

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2018 and 2017 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 (the "Group") as of March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and related notes, 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". 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 of the financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2018

Notice to Readers

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)		LIABILITIES AND EQUITY	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 1,222,269	20	\$ 1,430,724	22	\$ 1,184,289	20	Short-term borrowings (Notes 17 and 27)	\$ 738,843	12	\$ 834,920	13	\$ 779,639	13
Financial assets at fair value through other comprehensive income-current (Notes 3, 4 and 7)	113,739	2	-	-	-	-	Short-term bills payable (Note 17)	50,000	1	100,000	2	50,000	1
Available-for-sale financial assets - current (Notes 3, 4 and 8)	-	-	113,167	2	19,741	-	Notes payable (Note 15)	171,816	3	148,970	2	150,476	3
Notes receivable (Note 9)	176,272	3	150,463	2	134,341	2	Accounts payable (Note 15)	454,338	7	590,422	9	374,735	6
Accounts receivable, net (Notes 3, 4, 5 and 9)	1,102,632	18	1,216,725	19	923,212	16	Other payables (Note 16)	158,263	2	185,507	3	154,184	3
Other receivables	675	-	1,774	-	1,386	-	Current tax liabilities (Note 4)	3,729	-	7,636	-	2,156	-
Current tax assets (Note 4)	1,309	-	1,250	-	307	-	Long-term borrowings - current portion (Notes 17 and 27)	667,156	11	716,111	11	656,990	11
Inventories (Note 10)	1,087,989	17	973,975	15	840,823	15	Other current liabilities	9,097	-	3,528	-	3,895	-
Other financial assets - current (Notes 11 and 27)	189,800	3	269,963	4	433,553	8	Total current liabilities	2,253,242	36	2,587,094	40	2,172,075	37
Other current assets (Notes 14 and 27)	126,829	2	169,358	3	124,895	2	NONCURRENT LIABILITIES						
Total current assets	4,021,514	65	4,327,399	67	3,662,547	63	Long-term borrowings (Notes 17 and 27)	1,097,771	18	1,057,653	16	872,157	15
NONCURRENT ASSETS							Deferred tax liabilities (Note 4)	103,218	2	89,965	1	99,196	2
Property, plant and equipment (Notes 13, 27 and 28)	1,933,164	31	1,933,646	30	1,866,919	32	Net defined benefit liabilities (Note 4)	37,488	-	37,722	-1	44,260	-1
Deferred tax assets (Note 4)	145,529	2	116,795	2	117,029	2	Total noncurrent liabilities	1,238,477	20	1,185,340	18	1,015,613	18
Prepayments for equipment (Note 27)	30,445	1	22,753	-	54,185	1	Total liabilities	3,491,719	56	3,772,434	58	3,187,688	55
Other financial assets - noncurrent (Note 11)	1,758	-	1,727	-	3,138	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)						
Long-term prepayments for lease (Notes 14 and 27)	91,282	1	92,706	1	93,514	2	Ordinary shares	1,692,000	27	1,692,000	26	1,692,000	29
Other noncurrent assets	6,028	-	6,192	-	6,486	-	Capital surplus	271,315	5	271,315	4	271,315	5
Total noncurrent assets	2,208,206	35	2,173,819	33	2,141,271	37	Retained earnings						
TOTAL	\$ 6,229,720	100	\$ 6,501,218	100	\$ 5,803,818	100	Legal reserve	343,170	5	343,170	5	338,662	6
							Unappropriated earnings	355,974	6	386,197	6	373,437	6
							Total retained earnings	699,144	11	729,367	11	712,099	12
							Other equity	75,542	1	36,102	1	(59,284)	(1)
							Total equity	2,738,001	44	2,728,784	42	2,616,130	45
							TOTAL	\$ 6,229,720	100	\$ 6,501,218	100	\$ 5,803,818	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4 and 20)	\$ 930,737	100	\$ 794,379	100
OPERATING COSTS (Notes 10, 21 and 26)	<u>849,180</u>	<u>91</u>	<u>710,494</u>	<u>89</u>
GROSS PROFIT	<u>81,557</u>	<u>9</u>	<u>83,885</u>	<u>11</u>
OPERATING EXPENSES (Notes 21 and 26)				
Marketing	35,045	4	33,246	4
General and administrative	50,344	5	51,904	7
Research and development	3,915	-	6,198	1
Expected credit loss (Note 9)	<u>4,914</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>94,218</u>	<u>10</u>	<u>91,348</u>	<u>12</u>
LOSS FROM OPERATIONS	<u>(12,661)</u>	<u>(1)</u>	<u>(7,463)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Note 21)				
Other income	2,494	-	7,058	1
Other gains and losses	(16,360)	(2)	(4,942)	(1)
Finance costs	<u>(13,337)</u>	<u>(1)</u>	<u>(12,793)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(27,203)</u>	<u>(3)</u>	<u>(10,677)</u>	<u>(1)</u>
CONSOLIDATED LOSS BEFORE INCOME TAX	(39,864)	(4)	(18,140)	(2)
INCOME TAX BENEFIT (Notes 4 and 22)	<u>(7,422)</u>	<u>(1)</u>	<u>(12)</u>	<u>-</u>
CONSOLIDATED NET LOSS	<u>(32,442)</u>	<u>(3)</u>	<u>(18,128)</u>	<u>(2)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 21)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(2,664)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	292	-	-	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	\$ 39,337	4	\$ (166,748)	(21)
Unrealized loss on available-for-sale financial assets	-	-	(587)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>4,694</u>	<u>-</u>	<u>3,816</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>41,659</u>	<u>4</u>	<u>(163,519)</u>	<u>(21)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 9,217</u>	<u>1</u>	<u>\$ (181,647)</u>	<u>(23)</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (32,442)</u>	<u>(3)</u>	<u>\$ (18,128)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 9,217</u>	<u>1</u>	<u>\$ (181,647)</u>	<u>(23)</u>
NET LOSS PER SHARE (Note 23)				
Basic	<u>\$ (0.19)</u>		<u>\$ (0.11)</u>	
Diluted	<u>\$ (0.19)</u>		<u>\$ (0.11)</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company					Other Equity					Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings		Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Loss on Available -for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Remeasurement of Defined Benefit Plans	Total	
			Legal Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 386,197	\$ 729,367	\$ -	\$ (3,166)	\$ 33,232	\$ 6,036	\$ 36,102	\$ 2,728,784
Effect of retrospective application (Note 3)	-	-	-	-	-	(3,166)	3,166	-	-	-	-
BALANCE, JANUARY 1, 2018 AS RESTATED	1,692,000	271,315	343,170	386,197	729,367	(3,166)	-	33,232	6,036	36,102	2,728,784
Net loss for the three months ended March 31, 2018	-	-	-	(32,442)	(32,442)	-	-	-	-	-	(32,442)
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	(2,154)	-	44,031	(218)	41,659	41,659
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	(32,442)	(32,442)	(2,154)	-	44,031	(218)	41,659	9,217
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	2,219	2,219	(2,219)	-	-	-	(2,219)	-
BALANCE AT MARCH 31, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 355,974	\$ 699,144	\$ (7,539)	\$ -	\$ 77,263	\$ 5,818	\$ 75,542	\$ 2,738,001
BALANCE, JANUARY 1, 2017	\$ 1,692,000	\$ 271,315	\$ 338,662	\$ 391,565	\$ 730,227	\$ -	\$ -	\$ 97,341	\$ 6,894	\$ 104,235	\$ 2,797,777
Net loss for the three months ended March 31, 2017	-	-	-	(18,128)	(18,128)	-	-	-	-	-	(18,128)
Other comprehensive loss for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(439)	(163,080)	-	(163,519)	(163,519)
Total comprehensive loss for the three months ended March 31, 2017	-	-	-	(18,128)	(18,128)	-	(439)	(163,080)	-	(163,519)	(181,647)
BALANCE, MARCH 31, 2017	\$ 1,692,000	\$ 271,315	\$ 338,662	\$ 373,437	\$ 712,099	\$ -	\$ (439)	\$ (65,739)	\$ 6,894	\$ (59,284)	\$ 2,616,130

