fixed interest rate liabilities	\$ 287,652	\$ 192,652	\$ 360,333	\$ 51,434	\$ -
Variable interest rate liabilities	176,929	183,139	802,957	462,608	-
Lease liabilities	-	1,658	-	4,852	768
Financial guarantee contracts	4,087	19,551	1,120	-	-
Non-interest bearing	<u>411,645</u>	<u>177,775</u>	<u>91,577</u>	<u>-</u>	<u>-</u>
	<u>\$ 880,313</u>	<u>\$ 574,775</u>	<u>\$ 1,255,987</u>	<u>\$ 518,894</u>	<u>\$ 768</u>

June 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5-10 Years
Fixed interest rate liabilities	\$ 200,807	\$ 92,985	\$ 398,891	\$ -	\$ -
Variable interest rate liabilities	80,139	86,978	916,071	679,794	-
Lease liabilities	-	-	1,658	4,852	768
Non-interest bearing	<u>382,853</u>	<u>185,670</u>	<u>74,255</u>	<u>-</u>	<u>-</u>
	<u>\$ 663,799</u>	<u>\$ 365,633</u>	<u>\$ 1,390,875</u>	<u>\$ 684,646</u>	<u>\$ 768</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 accordance with the scheduled repayment dates set out in the loan agreements.

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

b) Liquidity risk tables for derivative financial instruments

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

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>June 30, 2020</u>			
Gross settled			
Foreign Exchange Forward			
Contracts			
Inflows	\$ -	\$ 148,091	\$ -
Outflows	<u>-</u>	<u>(147,450)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 641</u>	<u>\$ -</u>
<u>December 31, 2019</u>			
Net settled			
Copper Futures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (530)</u>
Gross settled			
Foreign Exchange Forward			
Contracts			
Inflows	\$ -	\$ -	\$ 152,918
Outflows	<u>-</u>	<u>-</u>	<u>(150,000)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,918</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the accounts payables to these suppliers. As of June 30, 2020, December 31, 2019 and June 30, 2019, the carrying amounts of these banker's acceptance bills that have been transferred were \$64,457 thousand, \$88,446 thousand and \$108,691 thousand, respectively. If the bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group has not transferred the significant risks and rewards relating to these banker's acceptance bills. As of June 30, 2020 and December 31, 2019, the carrying amounts of the banker's acceptance bills that have been transferred but not derecognized were \$35,461 thousand and \$63,688 thousand, respectively, and the Group continued to recognize these bills as collateral. Except for the above mentioned, as the Group has transferred substantially all risks and rewards relating to the banker's acceptance bills, it derecognized the full carrying amount of the bills receivable and the associated accounts payable, which were \$28,996 thousand, \$24,758 thousand and \$108,691 thousand, respectively, as of June 30, 2020, December 31, 2019 and June 30, 2019. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the carrying amounts of the transferred but unsettled bills receivable. The unsettled bills receivable will be due in 1-4 months after the end of the reporting period. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

For the six months ended June 30, 2020 and 2019, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

26. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions and revenues and expenses among the Group have been eliminated on consolidation and are not disclosed in this note. Details of the transaction between the Group and other related parties were as follows:

a. Related party name and its relationship with the Group

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

b. Compensation of key management personnel

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 2,650	\$ 2,900	\$ 5,151	\$ 5,398
Post-employment benefits	<u>48</u>	<u>68</u>	<u>96</u>	<u>136</u>
	<u>\$ 2,698</u>	<u>\$ 2,968</u>	<u>\$ 5,247</u>	<u>\$ 5,534</u>

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

c. Lease arrangements

The Company leased its Taipei office from related party in substance, Su, Tun-Li and leased its warehouse from related party in substance, Su, Tun-Jen and Su, Tun-Yi, however, the contract was terminated early in January 2020. The rental terms were determined by negotiation. The rental rates were similar to the local market and the payment terms were at arm's length.

