

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2014 and 2013 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. (the "Company") and its subsidiaries as of June 30, 2014 and 2013 and the related consolidated statements of comprehensive income for the three months ended June 30, 2014 and 2013, and for the six months ended June 30, 2014 and 2013, and changes in equity and cash flows for the six months ended June 30, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

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

August 12, 2014

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

# GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2014 Reviewed		December 31, 2013 Audited		June 30, 2013 Reviewed		LIABILITIES AND EQUITY	June 30, 2014 Reviewed		December 31, 2013 Audited		June 30, 2013 Reviewed	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Notes 6 and 23)	\$ 1,700,204	28	\$ 1,684,855	28	\$ 1,668,475	27	Short-term loan (Notes 14, 23 and 25)	\$ 768,738	13	\$ 654,451	11	\$ 785,619	13
Financial assets at fair value through profit or loss - current (Notes 7 and 23)	3,091	-	12,292	-	4,783	-	Financial liabilities at fair value through profit or loss - current (Notes 7 and 23)	-	-	314	-	331	-
Available-for-sale financial assets - current (Notes 8 and 23)	25,144	1	42,950	1	123,278	2	Notes payable (Notes 15 and 23)	177,613	3	93,220	2	177,349	3
Debt investments with no active market - current (Notes 9, 23 and 25)	190,816	3	110,618	2	225,351	4	Accounts payable (Notes 15 and 23)	309,969	5	355,216	6	460,639	8
Notes receivable (Notes 10 and 23)	194,440	3	238,907	4	198,450	3	Other payables (Notes 16 and 23)	186,999	3	194,721	3	252,968	4
Accounts receivable, net (Notes 10 and 23)	1,036,965	17	1,105,315	19	1,021,222	17	Current tax liabilities (Note 4)	17,861	-	5,245	-	-	-
Tax refundable	1,668	-	1,481	-	32,257	-	Provisions - current	127	-	932	-	17,402	-
Other receivables (Note 23)	17,795	-	10,542	-	16,679	-	Long-term borrowings - current portion (Notes 14, 23 and 25)	622,500	10	570,833	10	572,917	9
Current tax assets (Note 4)	2,185	-	3,283	-	4,851	-	Other current liabilities	6,204	-	3,832	-	3,568	-
Inventories (Note 11)	809,298	13	590,151	10	801,205	13	<b>Total current liabilities</b>	<b>2,090,011</b>	<b>34</b>	<b>1,878,764</b>	<b>32</b>	<b>2,270,793</b>	<b>37</b>
Other financial assets - current (Note 23)	334	-	15,554	-	13,412	-	<b>NONCURRENT LIABILITIES</b>						
Other current assets (Notes 13 and 25)	62,192	1	95,162	2	99,246	2	Long-term debts (Notes 14, 23 and 25)	943,325	16	984,566	17	880,756	14
<b>Total current assets</b>	<b>4,044,132</b>	<b>66</b>	<b>3,911,110</b>	<b>66</b>	<b>4,209,209</b>	<b>68</b>	Accrued pension liabilities (Notes 3, 4 and 17)	84,862	1	85,094	1	85,248	2
<b>NONCURRENT ASSETS</b>							Deferred income tax liabilities (Notes 4 and 20)	77,106	1	73,048	1	72,678	1
Property, plant and equipment (Note 12, 25 and 26)	1,720,129	28	1,708,371	29	1,615,103	26	<b>Total noncurrent liabilities</b>	<b>1,105,293</b>	<b>18</b>	<b>1,142,708</b>	<b>19</b>	<b>1,038,682</b>	<b>17</b>
Deferred income tax assets (Notes 4 and 20)	59,242	1	59,449	1	82,441	2	<b>Total liabilities</b>	<b>3,195,304</b>	<b>52</b>	<b>3,021,472</b>	<b>51</b>	<b>3,309,475</b>	<b>54</b>
Prepayments for equipment (Note 26)	196,009	4	189,398	3	166,671	3	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Refundable deposits - noncurrent (Note 23)	2,010	-	1,831	-	1,821	-	(Note 18)						
Long-term prepaid rent (Notes 13 and 25)	70,882	1	72,747	1	69,397	1	Capital stock	1,715,980	28	1,715,980	29	1,715,980	28
Other noncurrent assets (Note 10)	7,123	-	7,979	-	9,512	-	Capital surplus	270,187	5	270,187	5	270,187	4
<b>Total noncurrent assets</b>	<b>2,055,395</b>	<b>34</b>	<b>2,039,775</b>	<b>34</b>	<b>1,944,945</b>	<b>32</b>	Retained earnings	714,864	12	673,334	11	607,550	10
<b>TOTAL</b>	<b>\$ 6,099,527</b>	<b>100</b>	<b>\$ 5,950,885</b>	<b>100</b>	<b>\$ 6,154,154</b>	<b>100</b>	Others	203,192	3	269,912	4	250,962	4
							<b>Total equity</b>	<b>2,904,223</b>	<b>48</b>	<b>2,929,413</b>	<b>49</b>	<b>2,844,679</b>	<b>46</b>
							<b>TOTAL</b>	<b>\$ 6,099,527</b>	<b>100</b>	<b>\$ 5,950,885</b>	<b>100</b>	<b>\$ 6,154,154</b>	<b>100</b>