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated loss before income tax	\$ (39,864)	\$ (18,140)
Adjustments for:		
Depreciation expense	62,297	61,222
Amortization expense	1,342	1,358
Expected credit loss recognized	4,914	-
Allowance for doubtful accounts	-	1,098
Finance costs	13,337	12,793
Interest income	(1,789)	(3,344)
Loss on disposal of property, plant and equipment, net	2,998	432
Gain on disposal of investments, net	-	(488)
Write-down of inventories	12,873	6,445
Other non-cash items	4,159	1,247
Changes in operating assets and liabilities		
Notes receivable	(25,809)	11,641
Accounts receivable	108,940	195,479
Other receivables	-	(5)
Inventories	(127,267)	(101,742)
Other current assets	42,529	(7,266)
Notes payable	22,846	(47,744)
Accounts payable	(136,084)	(156,181)
Other payables	(16,272)	(21,047)
Other current liabilities	1,476	(630)
Net defined benefit liabilities	(7,324)	(2,471)
Cash used in operations	(76,698)	(67,343)
Interest received	2,888	3,755
Income tax paid	(4,576)	(12,606)
Net cash used in operating activities	<u>(78,386)</u>	<u>(76,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(225,575)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	223,807	-
Acquisition of available-for-sale financial assets	-	(43,186)
Proceeds from disposal of available-for-sale financial assets	-	23,334
Acquisition of property, plant and equipment	(72,511)	(65,687)
Proceeds from disposal of property, plant and equipment	160	648
Decrease (increase) in other financial assets	80,132	(120,421)
Increase in other noncurrent assets	(467)	-
Net cash generated from (used in) investing activities	<u>5,546</u>	<u>(205,312)</u>

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 214,848	\$ 746,279
Decrease in short-term borrowings	(312,550)	(756,833)
Increase in short-term bills payable	-	150,000
Decrease in short-term bills payable	(50,000)	(150,000)
Increase in long-term borrowings	254,931	100,000
Repayment of long-term borrowings	(262,100)	(198,750)
Interest paid	<u>(14,156)</u>	<u>(13,907)</u>
Net cash used in financing activities	<u>(169,027)</u>	<u>(123,211)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>33,412</u>	<u>(129,380)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(208,455)	(534,097)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,430,724</u>	<u>1,718,386</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,222,269</u>	<u>\$ 1,184,289</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors for issue on May 11, 2018.

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

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

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

IFRS 9 “Financial Instruments” and related amendment

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2017, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets as at January 1, 2017.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 1,430,724	\$ 1,430,724	2)
Equity securities	Available for sale	Fair value through other comprehensive income (FVTOCI) - equity instruments	113,167	113,167	1)
Notes receivable and accounts receivable	Loans and receivables	Amortized cost	1,367,188	1,367,188	2)
Other receivables	Loans and receivables	Amortized cost	1,774	1,774	2)
Other financial assets (current and non-current)	Loans and receivables	Amortized cost	271,690	271,690	2)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi- cations	IFRS 9 Carrying Amount as of January 1, 2018	Remark
FVTOCI				
Reclassification from available-for-sale (IAS 39)	\$ -	\$ 113,167	\$ 113,167	1)
Amortized cost				
Reclassification from loans and receivables (IAS 39)	-	3,071,376	3,071,376	2)
	<u>\$ -</u>	<u>\$ 3,184,543</u>	<u>\$ 3,184,543</u>	

1) The Group elected to designate all of its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized loss on available-for-sale financial assets of \$3,166 thousand was reclassified to other equity - unrealized loss on financial assets at FVTOCI.

2) Cash and cash equivalents, notes receivable, account receivables, other receivables and other financial assets that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
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 16 "Leases"	January 1, 2019 (Note 3)

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019
	(Concluded)

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 “Leases”

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal and interest of lease liabilities are both classified within financing activities.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

The fair value measurements 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, 2017.

See Note 12, table 5 and 6 for the detailed information of subsidiaries (including percentage of ownership and main business).

d. Other significant accounting policy

Except for financial assets, revenue from sale of goods and the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2017.

1) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a

trade date basis.

i Measurement category

2018

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: available-for-sale financial assets and loans and receivables.

i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

ii) Loans and receivables

Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable, other receivables and other financial assets) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and accounts receivable).

The Group always recognizes lifetime Expected Credit Loss (ECL) for notes receivable and accounts receivable. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as accounts receivable, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

iii Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

2018

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2017

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the

cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Revenue recognition

2018

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods

Revenue from sale of goods comes from sales of terminals. Sales of terminals are recognized as revenue when the goods are shipped or delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group;
and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

3) 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.

4) 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. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss or other comprehensive income in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following item, 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, 2017.

Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	\$ 2,788	\$ 2,677	\$ 2,982
Checking accounts and demand deposits	831,604	929,940	845,820
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>387,877</u>	<u>498,107</u>	<u>335,487</u>
	<u>\$ 1,222,269</u>	<u>\$ 1,430,724</u>	<u>\$ 1,184,289</u>

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Time deposits (%)	0.55-2.30	0.55-1.98	0.55-1.55

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

March 31, 2018

Investments in equity instruments at FVTOCI	
Domestic listed shares	\$ 34,181
Overseas listed shares	<u>79,558</u>
	<u>\$ 113,739</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. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3 and Note 8 for information relating to their reclassification and comparative information for 2017.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31, 2017	March 31, 2017
Domestic listed shares	\$ 29,730	\$ 369
Overseas listed shares	<u>83,437</u>	<u>19,372</u>
	<u>\$ 113,167</u>	<u>\$ 19,741</u>

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable			
Notes receivable - operating	<u>\$ 176,272</u>	<u>\$ 150,463</u>	<u>\$ 134,341</u>
Accounts receivable			
At amortized cost			
Gross carrying amount	\$ 1,123,258	\$ 1,232,198	\$ 936,673
Less: Allowance for impairment loss	<u>20,626</u>	<u>15,473</u>	<u>13,461</u>
	<u>\$ 1,102,632</u>	<u>\$ 1,216,725</u>	<u>\$ 923,212</u>

a. Accounts receivable

For the three months ended March 31, 2018

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 applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable 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 a 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 accounts receivable based on the Group's provision matrix.