The relevant information of the lease arrangements were as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Payments of right-of-use assets	\$ -	\$ -	\$ -	\$ 2,582
Interest expense	6	29	11	59

The balance of lease liabilities as of June 30, 2020, December 31, 2019 and June 30, 2019 were \$1,418 thousand, \$7,047 thousand and \$6,988 thousand, respectively.

d. Guarantees

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

Guarantor	June 30, 2020	December 31, 2019	June 30, 2019
Su, Tun-Li	\$ 870,375	\$ 1,186,113	\$ 1,092,090
Su, Chung-Hong	544,231	659,422	771,885
Su, Bo-Chen	<u>253,000</u>	<u>409,000</u>	<u>365,000</u>
	<u>\$ 1,667,606</u>	<u>\$ 2,254,535</u>	<u>\$ 2,228,975</u>

27. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

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

	June 30, 2020	December 31, 2019	June 30, 2019
Property, plant and equipment	\$ 444,680	\$ 482,021	\$ 518,791
Pledge deposits (under other financial assets)	18,239	22,190	9,718
Right-of-use assets	<u>30,556</u>	<u>31,807</u>	<u>33,555</u>
	<u>\$ 493,475</u>	<u>\$ 536,018</u>	<u>\$ 562,064</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's significant contingent liabilities and unrecognized commitments as of June 30, 2020, were as follows:

- a. The amounts of contracts for the Group's purchases of properties and materials were \$69,026 thousand, of which \$13,665 thousand had been paid.
- b. Unused letters of credit for purchases of raw materials amounted to \$9,723 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currencies (In Thousands)	Exchange Rate		NTD (In Thousands)
<u>June 30, 2020</u>				
Financial assets				
Monetary items				
USD	\$ 20,391	29.49	(USD:NTD)	\$ 601,332
USD	6,382	7.0686	(USD:RMB)	188,211
USD	14,358	7.7503	(USD:HKD)	423,421
USD	4,396	23,275	(USD:VND)	129,625
HKD	1,444	3.805	(HKD:NTD)	5,494
HKD	24,232	0.912	(HKD:RMB)	92,204
HKD	954	0.129	(HKD:USD)	<u>3,628</u>
				<u>\$ 1,443,915</u>
Financial liabilities				
Monetary items				
USD	1,212	29.49	(USD:NTD)	\$ 35,750
USD	7,746	7.0686	(USD:RMB)	228,430
USD	11,937	7.7503	(USD:HKD)	352,035
USD	24,261	23,275	(USD:VND)	715,461
HKD	16,522	3.805	(HKD:NTD)	62,866
HKD	367	0.912	(HKD:RMB)	<u>1,395</u>
				<u>\$ 1,395,937</u>
<u>December 31, 2019</u>				
Financial assets				
Monetary items				
USD	10,818	30	(USD:NTD)	\$ 324,542
USD	10,426	6.9638	(USD:RMB)	312,777
USD	15,153	7.7882	(USD:HKD)	454,580
USD	3,823	23,220	(USD:VND)	114,691
HKD	547	3.852	(HKD:NTD)	2,108
HKD	51,363	0.8941	(HKD:RMB)	197,850
HKD	948	0.1284	(HKD:USD)	<u>3,653</u>
				<u>\$ 1,410,201</u>
Financial liabilities				
Monetary items				
USD	1,230	30	(USD:NTD)	\$ 36,886
USD	9,184	6.9638	(USD:RMB)	275,522
USD	11,815	7.7882	(USD:HKD)	354,442
USD	26,913	23,220	(USD:VND)	807,383
HKD	15,530	3.852	(HKD:NTD)	59,822
HKD	235	0.8941	(HKD:RMB)	<u>906</u>
				<u>\$ 1,534,961</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		NTD (In Thousands)
<u>June 30, 2019</u>				
Financial assets				
Monetary items				
USD	\$ 12,377	31.06	(USD:NTD)	\$ 384,421
USD	11,321	6.8717	(USD:RMB)	351,636
USD	11,338	7.804	(USD:HKD)	352,147
USD	2,797	23,318	(USD:VND)	86,872
HKD	3,164	3.98	(HKD:NTD)	12,594
HKD	62,734	1.1357	(HKD:RMB)	249,681
HKD	940	0.1281	(HKD:USD)	<u>3,743</u>
				<u>\$ 1,441,094</u>
Financial liabilities				
Monetary items				
USD	880	31.06	(USD:NTD)	\$ 27,320
USD	2,359	6.8717	(USD:RMB)	73,272
USD	5,949	7.804	(USD:HKD)	184,762
USD	25,783	23,318	(USD:VND)	800,834
HKD	28,420	3.98	(HKD:NTD)	113,111
HKD	269	1.1357	(HKD:RMB)	<u>1,072</u>
				<u>\$ 1,200,371</u>
				(Concluded)

For the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, realized and unrealized net foreign exchange gains were \$2,457 thousand, \$10,443 thousand, \$6,837 thousand and \$6,186 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

30. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held: Table 2.
- 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: Table 3.
- 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 4.