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

# GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 1,070,351	100	\$ 986,666	100	\$ 1,923,283	100	\$ 1,887,206	100
OPERATING COSTS (Notes 11, 17, 19 and 24)	<u>876,629</u>	<u>82</u>	<u>938,677</u>	<u>95</u>	<u>1,676,930</u>	<u>87</u>	<u>1,736,316</u>	<u>92</u>
GROSS PROFIT	<u>193,722</u>	<u>18</u>	<u>47,989</u>	<u>5</u>	<u>246,353</u>	<u>13</u>	<u>150,890</u>	<u>8</u>
OPERATING EXPENSES (Notes 17, 19 and 24)								
Marketing	35,419	3	37,994	4	72,116	4	68,550	4
General and administrative	48,776	5	54,973	6	93,123	5	103,269	5
Research and development	<u>7,168</u>	<u>1</u>	<u>12,299</u>	<u>1</u>	<u>15,938</u>	<u>1</u>	<u>23,995</u>	<u>1</u>
Total operating expenses	<u>91,363</u>	<u>9</u>	<u>105,266</u>	<u>11</u>	<u>181,177</u>	<u>10</u>	<u>195,814</u>	<u>10</u>
OPERATING INCOME (LOSS)	<u>102,359</u>	<u>9</u>	<u>(57,277)</u>	<u>(6)</u>	<u>65,176</u>	<u>3</u>	<u>(44,924)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7 and 19)								
Other income	7,908	1	13,006	2	16,699	1	22,788	1
Other gains and losses	3,636	-	(8,990)	(1)	8,743	-	(17,126)	(1)
Finance costs	<u>(11,158)</u>	<u>(1)</u>	<u>(16,765)</u>	<u>(2)</u>	<u>(21,970)</u>	<u>(1)</u>	<u>(35,203)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>386</u>	<u>-</u>	<u>(12,749)</u>	<u>(1)</u>	<u>3,472</u>	<u>-</u>	<u>(29,541)</u>	<u>(2)</u>
CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX	102,745	9	(70,026)	(7)	68,648	3	(74,465)	(4)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 20)	<u>36,113</u>	<u>3</u>	<u>(24,323)</u>	<u>(2)</u>	<u>27,118</u>	<u>1</u>	<u>(23,399)</u>	<u>(1)</u>
CONSOLIDATED NET INCOME (LOSS)	<u>66,632</u>	<u>6</u>	<u>(45,703)</u>	<u>(5)</u>	<u>41,530</u>	<u>2</u>	<u>(51,066)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18)								
Exchange differences on translating of foreign operations	(56,896)	(5)	48,313	5	(64,726)	(3)	159,835	8
Unrealized gain (loss) on available-for-sale financial assets	90	-	(3,090)	-	(2,107)	-	(6,301)	-

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# GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax benefit (expense) relating to components of other comprehensive income	\$ (171)	-	\$ 553	-	\$ 113	-	\$ 1,128	-
Other comprehensive income (loss), net of income tax	(56,977)	(5)	45,776	5	(66,720)	(3)	154,662	8
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 9,655</u>	<u>1</u>	<u>\$ 73</u>	<u>-</u>	<u>\$ (25,190)</u>	<u>(1)</u>	<u>\$ 103,596</u>	<u>5</u>
<b>NET INCOME (LOSS) ATTRIBUTABLE TO: Owner of the Company</b>	<u>\$ 66,632</u>	<u>6</u>	<u>\$ (45,703)</u>	<u>(5)</u>	<u>\$ 41,530</u>	<u>2</u>	<u>\$ (51,066)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: Owner of the Company</b>	<u>\$ 9,655</u>	<u>1</u>	<u>\$ 73</u>	<u>-</u>	<u>\$ (25,190)</u>	<u>(1)</u>	<u>\$ 103,596</u>	<u>5</u>
<b>EARNINGS PER SHARE (Note 21)</b>								
Basic	<u>\$ 0.39</u>		<u>\$ (0.27)</u>		<u>\$ 0.24</u>		<u>\$ (0.30)</u>	
Diluted	<u>\$ 0.39</u>		<u>\$ (0.27)</u>		<u>\$ 0.24</u>		<u>\$ (0.30)</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 Owner of the Company							Total	Total Equity
	Capital Stock - Common Stock	Capital Surplus- Share Issuance in Excess of Par	Legal Reserve	Retained Earnings		Unrealized Gain (Loss) on Available-for- -sale Financial Assets	Other Equity Exchange Differences on Translating Foreign Operations		
				Unappropriated Earnings	Total				
BALANCE, JANUARY 1, 2013	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 378,172	\$ 698,084	\$ 2,321	\$ 93,979	\$ 96,300	\$ 2,780,551
Appropriation of 2012 earnings (Note 18)									
Legal capital reserve	-	-	8,494	(8,494)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(39,468)	(39,468)	-	-	-	(39,468)
	-	-	8,494	(47,962)	(39,468)	-	-	-	(39,468)
Net loss for the six months ended June 30, 2013	-	-	-	(51,066)	(51,066)	-	-	-	(51,066)
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	(5,173)	159,835	154,662	154,662
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	(51,066)	(51,066)	(5,173)	159,835	154,662	103,596
BALANCE, JUNE 30, 2013	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 279,144	\$ 607,550	\$ (2,852)	\$ 253,814	\$ 250,962	\$ 2,844,679
BALANCE, JANUARY 1, 2014	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 344,928	\$ 673,334	\$ 777	\$ 269,135	\$ 269,912	\$ 2,929,413
Appropriation of 2013 earnings (Note 18)									
Legal capital reserve	-	-	1,472	(1,472)	-	-	-	-	-
Net income for the six months ended June 30, 2014	-	-	-	41,530	41,530	-	-	-	41,530
Other comprehensive income (loss) for the six months ended June 30, 2014, net of income tax	-	-	-	-	-	(1,994)	(64,726)	(66,720)	(66,720)
Total comprehensive income (loss) for the six months ended June 30, 2014	-	-	-	41,530	41,530	(1,994)	(64,726)	(66,720)	(25,190)
BALANCE, JUNE 30, 2014	\$ 1,715,980	\$ 270,187	\$ 329,878	\$ 384,986	\$ 714,864	\$ (1,217)	\$ 204,409	\$ 203,192	\$ 2,904,223

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)