March 31, 2018

	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	20-40	30-60	50-100	-
Gross carrying amount	\$ 1,050,784	\$ 54,593	\$ 2,615	\$ 8,299	\$ 6,967	\$ 1,123,258
Loss allowance (Lifetime ECL)	<u>(5,192)</u>	<u>(3,006)</u>	<u>(950)</u>	<u>(4,531)</u>	<u>(6,947)</u>	<u>(20,626)</u>
Amortized cost	<u>\$ 1,045,592</u>	<u>\$ 51,587</u>	<u>\$ 1,665</u>	<u>\$ 3,768</u>	<u>\$ 20</u>	<u>\$ 1,102,632</u>

The movements of the loss allowance of accounts receivable were as follows:

	2018
Balance at January 1, IAS 39	\$ 15,473
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, IFRS 9	15,473
Add: Net remeasurement of loss allowance	4,914
Foreign exchange gains and losses	<u>239</u>
Balance at March 31, 2018	<u>\$ 20,626</u>

2017

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

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

Aging analysis of accounts receivable was as follows:

	December 31, 2017	March 31, 2017
Not past due	\$ 1,129,514	\$ 851,435
Past due 1-60 days	90,972	79,064
Past due 61-90 days	4,000	1,462
Past due 91-180 days	4,414	238
Past due over 181 days	<u>3,298</u>	<u>4,474</u>
	<u>\$ 1,232,198</u>	<u>\$ 936,673</u>

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

	Collectively Assessed for Impairment For the Three Months Ended March 31, 2017
Balance, beginning of period	\$ 12,988
Impairment losses recognized	1,098
Foreign exchange gains and losses	<u>(625)</u>
Balance, end of period	<u>\$ 13,461</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. Concentration of credit risk occurs when the counterparties to financial instrument transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Group A	<u>\$ 187,894</u>	<u>\$ 197,695</u>	<u>\$ 180,293</u>

10. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
Finished goods	\$ 352,418	\$ 288,951	\$ 302,508
Work in process	269,265	222,672	253,943
Raw materials	386,401	373,110	219,414
Supplies	<u>79,905</u>	<u>89,242</u>	<u>64,958</u>
	<u>\$ 1,087,989</u>	<u>\$ 973,975</u>	<u>\$ 840,823</u>

The cost of goods sold for the three months ended March 31, 2018 and 2017 included the following items:

	For the Three Months Ended March 31	
	2018	2017
Write-down of inventories	\$ 12,873	\$ 6,445
Others	<u>3,906</u>	<u>41</u>
	<u>\$ 16,779</u>	<u>\$ 6,486</u>

11. OTHER FINANCIAL ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
Time deposits with original maturities more than 3 months	\$ 161,099	\$ 242,176	\$ 240,485
Pledge time deposits	25,603	23,459	192,940
Refundable deposits	<u>4,856</u>	<u>6,055</u>	<u>3,266</u>
	<u>\$ 191,558</u>	<u>\$ 271,690</u>	<u>\$ 436,691</u>
Current	\$ 189,800	\$ 269,963	\$ 433,553
Non-current	<u>1,758</u>	<u>1,727</u>	<u>3,138</u>
	<u>\$ 191,558</u>	<u>\$ 271,690</u>	<u>\$ 436,691</u>

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

	March 31, 2018	December 31, 2017	March 31, 2017
Time deposits (%)	1.10-1.55	1.10-1.55	1.35-1.55

b. 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		
			March 31, 2018	December 31, 2017	March 31, 2017
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

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		
			March 31, 2018	December 31, 2017	March 31, 2017
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

(Concluded)

Note 1: International investment.

Note 2: International trading.

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

13. PROPERTY, PLANT, AND EQUIPMENT

The Company purchased land of \$7,908 thousand for the purpose of a resort constructed for the employees. However, a part of the land is agricultural land that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of chairman. The land is mortgaged to the Company and the agreement stipulated unconditional conveyance of the land to the Company.

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

Three months ended March 31, 2018

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2018	\$ 146,218	\$ 1,046,950	\$ 1,629,392	\$ 57,436	\$ 690,093	\$ 176,368	\$ 3,746,457
Additions	-	11,595	22,255	743	23,095	4,068	61,756
Disposal	-	(5,682)	(12,064)	(375)	(9,760)	-	(27,881)
Effect of foreign currency exchange differences	-	17,710	58,367	1,432	19,909	(3,077)	94,341
Balance at March 31, 2018	<u>\$ 146,218</u>	<u>\$ 1,070,573</u>	<u>\$ 1,697,950</u>	<u>\$ 59,236</u>	<u>\$ 723,337</u>	<u>\$ 177,359</u>	<u>\$ 3,874,673</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2018	\$ -	\$ (430,535)	\$ (972,172)	\$ (48,426)	\$ (361,678)	\$ -	\$ (1,812,811)
Depreciation expenses	-	(11,391)	(27,817)	(615)	(22,474)	-	(62,297)
Disposal	-	5,682	9,565	354	9,122	-	24,723
Effect of foreign currency exchange differences	-	(17,083)	(55,540)	(1,370)	(17,131)	-	(91,124)
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ (453,327)</u>	<u>\$ (1,045,964)</u>	<u>\$ (50,057)</u>	<u>\$ (392,161)</u>	<u>\$ -</u>	<u>\$ (1,941,509)</u>
Carrying amounts at December 31, 2017 and January 1, 2018	<u>\$ 146,218</u>	<u>\$ 616,415</u>	<u>\$ 657,220</u>	<u>\$ 9,010</u>	<u>\$ 328,415</u>	<u>\$ 176,368</u>	<u>\$ 1,933,646</u>
Carrying amounts at March 31, 2018	<u>\$ 146,218</u>	<u>\$ 617,246</u>	<u>\$ 651,986</u>	<u>\$ 9,179</u>	<u>\$ 331,176</u>	<u>\$ 177,359</u>	<u>\$ 1,933,164</u>

Three months ended March 31, 2017

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2017	\$ 146,218	\$ 1,049,205	\$ 1,676,636	\$ 56,535	\$ 731,408	\$ 137,008	\$ 3,797,010
Additions	-	821	6,576	109	8,817	20,211	36,534
Disposal	-	(152)	(7,928)	(827)	(1,443)	-	(10,350)
Reclassification	-	-	11,272	-	4,862	(16,156)	(22)
Effect of foreign currency exchange differences	-	(47,370)	(56,352)	(2,064)	(33,756)	(10,374)	(149,916)
Balance at March 31, 2017	<u>\$ 146,218</u>	<u>\$ 1,002,504</u>	<u>\$ 1,630,204</u>	<u>\$ 53,753</u>	<u>\$ 709,888</u>	<u>\$ 130,689</u>	<u>\$ 3,673,256</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2017	\$ -	\$ (405,473)	\$ (956,901)	\$ (47,939)	\$ (397,720)	\$ -	\$ (1,808,033)
Depreciation expenses	-	(11,058)	(29,486)	(757)	(19,921)	-	(61,222)
Disposal	-	138	6,975	789	1,368	-	9,270
Effect of foreign currency exchange differences	-	16,529	16,517	1,705	18,897	-	53,648
Balance at March 31, 2017	<u>\$ -</u>	<u>\$ (399,864)</u>	<u>\$ (962,895)</u>	<u>\$ (46,202)</u>	<u>\$ (397,376)</u>	<u>\$ -</u>	<u>\$ (1,806,337)</u>
Carrying amounts at January 1, 2017	<u>\$ 146,218</u>	<u>\$ 643,732</u>	<u>\$ 719,735</u>	<u>\$ 8,596</u>	<u>\$ 333,688</u>	<u>\$ 137,008</u>	<u>\$ 1,988,977</u>
Carrying amounts at March 31, 2017	<u>\$ 146,218</u>	<u>\$ 602,640</u>	<u>\$ 667,309</u>	<u>\$ 7,551</u>	<u>\$ 312,512</u>	<u>\$ 130,689</u>	<u>\$ 1,866,919</u>

b. Estimated useful lives

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

Buildings

Factory	10-50 years
Main building	5-25 years
The major component part of the factory	5-20 years
The major component part of the office	10-55 years
Machinery and equipment	3-15 years
Transportation equipment	4-12 years
Others	3-20 years

Refer to Note 27 for the carrying amount of property, plant and equipment that were pledged by the Group to secure borrowings/general banking facilities granted to the Group.