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 9) Trading in derivative instruments: Note 7. For the six months ended June 30, 2020, net losses of futures contracts and foreign exchange forward contracts were \$6,508 thousand and \$1,975 thousand, respectively.
 - 10) Inter-Company business relationship and material transactions and its amount: Table 9.
 - 11) Information on investees: Table 6.
- 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 7.
- 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 8.
 - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 4 and Table 8.
 - 3) The amount of property transactions and the amount of the resultant gains or losses: Table 8.
 - 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.
 - 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 8 and Table 9.
- c. Information of major stockholders : List all stockholders with ownership of 5% or greater showing the name of the stockholder, the number of shares owned, and percentage of ownership of each stockholder: Table 10.

31. 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.

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

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

The Group's reportable segments were as follows:

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

Segment revenues and results

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

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
<u>For the six months ended June 30, 2020</u>							
Revenue from external customers	\$ 197,275	\$ 548,148	\$ 602,348	\$ 1,442	\$ -	\$ -	\$ 1,349,213
Inter-segment revenue	<u>52,574</u>	<u>228,063</u>	<u>574,806</u>	<u>323,794</u>	<u>87,570</u>	<u>(1,266,807)</u>	<u>-</u>
Segment revenue	<u>\$ 249,849</u>	<u>\$ 776,211</u>	<u>\$ 1,177,154</u>	<u>\$ 325,236</u>	<u>\$ 87,570</u>	<u>\$(1,266,807)</u>	<u>\$ 1,349,213</u>
Segment income (loss)	<u>\$ (25,978)</u>	<u>\$ (52,153)</u>	<u>\$ (7,242)</u>	<u>\$ (8,020)</u>	<u>\$ (604)</u>	<u>\$ 17,025</u>	\$ (76,972)
Other income							2,696
Other gains and losses							3,148
Finance costs							(4,386)
Consolidated loss before income tax							<u>(22,938)</u>
Income tax							(98,452)
Consolidated net loss							<u>29,326</u>
							<u>\$ (69,126)</u>
<u>June 30, 2020</u>							
Segment assets	<u>\$ 3,546,349</u>	<u>\$ 1,248,872</u>	<u>\$ 2,398,784</u>	<u>\$ 968,850</u>	<u>\$ 231,863</u>	<u>\$(3,596,393)</u>	<u>\$ 4,798,325</u>
Segment liabilities	<u>\$ 1,453,130</u>	<u>\$ 388,957</u>	<u>\$ 966,972</u>	<u>\$ 733,089</u>	<u>\$ 194,187</u>	<u>\$(1,031,229)</u>	<u>\$ 2,705,106</u>
<u>For the six months ended June 30, 2019</u>							
Revenue from external customers	\$ 251,862	\$ 668,873	\$ 770,813	\$ 215	\$ -	\$ -	\$ 1,691,763
Inter-segment revenues	<u>254,562</u>	<u>268,320</u>	<u>709,190</u>	<u>414,506</u>	<u>71,427</u>	<u>(1,718,005)</u>	<u>-</u>
Segment revenues	<u>\$ 506,424</u>	<u>\$ 937,193</u>	<u>\$ 1,480,003</u>	<u>\$ 414,721</u>	<u>\$ 71,427</u>	<u>\$(1,718,005)</u>	<u>\$ 1,691,763</u>
Segment income (loss)	<u>\$ (21,555)</u>	<u>\$ 4,320</u>	<u>\$ (7,779)</u>	<u>\$ (10,568)</u>	<u>\$ (630)</u>	<u>\$ 34,818</u>	\$ (1,394)
Other income							4,567
Other gains and losses							17,369
Finance cost							(22,774)
Consolidated loss before income tax							<u>(27,619)</u>
Income tax							(29,851)
Consolidated net loss							<u>(5,418)</u>
							<u>\$ (35,269)</u>

(Continued)