	<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated income (loss) before income tax	\$ 68,648	\$ (74,465)
Adjustments for:		
Depreciation expense	115,303	107,024
Amortization expense	1,992	2,532
Reversal of allowance for doubtful accounts	(2,178)	(873)
Valuation gain (loss) on financial instruments at fair value through profit or loss, net	(982)	5,162
Finance costs	21,970	35,203
Interest income	(12,255)	(20,754)
Dividend income	(250)	(106)
Loss on disposal of property, plant and equipment, net	1,736	2,103
Gain on sale of investments, net	(2,968)	(5,506)
Impairment of non-financial assets	-	47,244
Net loss on foreign currency exchange	839	35
Recognition (reversal) of provisions	(805)	17,367
Other non-cash items	1,678	3,013
Changes in operating assets and liabilities		
Financial assets held for trading	5,289	1,324
Notes receivable	44,467	(27,191)
Accounts receivable	70,605	19,315
Other receivable and tax refundable	(7,440)	(24,455)
Inventories	(218,191)	(410,940)
Other current assets	29,948	(26,670)
Financial liabilities held for trading	(4,808)	(3,219)
Notes payable	84,393	155,937
Accounts payable	(45,247)	28,810
Other payables	(12,543)	13,840
Other current liabilities	2,372	678
Accrued pension liabilities	(232)	(210)
Cash generated from (used in) operations	141,341	(154,802)
Interest received	12,789	20,701
Income tax paid	(9,025)	(14,778)
Net cash generated from (used in) operating activities	<u>145,105</u>	<u>(148,879)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets designated as at fair value through profit and loss	-	(11,796)
Proceeds from disposal of financial assets designated as at fair value through profit and loss	9,388	114,481
Acquisition of available-for-sale financial assets	(130,986)	(479,631)
Proceeds from disposal of available-for-sale financial assets	149,623	383,473

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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)

	<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Acquisition of debt investments with no active market	\$ (80,198)	\$ (6,262)
Acquisition of property, plant and equipment	(183,569)	(164,665)
Proceeds from disposal of property, plant and equipment	1,891	691
Increase in refundable deposits	-	(11,694)
Decrease in refundable deposits	15,041	-
Increase in other noncurrent assets	(439)	(2,006)
Dividend received	<u>250</u>	<u>106</u>
Net cash used in investing activities	<u>(218,999)</u>	<u>(177,303)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	1,308,608	576,450
Decrease in short-term loans	(1,276,630)	(1,237,496)
Proceeds from long-term debts	700,000	349,112
Repayment of long-term debts	(689,583)	(323,156)
Interest paid	<u>(21,376)</u>	<u>(36,788)</u>
Net cash generated from (used in) financing activities	<u>21,019</u>	<u>(671,878)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>68,224</u>	<u>162,535</u>
NET INCREASE (DECREASE) IN CASH AND CASH, EQUIVALENTS	15,349	(835,525)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,684,855</u>	<u>2,504,000</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,700,204</u>	<u>\$ 1,668,475</u>

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

(Concluded)

# GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 approved by the board of directors and authorized for issue on August 12, 2014.

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

- a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC starting January 1, 2015.

<b>New, Amended and Revised Standards and Interpretations (New IFRSs)</b>	<b>Effective Date Announced by IASB (Note)</b>
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010

(Continued)

<b>New, Amended and Revised Standards and Interpretations (New IFRSs)</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRS 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

(Concluded)

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

Except for the following, the initial application of the above 2013 IFRSs version has not had any material impact on the Group’s accounting policies:

1) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of associates/joint ventures accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of associates/joint ventures accounted for using the equity method.

4) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

In addition, revised IAS 19 changes the definition of short - term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service”. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

The anticipated impact on retrospective application is set out below:

<b>Impact on assets, liabilities and equity</b>	<b>Carrying Amount</b>	<b>IAS 19 Adjustments</b>	<b>Adjusted Carrying Amount</b>
<u>January 1, 2014</u>			
Deferred tax assets	<u>\$ 59,449</u>	<u>\$ (562)</u>	<u>\$ 58,887</u>
Accrued pension liabilities	<u>\$ 85,094</u>	<u>\$ (3,305)</u>	<u>\$ 81,789</u>
Retained earnings	<u>\$ 673,334</u>	<u>\$ 2,743</u>	<u>\$ 676,077</u>
<u>June 30, 2014</u>			
Deferred tax assets	<u>\$ 59,242</u>	<u>\$ 42</u>	<u>\$ 59,284</u>
Accrued pension liabilities	<u>\$ 84,862</u>	<u>\$ 242</u>	<u>\$ 85,104</u>
Retained earnings	<u>\$ 714,864</u>	<u>\$ (200)</u>	<u>\$ 714,664</u>

	<b>Carrying Amount</b>	<b>IAS 19 Adjustments</b>	<b>Adjusted Carrying Amount</b>
<u>Impact on total comprehensive income for the three months ended June 30, 2014</u>			
Operating cost	\$ 876,629	\$ 36	\$ 876,665
Operating expense	\$ 91,363	\$ 85	\$ 91,448
Income tax expense (benefit)	\$ 36,113	\$ (21)	\$ 36,092
Net income (loss) for the period	\$ 66,632	\$ (100)	\$ 66,532
<u>Impact on total comprehensive income for the six months ended June 30, 2014</u>			
Operating cost	\$ 1,676,930	\$ 72	\$ 1,677,002
Operating expense	\$ 181,177	\$ 170	\$ 181,347
Income tax expense (benefit)	\$ 27,118	\$ (42)	\$ 27,076
Net income (loss) for the period	\$ 41,530	\$ (200)	\$ 41,330

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group was continually to assess other possible impacts that the application of the 2013 IFRSs version will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

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

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

The initial application of the above New IFRSs has not had any material impact on the Group’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