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

	For the Three Months Ended March 31	
	2018	2017
Acquisition of property, plant and equipment	\$ 61,756	\$ 36,534
Capitalized interest	(813)	(956)
Increase in prepayments for equipment	7,692	14,645
Decrease in payable for purchase of equipment	<u>3,876</u>	<u>15,464</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 72,511</u>	<u>\$ 65,687</u>

14. PREPAYMENT FOR LEASE

	March 31, 2018	December 31, 2017	March 31, 2017
Current (included in other current assets)	\$ 2,342	\$ 2,283	\$ 1,879
Noncurrent (included in long-term prepayments for lease)	<u>91,282</u>	<u>92,706</u>	<u>93,514</u>
	<u>\$ 93,624</u>	<u>\$ 94,989</u>	<u>\$ 95,393</u>

Prepayments for lease are for land and property use rights in Mainland China and Vietnam. The amortization period of land use rights in Mainland China is 50 years, which will expire from December 2046 to September 2061 in a row. The amortization periods of land and property use rights in Vietnam are 40-50 years, which will expire from October 2054 to December 2066 in a row. Prepayment for lease with carrying amount of RMB 1,200 thousand is in the process of obtaining the land use right certificate.

Refer to Note 27 for the carrying amount of prepayments for lease that were pledged by the Group to secure borrowings/general banking facilities granted to the Group.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Payable for purchase of equipment	\$ 43,401	\$ 47,277	\$ 47,865
Payable for salaries and bonus	40,892	44,315	36,605
Payable for freight	15,958	14,019	9,964
Payable for professional service fees	8,298	8,129	6,477
Payable for tax	5,591	3,298	7,797
Payable for employees compensation and remuneration of directors and supervisors	2,539	2,539	3,504
Payable for utilities expense	2,248	8,579	6,608
Payable for pension	809	7,906	798
Others	<u>38,527</u>	<u>49,445</u>	<u>34,566</u>
	<u>\$ 158,263</u>	<u>\$ 185,507</u>	<u>\$ 154,184</u>

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

17. BORROWINGS

a. Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured borrowings	\$ 142,776	\$ 274,774	\$ 486,040
Secured borrowings	<u>596,067</u>	<u>560,146</u>	<u>293,599</u>
	<u>\$ 738,843</u>	<u>\$ 834,920</u>	<u>\$ 779,639</u>

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

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured borrowings (%)	1.35-1.75	1.23-2.26	1.50-4.35
Secured borrowings (%)	2.97-4.35	2.42-4.35	2.28-4.35

b. Short - term bills payable

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

	March 31, 2018	December 31, 2017	March 31, 2017
Short-term bills payable (%)	1.10	1.10-1.16	1.16

The commercial paper as of March 31, 2018 was issued and granted by China Bills Finance Corporation. As of December 31, 2017, commercial papers of \$50,000 thousand were issued and granted by China Bills Finance Corporation and International Bills Corporation, respectively. The commercial paper as of March 31, 2017 was issued and granted by DAH CHUNG Bills Finance Corporation. The commercial papers above were issued with one year revolving credit facilities.

c. Long-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured borrowings	\$ 1,696,584	\$ 1,730,084	\$ 1,458,000
Secured borrowings	<u>68,343</u>	<u>43,680</u>	<u>71,147</u>
	1,764,927	1,773,764	1,529,147
Less: Current portion	<u>667,156</u>	<u>716,111</u>	<u>656,990</u>
	<u>\$ 1,097,771</u>	<u>\$ 1,057,653</u>	<u>\$ 872,157</u>

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

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured borrowings (%)	1.49-2.09	1.49-2.09	1.49-2.09
Secured borrowings (%)	2.85-3.20	2.85	2.75

Under the loan agreements with several banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. The financial ratio of the Group as of December 31, 2017 and 2016 were in compliance with the requirements stated in the loan agreements.

18. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2018 and 2017, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$303 thousand and \$371 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2017 and 2016.

19. EQUITY

a. Ordinary shares

	March 31, 2018	December 31, 2017	March 31, 2017
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

	March 31, 2018	December 31, 2017	March 31, 2017
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Arising from issuance of common shares	\$ 266,411	\$ 266,411	\$ 266,411
Arising from 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 share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Appropriation of Earnings and Dividend Policy

According the dividend policy in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which

should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, please refer to (f) Employees' compensation and remuneration of directors and supervisors in Note 21.

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

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

The deficit compensation for 2017 and the appropriations of earnings for 2016 had been approved in the board of director's meeting on March 23, 2018 and the stockholders' meeting on June 14, 2017, respectively. The appropriation of earnings for 2016 was as follow:

	Appropriation of Earnings
Legal reserve	\$ 4,508

The deficit compensation for 2017 are subject to the resolution of the stockholders' meeting to be held on June 13, 2018.

d. Other Equity Items

1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ 33,232	\$ 97,341
Effect of change in tax rate	2,914	-
Recognized during the period		
Exchange differences on translating foreign operations	<u>41,117</u>	<u>(163,080)</u>
Balance at March 31	<u>\$ 77,263</u>	<u>\$ (65,739)</u>

2) Unrealized loss on available-for-sale financial assets

	For the Three Months Ended March 31, 2018
Balance at January 1, 2018 per IAS 39	\$ (3,166)
Adjustment on initial application of IFRS 9	<u>3,166</u>
Balance at March 31, 2018 per IFRS 9	<u>\$ -</u>

	For the Three Months Ended March 31, 2017
Balance at January 1, 2017	\$ -
Recognized during the period	
Unrealized loss on available-for-sale financial assets	(66)
Reclassification adjustment	
Disposal of available-for-sale financial assets	<u>(373)</u>
Balance at March 31, 2017	<u>\$ (439)</u>

3) Unrealized loss on financial assets at FVTOCI

	For the Three Months Ended March 31, 2018
Balance at January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>(3,166)</u>
Balance at January 1 per IFRS 9	(3,166)
Recognized during the period	
Unrealized loss - equity instruments	(2,154)
Reclassification adjustment	
Disposal of investments in equity instruments	<u>(2,219)</u>
Balance at March 31	<u>\$ (7,539)</u>

4) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	\$ 6,036	\$ 6,894
Effect of change in tax rate	<u>(218)</u>	<u>-</u>
Balance at March 31	<u>\$ 5,818</u>	<u>\$ 6,894</u>

20. OPERATING REVENUE

For the three months ended March 31, 2018 and 2017, operating revenues were arised from contracts with customer by selling terminals products. Please refer to Note 31 the revenue information. The contract balances as of March 31, 2018, December 31, 2017 and March 31, 2017 were all notes receivable and accounts receivable.