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	GEM VN	Others	Adjustment and Elimination	Consolidated Amount
June 30, 2019							
Segment assets	<u>\$ 4,593,015</u>	<u>\$ 1,651,438</u>	<u>\$ 2,771,826</u>	<u>\$ 1,060,537</u>	<u>\$ 190,744</u>	<u>\$(4,533,955)</u>	<u>\$ 5,733,605</u>
Segment liabilities	<u>\$ 2,042,972</u>	<u>\$ 686,764</u>	<u>\$ 731,162</u>	<u>\$ 817,026</u>	<u>\$ 37,233</u>	<u>\$(1,131,596)</u>	<u>\$ 3,183,561</u>

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

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	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 241,010	\$ 235,920	\$ 88,470	3.2	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 418,644	\$ 837,288	Note 1
1	Vibo	GEM VN	Other receivables - related parties	Yes	211,930	206,430	176,940	2.25-2.8	Short-term financing	-	Business development	-	-	-	427,831	855,662	Note 1
2	Global Cayman	Global HK	Other receivables - related parties	Yes	12,128	-	-	-	Short-term financing	-	Business development	-	-	-	432,561	865,122	Note 1
3	GEM Suzhou	Vibo	Other receivables - related parties	Yes	151,600	147,450	147,450	2.8	Short-term financing	-	Business development	-	-	-	284,542	569,084	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% of the Company's and the subsidiaries' stockholders' equity, and individual financing should not exceed 20% of the Company's and the subsidiaries' stockholders' equity.

Note 2: The exchange rate was US\$1 : NT\$29.49.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	ESON Precision Engineering Co., Ltd.	-	Financial assets at FVTOCI - current	40,000	\$ 1,294	-	\$ 1,294	
	Tai Tung Communication Co., Ltd.	-	Financial assets at FVTOCI - current	60,000	1,179	-	1,179	
	Innolux Corporation	-	Financial assets at FVTOCI - current	425,000	3,357	-	3,357	
	Microelectronics Technology Inc.	-	Financial assets at FVTOCI - current	124,000	2,920	-	2,920	
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at FVTOCI - current	354,588	2,798	-	2,798	
GEM Suzhou	Shin Kong Financial Holding	-	Financial assets at FVTOCI - current	307,737	2,647	-	2,647	
					<u>14,195</u>		<u>14,195</u>	
	<u>Stock</u>							
	Huarun Dong's Ejiao Co., Ltd.	-	Financial assets at FVTOCI - current	33,000	4,930	-	4,930	
	China Minsheng Banking Corp., Ltd.	-	Financial assets at FVTOCI - current	500,000	11,828	-	11,828	
	Jiangsu Yanghe Brewery Joint Stock Co., Ltd.	-	Financial assets at FVTOCI - current	49,000	21,495	-	21,495	
GEM Suzhou	Shede Spirits	-	Financial assets at FVTOCI - current	31,000	4,831	-	4,831	
	Luzhoulaojiao Group Co., Ltd.	-	Financial assets at FVTOCI - current	53,000	20,149	-	20,149	
					<u>63,233</u>		<u>63,233</u>	
					<u>\$ 77,428</u>		<u>\$ 77,428</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
GEM Suzhou	Stock Luzhoulaojiao Group Co., Ltd.	Financial assets at FVTOCI - current	-	-	5,000	\$ 1,867	901,262	\$ 323,570	853,262	\$ 310,533	\$ 304,597	\$ 5,936	\$ 53,000	\$ 20,149
GEM Suzhou	Stock Jiangsu Yanghe Brewery Joint Stock Co., Ltd.	Financial assets at FVTOCI - current	-	-	5,000	2,380	793,443	346,348	749,443	326,320	326,683	(363)	49,000	21,495

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

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	\$ 212,125	28	120 days after monthly closing	Note 1	Note 2	\$ 96,284	19	Note 3
	GEM Suzhou	Affiliate	Sales	154,389	20	120 days after monthly closing	Note 1	Note 2	117,210	23	Note 3
GEM Suzhou	GEM Dongguan	Affiliate	Sales	416,050	35	120 days after monthly closing	Note 1	Note 2	188,253	25	Note 3
	GEM VN	Affiliate	Sales	103,243	9	120 days after monthly closing	Note 1	Note 2	77,405	10	Note 3
GEM VN	Genius HK	Affiliate	Sales	224,319	69	120 days after monthly closing	Note 1	Note 2	51,652	72	Note 3
Genius HK	GEM Dongguan	Affiliate	Sales	227,549	51	120 days after monthly closing	Note 1	Note 2	53,693	25	Note 3

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

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
GEM Suzhou	GEM Dongguan Vibo	Affiliate Subsidiary	\$ 190,116	3.93	\$ -	-	\$ 150,788	\$ -
			150,733	-	-	-	-	-
GEM Dongguan	GEM Suzhou	Affiliate	120,345	3.78	-	-	49,204	-
Vibo	GEM VN	Affiliate	179,753	-	-	-	-	-

Note 1: It included accounts receivable and other receivables.