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

### The impairment of financial assets

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

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

### Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

#### 2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

#### 3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

#### 4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

#### 5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

#### 6) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) in which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

#### 7) IFRS 15 “Revenue from Contracts with Customers”

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

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

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continually 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 complete.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2013, except for those described below.

a. Statement of Compliance

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

b. Basis of Consolidation

Subsidiary included in consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			June 30, 2014	December 31, 2013	June 30, 2013
GEM	Global Electronics Terminal (Cayman) Co., Ltd. (Global (Cayman))	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius Terminal)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Terminal (Cayman))	Note 1	100	100	100
Global (Cayman)	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global (HK))	Note 2	100	100	100
Genius Terminal	Genius Terminal (HK) Ltd. (Genius (HK))	Note 2	100	100	100
GEM Terminal (Cayman)	Rui Zhan Hardware VN Co., Ltd. (Rui Zhan Hardware VN)	Note 3	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM (Suzhou))	Note 4	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM (Dongguan))	Note 5	100	100	100
	You Mao Terminal International Co., Ltd. (You Mao)	Note 2	100	100	100

Note 1: International trading

Note 2: International investment.

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

Note 4: Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in

electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products (under business permits for certain operation).

Note 5: Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing.

c. Other significant accounting policies

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2013, except for these described below.

1) Retirement benefit costs

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 curtailments, settlements, or other significant one-time events.

2) Income taxes

Income tax expense is 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 the tax rate that would be applicable to expected total annual earnings.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2013, except for those described below.

## 6. CASH AND CASH EQUIVALENTS

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Cash on hand	\$ 2,005	\$ 4,947	\$ 1,554
Checking accounts and demand deposits	982,360	837,072	820,122
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>715,839</u>	<u>842,836</u>	<u>846,799</u>
	<u>\$ 1,700,204</u>	<u>\$ 1,684,855</u>	<u>\$ 1,668,475</u>

## 7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets designated as at FVTPL	\$ 3,091	\$ 12,020	\$ 4,783
Financial assets held for trading	<u>-</u>	<u>272</u>	<u>-</u>
	<u>\$ 3,091</u>	<u>\$ 12,292</u>	<u>\$ 4,783</u>
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ 331</u>

a. Financial instruments classified as held for trading were as follows:

The Group used copper futures contracts and nickel futures contracts to manage exposures to adverse copper price and nickel price fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value or cash flows of the hedge items. These contracts did not meet the criteria for hedge accounting.

As of June 30, 2014, there was no outstanding futures contracts. Outstanding futures contracts as of December 31 and June 30, 2013 were as follows:

	Futures Month	Lots	Contract Amount (In Thousands)
<u>December 31, 2013</u>			
Copper futures contracts			
Refined copper	March, 2014	8	USD 669
Nickel futures contracts			
Nickel	March, 2014	4	USD 344
<u>June 30, 2013</u>			
Copper futures contracts			
Refined copper	September, 2013	12	USD 923
Nickel futures contracts			
Nickel	September, 2013	4	USD 335

b. Financial instruments designated as at FVTPL was callable preferred stock with interest.

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	June 30, 2014	December 31, 2013	June 30, 2013
Domestic investment			
Quoted stocks	\$ 17,652	\$ 30,140	\$ 60,681
Mutual funds	2,762	951	6,381
			(Continued)

	June 30, 2014	December 31, 2013	June 30, 2013
Overseas investment			
Quoted stocks	\$ 4,386	\$ 8,791	\$ 43,663
Mutual funds	<u>344</u>	<u>3,068</u>	<u>12,553</u>
	<u>\$ 25,144</u>	<u>\$ 42,950</u>	<u>\$ 123,278</u> (Concluded)

#### 9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposits with original maturities more than 3 months	\$ 35,983	\$ 33,195	\$ 83,535
Pledge time deposits	<u>154,833</u>	<u>77,423</u>	<u>141,816</u>
	<u>\$ 190,816</u>	<u>\$ 110,618</u>	<u>\$ 225,351</u>

Refer to Note 25 for information relating to debt investments with no active market pledged as security.

#### 10. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable			
-----			
Notes receivable - operating	<u>\$ 194,440</u>	<u>\$ 238,907</u>	<u>\$ 198,450</u>
Accounts receivable			
-----			
Accounts receivable	\$ 1,050,510	\$ 1,121,115	\$ 1,032,111
Less: Allowance for doubtful accounts	<u>13,545</u>	<u>15,800</u>	<u>10,889</u>
	<u>\$ 1,036,965</u>	<u>\$ 1,105,315</u>	<u>\$ 1,021,222</u>

##### a. Accounts receivable

The average credit period of sales of goods was 30-120 days. The Group considered any change in the credit quality of the trade 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 had been that receivables that are past due beyond 360 days were not recoverable. Allowance for impairment loss is recognized against trade receivables between 0 days and 360 days based on estimated irrecoverable 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.

Aging analysis of accounts receivable was as follows:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Neither past due nor impaired	\$ 927,460	\$ 981,173	\$ 899,342
Past due 1-30 days	92,929	60,584	118,509
Past due 31-60 days	14,272	66,417	4,236
Past due 61-90 days	7,732	7,472	6,771
Past due 91-180 days	5,134	956	1,722
Past due 181-360 days	976	3,362	579
Past due over 360 days	<u>2,007</u>	<u>1,151</u>	<u>952</u>
	<u>\$ 1,050,510</u>	<u>\$ 1,121,115</u>	<u>\$ 1,032,111</u>

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

	<b>Six Months Ended June 30</b>			
	<b>2014</b>		<b>2013</b>	
	<b>Accounts Receivable</b>	<b>Overdue Receivables</b>	<b>Accounts Receivable</b>	<b>Overdue Receivables</b>
Balance, beginning of period	\$ 15,800	\$ -	\$ 11,319	\$ 1,290
Reversal of allowance for doubtful accounts	(2,178)	-	(873)	-
Effect of exchange rate changes	<u>(77)</u>	<u>-</u>	<u>443</u>	<u>41</u>
Balance, end of period	<u>\$ 13,545</u>	<u>\$ -</u>	<u>\$ 10,889</u>	<u>\$ 1,331</u>