21. CONSOLIDATED LOSS BEFORE INCOME TAX

Consolidated loss before income tax was as follows:

a. Other income

	For the Three Months Ended March 31	
	2018	2017
Interest income	\$ 1,789	\$ 3,344
Others	<u>705</u>	<u>3,714</u>
	<u>\$ 2,494</u>	<u>\$ 7,058</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2018	2017
Foreign exchange losses, net	\$ (13,059)	\$ (4,823)
Loss on disposal of property, plant and equipment, net	(2,998)	(432)
Gain on disposal of investments, net	-	488
Others	<u>(303)</u>	<u>(175)</u>
	<u>\$ (16,360)</u>	<u>\$ (4,942)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2018	2017
Interest expense of borrowings	\$ 14,150	\$ 13,749
Less: Amounts included in the cost of qualifying assets	<u>813</u>	<u>956</u>
	<u>\$ 13,337</u>	<u>\$ 12,793</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2018	2017
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 813	\$ 956
Capitalization rate (%)	1.33-5.16	1.63-4.08

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2018	2017
Property, plant and equipment	\$ 62,297	\$ 61,222
Prepayments for lease (including current/noncurrent portion)	664	593
Other assets	<u>678</u>	<u>765</u>
	<u>\$ 63,639</u>	<u>\$ 62,580</u>

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

	For the Three Months Ended March 31	
	2018	2017
Analysis of depreciation by function		
Operating costs	\$ 53,305	\$ 51,104
Operating expenses	<u>8,992</u>	<u>10,118</u>
	<u>\$ 62,297</u>	<u>\$ 61,222</u>
Analysis of amortization by function		
Operating costs	\$ 69	\$ 89
Operating expenses	<u>1,273</u>	<u>1,269</u>
	<u>\$ 1,342</u>	<u>\$ 1,358</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2018	2017
Short-term employee benefits	\$ 126,352	\$ 115,969
Salary	5,560	5,533
Labor and health	<u>7,168</u>	<u>7,500</u>
Others	<u>139,080</u>	<u>129,002</u>
Post-employment benefits	7,908	7,731
Defined contribution plans	<u>303</u>	<u>371</u>
Defined benefit plans (Note 18)	<u>8,211</u>	<u>8,102</u>
	<u>\$ 147,291</u>	<u>\$ 137,104</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 109,018	\$ 102,501
Operating expenses	<u>38,273</u>	<u>34,603</u>
	<u>\$ 147,291</u>	<u>\$ 137,104</u>

f. 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 supervisions 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 three months ended March 31, 2018 and 2017, the Company had incurred net loss, hence, no employees' compensation and remuneration of directors and supervisors were accrued for the period.

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2017 and 2016 resolved by the board of directors on March 23, 2018 and March 23, 2017, respectively, were as below:

	For the Year Ended December 31	
	Cash	
	2017	2016
Employees' compensations	\$ 439	\$ 1,404
Remuneration of directors and supervisors	2,100	2,100

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 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 were as follows:

	For the Three Months Ended March 31	
	2018	2017
Current tax		
In respect of the current period	\$ -	\$ 1,396
Adjustments for prior periods	<u>610</u>	<u>-</u>
	<u>610</u>	<u>1,396</u>
Deferred tax		
In respect of the current period	4,386	(1,408)
Effect of change in tax rate	<u>(12,418)</u>	<u>-</u>
	<u>(8,032)</u>	<u>(1,408)</u>
Income tax benefit recognized in profit or loss	<u>\$ (7,422)</u>	<u>\$ (12)</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income to be recognized in profit or loss is recognized in full in the period which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

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

	For the Three Months Ended March 31	
	2018	2017
Deferred tax		
Effect of change in tax rate	\$ 2,696	\$ -
In respect of the current period		
Translations of foreign operations	1,780	3,668
Unrealized loss on available-for-sale financial assets	-	148
Unrealized loss on financial assets at FVTOCI	<u>510</u>	<u>-</u>
	<u>\$ 4,986</u>	<u>\$ 3,816</u>

c. Income tax assessments

The tax returns of the Company as of 2015 have been assessed by the tax authorities.

GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2016 with the tax authorities.

23. NET LOSS PER SHARE (EPS)

There is no diluted effect for the three months ended March 31, 2018 and 2017 for net loss incurred in the reporting period. The net loss and weighted average number of ordinary shares outstanding in the computation of EPS were as follows:

Net loss for the periods attributable to owners of the Company

	For the Three Months Ended March 31	
	2018	2017
Net loss used in the computation of basic / diluted EPS	<u>\$ (32,442)</u>	<u>\$ (18,128)</u>

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

	For the Three Months Ended March 31	
	2018	2017
Weighted average number of ordinary shares in computation of basic /diluted EPS	<u>169,200</u>	<u>169,200</u>

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

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

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

March 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVIOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 34,181	\$ -	\$ -	\$ 34,181
Overseas listed shares	<u>79,558</u>	<u>-</u>	<u>-</u>	<u>79,558</u>
	<u>\$ 113,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,739</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Investments in equity instruments				
Domestic listed shares	\$ 29,730	\$ -	\$ -	\$ 29,730
Overseas listed shares	<u>83,437</u>	<u>-</u>	<u>-</u>	<u>83,437</u>
	<u>\$ 113,167</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,167</u>

March 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Investments in equity instruments				
Domestic listed shares	\$ 369	\$ -	\$ -	\$ 369
Overseas listed shares	<u>19,372</u>	<u>-</u>	<u>-</u>	<u>19,372</u>
	<u>\$ 19,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,741</u>

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2018 and 2017.

c. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets</u>			
Loans and receivables (Note 1)	\$ -	\$ 3,071,376	\$ 2,679,919
Available-for-sale financial assets Measured at amortized cost (Note 1)	-	113,167	19,741
Financial assets at FVTOCI	2,693,406	-	-
Equity instruments	113,739	-	-
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,338,187	3,633,583	3,038,181

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

Note 2: The balances included in financial liabilities measured at amortized cost, 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, other financial assets, borrowings, short - term bills payable, notes payable and accounts payable. The Group Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts (including the denominated monetary items in consolidated financial statements which were eliminated) of the Group's foreign currency denominated monetary assets and monetary liabilities exposing to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

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

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

	<u>USD impact</u>		<u>HKD impact</u>	
	<u>For the Three Months</u>		<u>For the Three Months</u>	
	<u>Ended March 31</u>		<u>Ended March 31</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss	\$ 993	\$ 2,561	\$ 2,688	\$ 1,017

b) Interest rate risk

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

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

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>
Fair value interest rate risk			
Financial assets	\$ 574,579	\$ 763,742	\$ 768,912
Financial liabilities	1,270,902	1,540,597	1,543,254
Cash flow interest rate risk			
Financial assets	831,472	929,808	845,717
Financial liabilities	1,282,868	1,168,087	815,532

Sensitivity analysis

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

of the reporting period was outstanding for the whole period.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax loss for the three months ended March 31, 2018 and 2017 would have been higher/lower by \$1,128 thousand and lower/higher by \$75 thousand, respectively, which was mainly a result of the changes in floating rate bank deposits and borrowings.