Note 2: The computation of Turnover Rate didn't include other receivables.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE SIX MONTHS ENDED JUNE 30, 2020
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2020			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				June 30, 2020	December 31, 2019	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,062,072	\$ (46,403)	\$ (47,006)	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	242,244	(1,136)	(986)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading, etc.	23,282	23,282	750,000	100	90,064	1,910	1,910	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	87,483	1,862	1,905	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	Trading and investment	1,541,063	1,541,063	359,972,616	100	2,139,156	(46,543)	(46,543)	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,558	2	197	Notes 1 and 2
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	386,780	386,780	100	248,939	(14,685)	(950)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2020

(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Notes 1 and 3)	Carrying Amount as of June 30, 2020 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of June 30, 2020	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 707,048	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130	\$ -	\$ 81,773	\$ 370,357	\$ (43,232)	100	\$ (41,853)	\$ 736,645	\$ 81,773	
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.	1,045,881	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320	-	450,315	291,005	(5,776)	100	(18,837)	1,395,447	450,315	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$661,362	\$1,672,083 (US\$56,700 thousand)	\$1,255,931

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 SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

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	\$ 29,603	120 days after monthly closing	No significant difference with those to third parties	\$ 7,610	5	\$ 6,249	
		Purchase	4,810	120 days after monthly closing	No significant difference with those to third parties	(2,502)	2	727	
		Disposal of property, plant, and equipment	3,143	120 days after monthly closing	No comparable transactions with those in the market	3,116	3	1,722	
Genius HK	GEM Dongguan	Sales	227,549	120 days after monthly closing	No significant difference with those to third parties	53,693	25	(1,432)	
		Purchase	212,125	120 days after monthly closing	No comparable transactions with those in the market	(96,284)	63	-	
		Purchase of property plant, and equipment	3,055	120 days after monthly closing	No comparable transactions with those in the market	-	-	16	
Global HK	GEM Suzhou	Purchase	71,347	120 days after monthly closing	No comparable transactions with those in the market	(43,503)	100	4,196	
Vibo	GEM Suzhou	Sales	87,570	120 days after monthly closing	No comparable transactions with those in the market	17,704	100	1,316	
GEM VN	GEM Suzhou	Purchase	103,243	120 days after monthly closing	No comparable transactions with those in the market	(77,405)	86	-	
		Purchase of property plant, and equipment	15,196	120 days after monthly closing	No comparable transactions with those in the market	(10,521)	4	862	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
0	The Company	Genius HK	1	Sales	\$ 4,341	Payment terms are 4 months	-
		Genius HK	1	Accounts receivable	4,270	Payment terms are 4 months	-
		GEM Suzhou	1	Sales	29,603	Payment terms are 4 months	2
		GEM Suzhou	1	Accounts receivable	7,610	Payment terms are 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	3,143	Payment terms are 4 months	-
		GEM Suzhou	1	Other receivables	3,116	Payment terms are 4 months	-
		GEM VN	1	Sales	18,383	Payment terms are 4 months	1
		GEM VN	1	Accounts receivable	4,251	Payment terms are 4 months	-
		GEM VN	1	Disposal of property, plant and equipment	10,658	Payment terms are 4 months	1
		GEM VN	1	Other receivables	3,466	Payment terms are 4 months	-
		GEM VN	1	Interest income	1,279	Annual Interest rates are 3.2%	-