Overdue receivables were reclassified to other noncurrent assets and were fully covered by allowance for impairment loss on doubtful accounts.

b. Credit risk of notes and accounts receivable

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

As of June 30, 2014, December 31, 2013 and June 30, 2013, the balances of the notes and accounts receivable from customers with carrying amounts that were 10% or more of the account totals are shown below:

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Group A	<u>\$ 202,560</u>	<u>\$ 271,399</u>	<u>\$ 212,537</u>

## 11. INVENTORIES

	June 30, 2014	December 31, 2013	June 30, 2013
Raw materials	\$ 339,435	\$ 248,434	\$ 435,091
Supplies	74,708	29,505	39,730
Work in process	141,330	108,756	111,693
Finished goods	<u>253,825</u>	<u>203,456</u>	<u>214,691</u>
	<u>\$ 809,298</u>	<u>\$ 590,151</u>	<u>\$ 801,205</u>

The cost of inventories recognized as costs of goods sold for the three months ended June 30, 2014 and 2013 and for the six months ended June 30, 2014 and 2013 were \$876,629 thousand, \$938,677 thousand, \$1,676,930 thousand and \$1,736,316 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Unallocated fixed manufacturing cost	\$ 31,029	\$ 28,546	\$ 69,035	\$ 61,106
Write-down of inventories	-	43,390	-	47,244
Others	<u>(20,550)</u>	<u>7,842</u>	<u>848</u>	<u>17,091</u>
	<u>\$ 10,479</u>	<u>\$ 79,778</u>	<u>\$ 69,883</u>	<u>\$ 125,441</u>

## 12. PROPERTY, PLANT, AND EQUIPMENT

In the second quarter of 2011 and the fourth quarter of 2013, the Company purchased land for \$6,271 thousand and \$1,637 thousand, respectively. On this land, a resort will be constructed for the employees. However, a part of the land is agricultural land that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of an individual temporarily. The land is mortgaged to the Company and the agreement stipulated unconditional conveyance of the land to the Company.

For long-term development and to complete the factory layout, in the first quarter of 2013, the Company purchased land for the prices of \$7,193 thousand from its related party - Su, Tun Li (immediate relative of the Company's chairman), and the price had been paid off in February 2013.

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

### Six months ended June 30, 2013

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
Cost									
Balance on January 1, 2013	\$ 137,388	\$ 743,328	\$ 1,406,754	\$ 65,543	\$ 34,593	\$ 84	\$ 337,567	\$ 21,426	\$ 2,746,683
Additions	7,193	3,192	59,934	530	688	-	35,519	55	107,111
Disposal	-	-	(22,732)	(43)	(392)	-	(4,291)	-	(27,458)
Effect of exchange rate changes	-	32,811	67,194	3,061	1,532	-	18,267	1,207	124,072
Balance on June 30, 2013	<u>\$ 144,581</u>	<u>\$ 779,331</u>	<u>\$ 1,511,150</u>	<u>\$ 69,091</u>	<u>\$ 36,421</u>	<u>\$ 84</u>	<u>\$ 387,062</u>	<u>\$ 22,688</u>	<u>\$ 2,950,408</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Accumulated depreciation</u>									
Balance on January 1, 2013	\$ -	\$ (272,058)	\$ (665,009)	\$ (46,712)	\$ (23,264)	\$ (33)	\$ (177,846)	\$ -	\$ (1,184,922)
Additions	-	-	20,539	36	343	-	3,540	-	24,458
Disposal	-	(18,577)	(61,118)	(3,387)	(1,605)	(8)	(22,329)	-	(107,024)
Effect of exchange rate changes	-	(9,660)	(44,437)	(2,192)	(1,281)	1	(10,248)	-	(67,817)
Balance on June 30, 2013	<u>\$ -</u>	<u>\$ (300,295)</u>	<u>\$ (750,025)</u>	<u>\$ (52,255)</u>	<u>\$ (25,807)</u>	<u>\$ (40)</u>	<u>\$ (206,883)</u>	<u>\$ -</u>	<u>\$ (1,335,305)</u>
Carrying amount at June 30, 2013	<u>\$ 144,581</u>	<u>\$ 479,036</u>	<u>\$ 761,125</u>	<u>\$ 16,836</u>	<u>\$ 10,614</u>	<u>\$ 44</u>	<u>\$ 180,179</u>	<u>\$ 22,688</u>	<u>\$ 1,615,103</u>

(Concluded)