2) Credit risk

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

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

The Group's receivables are significantly concentrated in certain individuals, most of which have similar business operations and economic features. Credit risk concentration occurs when the counterparties to financial instrument transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Accounts receivable from customers with significant carrying amounts are 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 monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed 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 included 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 their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment date.

The maturity dates for non-derivative financial liabilities based on the agreed repayment dates were as follows:

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>March 31, 2018</u>				
Fixed interest rate liabilities	\$ 51,657	\$ 170,063	\$ 777,077	\$ 298,939
Variable interest rate liabilities	15,326	48,232	436,834	816,971
Non-interest bearing	<u>406,710</u>	<u>309,960</u>	<u>65,641</u>	<u>-</u>
	<u>\$ 473,693</u>	<u>\$ 528,255</u>	<u>\$ 1,279,552</u>	<u>\$ 1,115,910</u>
<u>December 31, 2017</u>				
Fixed interest rate liabilities	\$ 346,945	\$ 269,475	\$ 575,877	\$ 375,316
Variable interest rate liabilities	37,255	56,989	403,491	699,845
Non-interest bearing	<u>556,375</u>	<u>303,099</u>	<u>63,314</u>	<u>-</u>
	<u>\$ 940,575</u>	<u>\$ 629,563</u>	<u>\$ 1,042,682</u>	<u>\$ 1,075,161</u>
<u>March 31, 2017</u>				
Fixed interest rate liabilities	\$ 83,184	\$ 218,043	\$ 833,147	\$ 440,956
Variable interest rate liabilities	1,611	46,863	342,005	443,498
Non-interest bearing	<u>358,529</u>	<u>253,457</u>	<u>62,858</u>	<u>525</u>
	<u>\$ 443,324</u>	<u>\$ 518,363</u>	<u>\$ 1,238,010</u>	<u>\$ 884,979</u>

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

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

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and its relationship with the Group

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Su, Chung-Hong	Chairman
Su, Tun-Li	Second-degree relatives of the Company's Chairman
Su, Tun-Jen	General manager
Su, Tun-Yi	Second-degree relatives of the Company's Chairman

b. Compensation of key management personnel

	For the Three Months Ended March 31	
	2018	2017
Short-term employee benefits	\$ 2,116	\$ 2,192
Post-employment benefits	<u>53</u>	<u>68</u>
	<u>\$ 2,169</u>	<u>\$ 2,260</u>

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

b. Property lease

The Company leased its Taipei office, factories and storehouse from general manager, Su, Tun-Jen, and second-degree relatives of the Company's chairman Su, Tun-Li, and Su, Tun-Yi, under one-year operating lease contracts. The rentals for the three months ended March 31, 2018 and 2017 were both \$415 thousand and were recorded as operating expenses and manufacturing cost.

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

c. Guarantees

The Company's chairman, Su, Chung-Hong, and second-degree relatives of the Company's chairman, Su, Tun-Li jointly provided the guarantee for the loans of the Company; the Company's chairman, Su, Chung-Hong, provided the guarantee for the loans of Genius (HK); and second-degree relatives of the Company's chairman Su, Tun-Li provided the guarantee for the loans of GEM (VN).

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group provided the following assets as collateral for the borrowings:

	March 31, 2018	December 31, 2017	March 31, 2017
Property, plant and equipment	\$ 545,495	\$ 326,890	\$ 389,231
Deposit account (under other financial assets-current)	25,603	23,459	192,940
Prepayments for lease (including current portion)	<u>24,485</u>	<u>18,318</u>	<u>34,246</u>
	<u>\$ 595,583</u>	<u>\$ 368,667</u>	<u>\$ 616,417</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of March 31, 2018, significant contingent liabilities and unrecognized commitments of the Group were as follows:

- a. The amounts of contracts for the Group's purchases of properties and materials were \$137,637 thousand, of which \$110,258 thousand had not been paid.
- b. Unused letters of credit for purchases of raw materials amounted to \$21,377 thousand.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group's entities and the exchange rates between 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		Carrying Amount (In Thousands)
<u>March 31, 2018</u>				
Financial assets				
Monetary items				
USD	\$ 9,925	29.11	(USD:NTD)	\$ 288,906
USD	6,071	6.258	(USD:RMB)	176,721
USD	13,517	7.844	(USD:HKD)	393,471
USD	2,068	22,796	(USD:VND)	60,208
HKD	6,153	3.711	(HKD:NTD)	22,835
HKD	90,357	0.798	(HKD:RMB)	335,315
HKD	922	0.127	(HKD:USD)	<u>3,420</u>
				<u>\$ 1,280,876</u>
Financial liabilities				
Monetary items				
USD	731	29.11	(USD:NTD)	\$ 21,283
USD	4,161	6.258	(USD:RMB)	121,140
USD	6,117	7.844	(USD:HKD)	178,057
USD	17,160	22,796	(USD:VND)	499,541
HKD	24,885	3.711	(HKD:NTD)	92,348
HKD	118	0.127	(HKD:RMB)	<u>439</u>
				<u>\$ 912,808</u>
<u>December 31, 2017</u>				
Financial assets				
Monetary items				
USD	8,068	29.8	(USD:NTD)	\$ 240,433
USD	7,604	6.518	(USD:RMB)	226,620
USD	15,669	7.811	(USD:HKD)	466,937
USD	2,835	22,713	(USD:VND)	84,480
HKD	7,350	3.815	(HKD:NTD)	28,041
HKD	62,060	0.834	(HKD:RMB)	236,760
HKD	950	0.128	(HKD:USD)	<u>3,622</u>
				<u>\$ 1,286,893</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
Financial liabilities				
Monetary items				
USD	\$ 1,032	29.8	(USD:NTD)	\$ 30,750
USD	4,809	6.518	(USD:RMB)	143,303
USD	6,237	7.811	(USD:HKD)	185,863
USD	15,351	22,713	(USD:VND)	457,467
HKD	16,550	3.815	(HKD:NTD)	63,137
HKD	154	0.834	(HKD:RMB)	<u>588</u>
				<u>\$ 881,108</u>
<hr/> March 31, 2017 <hr/>				
Financial assets				
Monetary items				
USD	5,559	30.330	(USD:NTD)	\$ 168,610
USD	10,280	6.882	(USD:RMB)	311,803
USD	10,623	7.765	(USD:HKD)	322,198
USD	2,458	22,753	(USD:VND)	74,560
HKD	4,477	3.906	(HKD:NTD)	17,489
HKD	34,747	0.886	(HKD:RMB)	135,720
HKD	947	0.129	(HKD:USD)	<u>3,697</u>
				<u>\$ 1,034,077</u>
Financial liabilities				
Monetary items				
USD	545	30.330	(USD:NTD)	\$ 16,519
USD	6,588	6.882	(USD:RMB)	199,802
USD	4,165	7.765	(USD:HKD)	126,316
USD	9,182	22,753	(USD:VND)	278,480
HKD	14,026	3.906	(HKD:NTD)	54,784
HKD	111	0.886	(HKD:RMB)	<u>435</u>
				<u>\$ 676,336</u>
				(Concluded)

For the three months ended March 31, 2018 and 2017, realized and unrealized net foreign exchange losses were \$13,059 thousand and \$4,823 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 (attached).
 - 2) Endorsement/guarantee provided: None.
 - 3) Marketable securities held: Table 2 (attached).