		GEM VN	1	Other receivables	89,305	According to working, capital conditions to change payment deeding	2
		GEM Dongguan	1	Sales	247	Payment terms are 4 months	-
		GEM Dongguan	1	Accounts receivable	247	Payment terms are 4 months	-
1	GEM Dongguan	The Company	2	Sales	64	Payment terms are 4 months	-
		The Company	2	Accounts receivable	64	Payment terms are 4 months	-
		Genius HK	3	Sales	212,125	Payment terms are 4 months	16
		Genius HK	3	Disposal of property, plant and equipment	3,055	Payment terms are 4 months	-
		Genius HK	3	Accounts receivable	96,284	Payment terms are 4 months	2
		Genius HK	3	Other income	3	Payment terms are 4 months	-
		GEM Suzhou	3	Sales	154,389	Payment terms are 4 months	11
		GEM Suzhou	3	Accounts receivable	117,210	Payment terms are 4 months	2
		GEM Suzhou	3	Disposal of property, plant and equipment	90	Payment terms are 4 months	-
		GEM Suzhou	3	Other income	1,086	Payment terms are 4 months	-
		GEM Suzhou	3	Other receivables	3,135	Payment terms are 4 months	-
		2	Genius HK	The Company	2	Sales	69,117
The Company	2			Accounts receivable	51,368	Payment terms are 4 months	1
The Company	2			Other receivables	11,492	Payment terms are 4 months	-
GEM Dongguan	3			Sales	227,549	Payment terms are 4 months	17
GEM Dongguan	3			Accounts receivable	53,693	Payment terms are 4 months	1
GEM Dongguan	3			Other receivables	376	Payment terms are 4 months	-
GEM VN	3			Sales	4,493	Payment terms are 4 months	-
GEM VN	3			Accounts receivable	4,406	Payment terms are 4 months	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
3	Global HK	The Company	2	Sales	\$ 50,606	Payment terms are 4 months	4
		The Company	2	Accounts receivable	31,333	Payment terms are 4 months	1
		GEM VN	3	Sales	97	Payment terms are 4 months	-
4	GEM Suzhou	The Company	2	Sales	4,810	Payment terms are 4 months	-
		The Company	2	Accounts receivable	2,502	Payment terms are 4 months	-
		The Company	2	Other income	34	Payment terms are 4 months	-
		Global HK	3	Sales	71,347	Payment terms are 4 months	5
		Global HK	3	Accounts receivable	43,503	Payment terms are 4 months	1
		Global HK	3	Disposal of property, plant and equipment	3	Payment terms are 4 months	-
		Global HK	3	Other receivables	20	Payment terms are 4 months	-
		Global HK	3	Other income	20	Payment terms are 4 months	-
		GEM Dongguan	3	Sales	416,050	Payment terms are 4 months	31
		GEM Dongguan	3	Accounts receivable	188,253	Payment terms are 4 months	4
		GEM Dongguan	3	Disposal of property, plant and equipment	3,140	Payment terms are 4 months	-
		GEM Dongguan	3	Other receivables	1,863	Payment terms are 4 months	-
		GEM VN	3	Sales	103,243	Payment terms are 4 months	8
		GEM VN	3	Accounts receivable	77,405	Payment terms are 4 months	2
		GEM VN	3	Disposal of property, plant and equipment	15,196	Payment terms are 4 months	1
		GEM VN	3	Other income	844	Payment terms are 4 months	-
		GEM VN	3	Other receivables	10,521	Payment terms are 4 months	-
Vibo	2	Interest income	2,090	Annual Interest rate is 2.8%	-		
Vibo	2	Other receivables	150,733	According to working, capital conditions to change payment deeding	3		
5	Vibo	GEM Suzhou	1	Sales	87,570	Payment terms are 4 months	6
		GEM Suzhou	1	Accounts receivable	17,704	Payment terms are 4 months	-
		GEM VN	3	Interest income	2,480	Annual Interest rate is 2.25%-2.8%	-
		GEM VN	3	Other receivables	179,753	According to working, capital conditions to change payment deeding	4
7	GEM VN	The Company	2	Sales	12,501	Payment terms are 4 months	1
		The Company	2	Accounts receivable	1,790	Payment terms are 4 months	-
		Genius HK	3	Sales	224,319	Payment terms are 4 months	17
		Genius HK	3	Accounts receivable	51,652	Payment terms are 4 months	1
		Vibo	3	Sales	86,974	Payment terms are 4 months	6
		Vibo	3	Accounts receivable	17,643	Payment terms are 4 months	-

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary

TABLE 10**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR STOCKHOLDERS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)**

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

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