### Six months ended June, 30, 2014

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2014	\$ 146,218	\$ 785,207	\$ 1,611,099	\$ 73,872	\$ 37,185	\$ 84	\$ 429,047	\$ 52,525	\$ 3,135,237
Additions	-	320	82,771	2,170	793	-	31,953	63,188	181,195
Disposal	-	(1,991)	(16,268)	(12,180)	(278)	-	(1,490)	-	(32,207)
Effect of exchange rate changes	-	(11,698)	(40,481)	851	(682)	-	(9,385)	(1,575)	(62,970)
Balance on June 30, 2014	<u>\$ 146,218</u>	<u>\$ 771,838</u>	<u>\$ 1,637,121</u>	<u>\$ 64,713</u>	<u>\$ 37,018</u>	<u>\$ 84</u>	<u>\$ 450,125</u>	<u>\$ 114,138</u>	<u>\$ 3,221,255</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2014	\$ -	\$ (320,314)	\$ (795,121)	\$ (53,944)	\$ (27,176)	\$ (47)	\$ (230,264)	\$ -	\$ (1,426,866)
Disposal	-	1,802	13,667	11,634	250	-	1,227	-	28,580
Depreciation expenses	-	(18,973)	(66,642)	(2,965)	(1,119)	(8)	(25,596)	-	(115,303)
Effect of exchange rate changes	-	6,063	(230)	820	552	-	5,258	-	12,463
Balance on June 30, 2014	<u>\$ -</u>	<u>\$ (331,422)</u>	<u>\$ (848,326)</u>	<u>\$ (44,455)</u>	<u>\$ (27,493)</u>	<u>\$ (55)</u>	<u>\$ (249,375)</u>	<u>\$ -</u>	<u>\$ (1,501,126)</u>
Carrying amount at January 1, 2014	<u>\$ 146,218</u>	<u>\$ 464,893</u>	<u>\$ 815,978</u>	<u>\$ 19,928</u>	<u>\$ 10,009</u>	<u>\$ 37</u>	<u>\$ 198,783</u>	<u>\$ 52,525</u>	<u>\$ 1,708,371</u>
Carrying amount at June 30, 2014	<u>\$ 146,218</u>	<u>\$ 440,416</u>	<u>\$ 788,795</u>	<u>\$ 20,258</u>	<u>\$ 9,525</u>	<u>\$ 29</u>	<u>\$ 200,750</u>	<u>\$ 114,138</u>	<u>\$ 1,720,129</u>

#### c. Estimated useful lives

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

#### Buildings

Factory	10-20 years
Main building	5-20 years
The major component part of the factory	19-20 years
The major component part of the office	10-55 years
Machinery and equipment	3-15 years
Transportation equipment	3-12 years
Office equipment	5-10 years
Leasehold improvements	5.75 years
Miscellaneous equipment	2-20 years

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

### 13. PREPAYMENTS FOR LEASE

	June 30, 2014	December 31, 2013	June 30, 2013
Current (included in other current assets)	\$ 1,708	\$ 1,732	\$ 1,086
Noncurrent (included in long-term prepaid rent)	<u>70,882</u>	<u>72,747</u>	<u>69,397</u>
	<u>\$ 72,590</u>	<u>\$ 74,479</u>	<u>\$ 70,483</u>

As of June 30, 2014, December 31, 2013 and June 30, 2013, prepaid lease payments are for properties located in Mainland China and Vietnam. Prepaid lease payments with carrying amount of RMB 1,200 thousand had not obtained the land use right certificate.

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

#### 14. BORROWINGS

##### a. Short-term borrowings

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Unsecured borrowings	\$ 498,338	\$ 360,184	\$ 501,303
Secured borrowings	<u>270,400</u>	<u>294,267</u>	<u>284,316</u>
	<u>\$ 768,738</u>	<u>\$ 654,451</u>	<u>\$ 785,619</u>

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

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Unsecured borrowings (%)	1.42-6.00	1.25-4.72	1.27-6.00
Secured borrowings (%)	5.40-6.00	5.40-6.00	5.40-6.00

##### b. Long-term borrowings

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Unsecured borrowings	<u>\$ 1,366,250</u>	<u>\$ 1,355,833</u>	<u>\$ 1,254,167</u>
Commercial paper payable	200,000	200,000	200,000
Less: Unamortized discount	<u>425</u>	<u>434</u>	<u>494</u>
	<u>199,575</u>	<u>199,566</u>	<u>199,506</u>
	1,565,825	1,555,399	1,453,673
Less: Current portion	<u>622,500</u>	<u>570,833</u>	<u>572,917</u>
	<u>\$ 943,325</u>	<u>\$ 984,566</u>	<u>\$ 880,756</u>

##### Unsecured borrowings

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Borrowings	\$ 1,366,250	\$ 1,355,833	\$ 1,254,167
Current portion	<u>622,500</u>	<u>570,833</u>	<u>572,917</u>
Long-term borrowings	<u>\$ 743,750</u>	<u>\$ 785,000</u>	<u>\$ 681,250</u>
Interest rate P.A. (%)	1.66-2.20	1.66-2.20	1.66-2.09

Under the loan agreements with China Development Industrial Bank, Taishin Bank, Bangkok bank and Taipei Fubon Bank, the Company should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of June 30, 2014, the Company was in compliance with the above mentioned financial ratio requirements stated in the loan agreements with the banks.

Long-term commercial paper payable

Under the loan agreements with TC Bank, the Company should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements.

The Company committed to International Bills Finance Corporation to use from February 2013 to February 2016, the full amount of the credit lines granted by the bank; otherwise, the Company will be charged commitment fees at 1.20%, of the credit amounts. The financial ratio of the Company as of June 30, 2014 December 31, 2013 and June 30, 2013 were in compliance with the requirements stated in the loan agreements with the bank.

**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 trade payables.

**16. OTHER PAYABLES**

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Payable for purchase of equipment	\$ 50,952	\$ 46,715	\$ 47,462
Salaries or bonus	33,554	39,059	39,729
Payable for utilities expense	9,922	8,747	9,335
Payable for annual leave	3,655	4,354	2,785
Payable for professional service fees	3,242	3,586	4,437
Payable for bonus to employees and remuneration to directors and supervisors	1,380	1,380	6,100
Payable for dividends	-	-	39,468
Others	<u>84,294</u>	<u>90,880</u>	<u>103,652</u>
	<u>\$ 186,999</u>	<u>\$ 194,721</u>	<u>\$ 252,968</u>

**17. RETIREMENT BENEFIT PLANS**

Employee benefit expenses in respects of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2013 and 2012, and recognized in the following line items in their respective periods:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Operating cost	\$ 143	\$ 146	\$ 285	\$ 296
Marketing expenses	50	53	105	104
Administration expenses	196	208	383	413
Research and development expenses	<u>90</u>	<u>102</u>	<u>184</u>	<u>204</u>
	<u>\$ 479</u>	<u>\$ 509</u>	<u>\$ 957</u>	<u>\$ 1,017</u>