- 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
 - 9) Trading in derivative instruments: None.
 - 10) Inter - Company business relationship and material transactions and its amount: Table 8 (attached).
 - 11) Information on investees: Table 5 (attached).
- b. Information on investments in Mainland China

Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the Mainland China areas: Table 6 (attached).

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

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

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
- 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)	Others	Adjustment and Elimination	Consolidated Amount
<u>For the Three months ended March 31, 2018</u>						
Revenue from external customers	\$ 135,174	\$ 370,596	\$ 424,955	\$ 12	\$ -	\$ 930,737
Inter - segment revenues	<u>40,346</u>	<u>158,171</u>	<u>384,459</u>	<u>111,347</u>	<u>(694,323)</u>	<u>-</u>
Segment revenues	<u>\$ 175,520</u>	<u>\$ 528,767</u>	<u>\$ 809,414</u>	<u>\$ 111,359</u>	<u>\$ (694,323)</u>	<u>\$ 930,737</u>
Segment income (loss)	<u>\$ (2,366)</u>	<u>\$ 3,937</u>	<u>\$ (12,567)</u>	<u>\$ (7,307)</u>	<u>\$ 5,642</u>	\$ (12,661)
Other income						2,494
Other gains and losses						(16,360)
Finance cost						<u>(13,337)</u>
Consolidated loss before income tax						(39,864)
Income tax						<u>7,422</u>
Consolidated net loss						<u>\$ (32,442)</u>
<u>March 31, 2018</u>						
Segment assets	<u>\$ 4,801,754</u>	<u>\$ 1,685,637</u>	<u>\$ 3,198,687</u>	<u>\$ 1,014,725</u>	<u>\$ (4,471,083)</u>	<u>\$ 6,229,720</u>
Segment liabilities	<u>\$ 2,063,753</u>	<u>\$ 659,955</u>	<u>\$ 1,132,627</u>	<u>\$ 601,880</u>	<u>\$ (966,496)</u>	<u>\$ 3,491,719</u>
<u>For the Three months ended March 31, 2017</u>						
Revenue from external customers	\$ 111,703	\$ 321,649	\$ 360,831	\$ 196	\$ -	\$ 794,379
Inter - segment revenues	<u>37,369</u>	<u>66,385</u>	<u>358,615</u>	<u>67,774</u>	<u>(530,143)</u>	<u>-</u>
Segment revenues	<u>\$ 149,072</u>	<u>\$ 388,034</u>	<u>\$ 719,446</u>	<u>\$ 67,970</u>	<u>\$ (530,143)</u>	<u>\$ 794,379</u>
Segment income (loss)	<u>\$ (4,232)</u>	<u>\$ 267</u>	<u>\$ (10,937)</u>	<u>\$ 4,570</u>	<u>\$ 2,869</u>	\$ (7,463)
Other income						7,058
Other gains and losses						(4,942)

(Continued)

	The Company	GEM (Dongguan)& Genius (HK)	GEM (Suzhou)& Global (HK)	Others	Adjustment and Elimination	Consolidated Amount
Finance cost						\$ (12,793)
Consolidated loss before income tax						(18,140)
Income tax						<u>12</u>
Consolidated net loss						<u>\$ (18,128)</u>
<hr/>						
March 31, 2017						
Segment assets	<u>\$ 4,344,975</u>	<u>\$ 1,854,142</u>	<u>\$ 2,820,425</u>	<u>\$ 774,689</u>	<u>\$ (3,990,413)</u>	<u>\$ 5,803,818</u>
Segment liabilities	<u>\$ 1,728,845</u>	<u>\$ 862,279</u>	<u>\$ 868,477</u>	<u>\$ 379,352</u>	<u>\$ (651,265)</u>	<u>\$ 3,187,688</u>
						(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED March 31, 2018
(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	\$ 233,180	\$ 232,880	\$ 130,995	2.1-2.8	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 547,600	\$ 1,095,200	Note 1
		GEM (Suzhou)	Other receivables - related parties	Yes	146,050	87,330	-	2.1-2.8	Short-term financing	-	Business development	-	-	-	547,600	1,095,200	Note 1
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	29,210	29,110	29,110	2.0	Short-term financing	-	Business development	-	-	-	604,185	1,208,370	Note 1
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	11,684	11,644	11,644	2.0-2.8	Short-term financing	-	Business development	-	-	-	608,588	1,217,176	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 rates on March 31, 2018 were US\$1 : NT\$29.11.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

March 31, 2018

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u> ESON Precision Engineering Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	174,000	\$ 6,490	-	\$ 6,490	
	Tai Tung Communication Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	388,000	7,993	-	7,993	
	Innolux Corporation	-	Financial assets at fair value through other comprehensive income - current	565,000	7,402	-	7,402	
	Microelectronics Technology Inc.	-	Financial assets at fair value through other comprehensive income - current	271,000	7,452	-	7,452	
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	530,000	4,844	-	4,844	
						<u>34,181</u>		<u>34,181</u>
GEM (Suzhou)	<u>Stock</u> Yantai Changya Pioneer Wine Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	69,990	12,559	-	12,559	
	Industrial Bank Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	105,000	8,153	-	8,153	
	China Minsheng Banking Corp., Ltd.	-	Financial assets at fair value through other comprehensive income - current	124,000	4,609	-	4,609	
	Bank of Beijing Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	151,000	4,833	-	4,833	
	Jiugui Liquor Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	357,916	38,463	-	38,463	
	Bank of Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	160,000	4,600	-	4,600	
	Shanghai Pudong Development Bank Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	117,000	6,341	-	6,341	
						<u>79,558</u>		<u>79,558</u>
					<u>\$ 113,739</u>		<u>\$ 113,739</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2018
(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	\$ 186,162	41	120 days after monthly closing	Note 1	Note 2	\$ 224,265	37	Note 3
GEM (Suzhou)	GEM (Dongguan)	Affiliate	Sales	303,297	38	120 days after monthly closing	Note 1	Note 2	283,833	30	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, other types of sales price have no comparable transactions with those in the market.

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
MARCH 31, 2018
(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)	Affiliate	\$ 283,833	3.72	\$ -	-	\$ 128,415	\$ -
GEM (Dongguan)	Genius (HK)	Affiliate	234,547	3.56	-	-	80,994	-
The Company	GEM (VN)	Subsidiary	167,383	2.56	-	-	11,457	-

Note1: It included accounts receivable and other receivables.

Note2: The computation of Turnover Rate didn't include other receivables.