## 18. EQUITY

### a. Capital Stock

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
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 (in thousands)	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>
Shares issued	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>

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

### b. Capital Surplus

The capital surplus arising from shares issued in excess of par (additional paid-in capital from issuance of common shares) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

### c. Appropriation of Earnings and Dividend Policy

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

- 1) 10% as legal reserve, until its balance equals the Company's paid-in capital;
- 2) Special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;
- 3) The balance of remaining balance should be allocated or retained be board of directors in accordance with the Company's operation. Dividends, bonus to employees, and remuneration to directors and supervisors (bonus to employees should be at least 3%; all of these appropriations should be submitted to the stockholders' meeting for approval).
- 4) If bonus to employees is in the form of stock, affiliates' employees who meet certain requirements may also receive the stock bonus. The stock bonus distribution plan should be approved in a board of directors' meeting.

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

In consideration of the Company's future operation expansion demand, no bonus to employees and remuneration to directors and supervisors were accrued for the six months ended June 30, 2014. The Company had incurred net loss for the six months ended June 30, 2013, so no bonus to employees and remuneration to directors and supervisors were accrued for the period. Material differences between such estimated amounts and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

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 the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations from the earnings of 2013 and 2012 had been proposed by the board of directors and approved in the stockholders' meetings on June 19, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Fiscal Year 2013</u>	<u>For Fiscal Year 2012</u>	<u>For Fiscal Year 2013</u>	<u>For Fiscal Year 2012</u>
Legal reserve	\$ 1,472	\$ 8,494		
Cash dividends to stockholders	<u>-</u>	<u>39,468</u>	\$ -	\$ 0.23
	<u>\$ 1,472</u>	<u>\$ 47,962</u>		
			<u>Cash Dividends</u>	
			<u>For the Year Ended 2013</u>	<u>For the Year Ended 2012</u>
Bonus to employees			\$ -	\$ 4,000
Remuneration of directors and supervisors			-	2,100

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 19, 2014 and June 14, 2013 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2013 and 2012, respectively.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special Reserves Appropriated Following First-time Adoption of IFRSs

The Company had a decrease in retained earnings that resulted from all IFRSs adjustments; therefore, no special reserve was appropriated.

e. Other Equity Items

1) Exchange differences on translating foreign operations

	<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Balance at January 1	\$ 269,135	\$ 93,979
Exchange differences arising on translating the foreign operations	<u>(64,726)</u>	<u>159,835</u>
Balance at June 30	<u>\$ 204,409</u>	<u>\$ 253,814</u>

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

	<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Balance at January 1	\$ 777	\$ 2,321
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	(1,320)	(3,511)
Income tax relating to unrealized gain arising on revaluation of available-for-sale financial assets	103	659
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(787)	(2,790)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	<u>10</u>	<u>469</u>
Balance at June 30	<u>\$ (1,217)</u>	<u>\$ (2,852)</u>

**19. CONSOLIDATED INCOME BEFORE INCOME TAX**

Consolidated income before income tax was as follows:

a. Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Interest income	\$ 6,327	\$ 11,505	\$ 12,255	\$ 20,754
Dividend income	104	105	250	106
Others	<u>1,477</u>	<u>1,396</u>	<u>4,194</u>	<u>1,928</u>
	<u>\$ 7,908</u>	<u>\$ 13,006</u>	<u>\$ 16,699</u>	<u>\$ 22,788</u>

b. Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Gain on sale of investments, net	\$ 1,791	\$ 1,350	\$ 2,968	\$ 5,506
Foreign exchange gains (losses), net	3,137	(3,779)	8,215	(14,012)
Loss on disposal of property, plant and equipment, net	(721)	(626)	(1,736)	(2,103)
Valuation gain (loss) on financial instruments at fair value through profit or loss, net	1,018	(4,737)	982	(5,162)
Others	<u>(1,589)</u>	<u>(1,198)</u>	<u>(1,686)</u>	<u>(1,355)</u>
	<u>\$ 3,636</u>	<u>\$ (8,990)</u>	<u>\$ 8,743</u>	<u>\$ (17,126)</u>

c. Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Interest expense of borrowings	\$ 12,726	\$ 18,880	\$ 25,071	\$ 37,659
Less: Amounts included in the cost of qualifying assets	<u>1,568</u>	<u>2,115</u>	<u>3,101</u>	<u>2,456</u>
	<u>\$ 11,158</u>	<u>\$ 16,765</u>	<u>\$ 21,970</u>	<u>\$ 35,203</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 1,568	\$ 2,115	\$ 3,101	\$ 2,456
Capitalization rate (%)	1.80-5.44	1.80-7.20	1.58-5.88	1.56-7.20

d. Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Property, plant and equipment	\$ 57,075	\$ 53,870	\$ 115,303	\$ 107,024
Prepayments for lease (current/noncurrent)	428	410	868	810
Other assets	<u>551</u>	<u>912</u>	<u>1,124</u>	<u>1,722</u>
	<u>\$ 58,054</u>	<u>\$ 55,192</u>	<u>\$ 117,295</u>	<u>\$ 109,556</u>

Other assets were long-term prepayment for computer software and telephone extension usage fee, etc.