Note3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2018			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				March 31, 2018	December 31, 2017	Shares/ Units	%	Carrying Amount			
The Company	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,814	100	\$ 2,925,724	\$ (34,158)	\$ (34,194)	Notes 1 and 2
	GEM (Cayman)	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	320,246	(9,034)	(9,191)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading, etc.	23,282	23,282	750,000	100	75,129	1,519	1,519	Note 1
Genius	Genius (HK)	Hong Kong	International trading	90,134	90,134	21,999,998	100	79,287	1,472	1,489	Notes 1 and 2
Global (Cayman)	Vibo	Hong Kong	Trading and investment	1,541,063	1,541,063	359,972,616	100	3,020,941	(33,903)	(33,903)	Note 1
	Global (HK)	Hong Kong	International trading	3,747	3,747	1,000,000	100	7,469	(183)	(164)	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	321,809	(9,306)	(8,889)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2018	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 1 and 3)	Carrying Amount as of March 31, 2018 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of March 31, 2018	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.	\$ 788,382	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ (4,691)	100	\$ (4,448)	\$ 896,585	\$ -	
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.	1,166,191	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320	-	-	741,320	(17,843)	100	(20,079)	2,049,437	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$1,193,450	\$1,650,537 (US\$56,700 thousand)	\$1,642,801

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

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2018
(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	\$ 17,961	120 days after monthly closing	No significant difference with those to third parties	\$ 2,625	1	\$ 3,783	
		Purchase	7,127	120 days after monthly closing	No significant difference with those to third parties	(7,153)	4	-	
	GEM (Dongguan)	Property, plant, and equipment for sale	20,330	120 days after monthly closing	No comparable transactions with those in the market	3,706	30	6,162	
		Sales	983	120 days after monthly closing	No significant difference with those to third parties	439	-	359	
Genius (HK)	GEM (Dongguan)	Sales	67,515	120 days after monthly closing	No significant difference with those to third parties	33,141	9	-	
		Purchase	186,162	120 days after monthly closing	No comparable transactions with those in the market	(224,265)	76	(658)	
Global (HK)	GEM (Suzhou)	Sales	46,469	120 days after monthly closing	No significant difference with those to third parties	23,399	19	-	
		Purchase	85,767	120 days after monthly closing	No comparable transactions with those in the market	(84,092)	81	846	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

(In Thousands of New Taiwan Dollars)

No.	Investee Company	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	\$ 2,848	Payment terms are 4 months	-
		Genius (HK)	1	Disposal of property, plant and equipment	2,437	Payment terms are 4 months	-
		Genius (HK)	1	Accounts receivable	2,814	Payment terms are 4 months	-
		Genius (HK)	1	Other receivables	2,409	Payment terms are 4 months	-
		GEM (Suzhou)	1	Sales	17,961	Payment terms are 4 months	2
		GEM (Suzhou)	1	Accounts receivable	2,625	Payment terms are 4 months	-
		GEM (Suzhou)	1	Disposal of property, plant and equipment	20,330	Payment terms are 4 months	2
		GEM (Suzhou)	1	Other receivables	3,706	Payment terms are 4 months	-
		GEM (VN)	1	Sales	18,554	Payment terms are 4 months	2
		GEM (VN)	1	Accounts receivable	29,480	Payment terms are 4 months	-
		GEM (VN)	1	Disposal of property, plant and equipment	6,295	Payment terms are 4 months	1
		GEM (VN)	1	Other receivables	6,305	Payment terms are 4 months	-
		GEM (VN)	1	Interest income	370	Annual Interest rates are 2.1%-2.8%	-
		GEM (VN)	1	Other receivables	131,598	According to working, capital conditions to change payment deeding	2
		GEM (Dongguan)	1	Sales	983	Payment terms are 4 months	-
		GEM (Dongguan)	1	Accounts receivable	439	Payment terms are 4 months	-
1	GEM (Dongguan)	Genius (HK)	3	Sales	186,162	Payment terms are 4 months	20
		Genius (HK)	3	Accounts receivable	224,265	Payment terms are 4 months	4
		Genius (HK)	3	Disposal of property, plant and equipment	3,529	Payment terms are 4 months	-
		Genius (HK)	3	Other receivables	10,282	Payment terms are 4 months	-
		GEM (Suzhou)	3	Sales	16,230	Payment terms are 4 months	2
		GEM (Suzhou)	3	Accounts receivable	24,250	Payment terms are 4 months	-
		GEM (Suzhou)	3	Disposal of property, plant and equipment	621	Payment terms are 4 months	-
		GEM (Suzhou)	3	Other receivables	170	Payment terms are 4 months	-
2	Genius (HK)	The Company	2	Sales	60,654	Payment terms are 4 months	7
		The Company	2	Accounts receivable	69,094	Payment terms are 4 months	1
		The Company	2	Other receivables	23,292	Payment terms are 4 months	-
		GEM (Dongguan)	3	Sales	67,515	Payment terms are 4 months	7
		GEM (Dongguan)	3	Accounts receivable	33,141	Payment terms are 4 months	1
		GEM (Dongguan)	3	Other receivables	415	Payment terms are 4 months	-
		GEM (VN)	3	Sales	81,287	Payment terms are 4 months	9
		GEM (VN)	3	Accounts receivable	98,818	Payment terms are 4 months	2

(Continued)

No.	Investee Company	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	\$ 27,758	Payment terms are 4 months	3
		The Company	2	Accounts receivable	11,631	Payment terms are 4 months	-
		GEM (Suzhou)	3	Sales	46,469	Payment terms are 4 months	5
		GEM (Suzhou)	3	Accounts receivable	23,399	Payment terms are 4 months	-
		GEM (VN)	3	Sales	46,277	Payment terms are 4 months	5
		GEM (VN)	3	Accounts receivable	60,692	Payment terms are 4 months	1
4	GEM (Suzhou)	The Company	2	Sales	7,127	Payment terms are 4 months	1
		The Company	2	Accounts receivable	7,153	Payment terms are 4 months	-
		Global (HK)	3	Sales	85,767	Payment terms are 4 months	9
		Global (HK)	3	Accounts receivable	84,092	Payment terms are 4 months	1
		Global (HK)	3	Disposal of property, plant and equipment	4,562	Payment terms are 4 months	-
		Global (HK)	3	Other receivables	4,031	Payment terms are 4 months	-
		Global (HK)	3	Other income	161	Payment terms are 4 months	-
		GEM (Dongguan)	3	Sales	303,297	Payment terms are 4 months	33
		GEM (Dongguan)	3	Accounts receivable	283,833	Payment terms are 4 months	5
5	Vibo	GEM (Dongguan)	1	Other receivables	29,587	According to working, capital conditions to change payment deeding	-
		GEM (Dongguan)	1	Interest income	146	Annual Interest rate is 2.0%	-
6	Global (Cayman)	Global (HK)	1	Other receivables	11,653	According to working, capital conditions to change payment deeding	-
		Global (HK)	1	Interest income	59	Annual Interest rates are 2.0% - 2.8%	-
7	GEM (VN)	The Compnay	2	Sales	2,545	Payment terms are 4 months	-
		The Compnay	2	Accounts receivable	2,498	Payment terms are 4 months	-
		Genius (HK)	3	Sales	61,927	Payment terms are 4 months	7
		Genius (HK)	3	Accounts receivable	20,433	Payment terms are 4 months	-
		Global (HK)	3	Sales	46,875	Payment terms are 4 months	5
		Global (HK)	3	Accounts receivable	15,534	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