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Analysis of depreciation by function				
Operating costs	\$ 46,147	\$ 42,045	\$ 92,861	\$ 83,012
Operating expenses	<u>10,928</u>	<u>11,825</u>	<u>22,442</u>	<u>24,012</u>
	<u>\$ 57,075</u>	<u>\$ 53,870</u>	<u>\$ 115,303</u>	<u>\$ 107,024</u>
Analysis of amortization by function				
Operating costs	\$ 64	\$ 66	\$ 132	\$ 130
Operating expenses	<u>915</u>	<u>1,256</u>	<u>1,860</u>	<u>2,402</u>
	<u>\$ 979</u>	<u>\$ 1,322</u>	<u>\$ 1,992</u>	<u>\$ 2,532</u>
e. Employee benefits expense				
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Short-term employee benefits				
Salary	\$ 115,868	\$ 130,571	\$ 231,627	\$ 249,963
Labor and health insurance	2,071	2,335	4,300	4,512
Other	<u>3,957</u>	<u>3,610</u>	<u>7,921</u>	<u>5,948</u>
	<u>121,896</u>	<u>136,516</u>	<u>243,848</u>	<u>260,423</u>
Post-employment benefits (Note 17)				
Defined contribution plans	9,393	7,223	17,160	13,320
Defined benefit plans	<u>479</u>	<u>509</u>	<u>957</u>	<u>1,017</u>
	<u>9,872</u>	<u>7,732</u>	<u>18,117</u>	<u>14,337</u>
	<u>\$ 131,768</u>	<u>\$ 144,248</u>	<u>\$ 261,965</u>	<u>\$ 274,760</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 97,395	\$ 101,149	\$ 187,228	\$ 190,032
Operating expenses	<u>34,373</u>	<u>43,099</u>	<u>74,737</u>	<u>84,728</u>
	<u>\$ 131,768</u>	<u>\$ 144,248</u>	<u>\$ 261,965</u>	<u>\$ 274,760</u>

f. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Foreign exchange gains	\$ 8,359	\$ 7,349	\$ 21,391	\$ 25,747
Foreign exchange losses	<u>(5,222)</u>	<u>(11,128)</u>	<u>(13,176)</u>	<u>(39,759)</u>
	<u>\$ 3,137</u>	<u>\$ (3,779)</u>	<u>\$ 8,215</u>	<u>\$ (14,012)</u>

## 20. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Current tax				
In respect of the current year	\$ 16,714	\$ (1,804)	\$ 19,389	\$ 2,113
Additional 10% income tax on unappropriated earnings	1,325	-	1,325	-
In respect of prior periods	<u>2,568</u>	<u>536</u>	<u>2,767</u>	<u>1,351</u>
	<u>20,607</u>	<u>(1,268)</u>	<u>23,481</u>	<u>3,464</u>
Deferred tax				
In respect of the current year	14,532	(20,495)	4,377	(25,670)
Effect of exchange rate changes	<u>974</u>	<u>(2,560)</u>	<u>(740)</u>	<u>(1,193)</u>
	<u>15,506</u>	<u>(23,055)</u>	<u>3,637</u>	<u>(26,863)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 36,113</u>	<u>\$ (24,323)</u>	<u>\$ 27,118</u>	<u>\$ (23,399)</u>

On April 9, 2014, the Ministry of Finance promulgated the amendments to the Assessment Rules Governing Income Tax Returns of Profit-Seeking Enterprises, the Tax Ruling No. 10304540780, and the amendments apply to the filing of income tax returns for 2013 onwards. The applications of such amendments were not expected to have significant effect on current and deferred tax assets and liabilities.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Deferred tax				
Income tax recognized in other comprehensive income	<u>\$ (171)</u>	<u>\$ 553</u>	<u>\$ 113</u>	<u>\$ 1,128</u>

c. Integrated income tax

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>378,302</u>	<u>338,244</u>	<u>272,460</u>
	<u>\$ 384,986</u>	<u>\$ 344,928</u>	<u>\$ 279,144</u>
Imputation credits accounts	<u>\$ 26,912</u>	<u>\$ 23,020</u>	<u>\$ 25,106</u>

The creditable ratios for the distribution of the earnings of 2013 and 2012 were 7.96% (estimate) and 6.76% (actual), respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating the creditable ratio in the year of first - time adoption of the Regulations in preparation of the parent company only financial statements, the Company has included the adjustments to retained earnings from the effect of transition to the Regulations in the accumulated unappropriated earnings.

d. Income tax assessments

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

GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2013 with the tax authorities.

- e. The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Under the laws of the British Virgin Islands, the income of Genius, Global (Cayman) and GEM (Cayman) is exempt from income tax. Under the laws of Hong Kong, because the subsidiaries in Hong Kong - Genius (HK), Vibo Global (HK), and You Mao have no operations, these subsidiaries are also exempt from income tax. If these subsidiaries have any separate tax on interest income or withholding tax on dividends, the amount of this tax is recorded as the current year's tax provision.

## 21. EARNINGS PER SHARE (EPS)

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

Net income (loss) for the period

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Income (loss) for the period attributable to owners of the Company	<u>\$ 66,632</u>	<u>\$ (45,703)</u>	<u>\$ 41,530</u>	<u>\$ (51,066)</u>

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Weighted average number of ordinary shares and dilutive potential ordinary shares used in computation of basic EPS	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>

In consideration of the Company's future operation expansion demand, no bonus to employees and remuneration to directors and supervisors were accrued for the six months ended June 30, 2014. There was no effect of dilutive potential ordinary shares for the three months ended June 30 and for the six months ended June 30.

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

## **22. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt and equity of the Group. The Group is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements. (Refer to Note 14)

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 dividends paid to shareholders or the levels of debt and current assets.

## **23. FINANCIAL INSTRUMENTS**

### **a. Fair values of financial instruments**

#### **1) Fair value of financial instruments not carried at fair value**

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

	<u>June 30, 2014</u>		<u>December 31, 2013</u>		<u>June 30, 2013</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Financial liabilities measured at amortized cost						
Long-term borrowings (including current portion)	\$ 1,565,825	\$ 1,538,019	\$ 1,555,399	\$ 1,523,480	\$ 1,453,673	\$ 1,421,306

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from 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
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2014

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,091</u>
Available-for-sale financial assets				
Domestic quoted stocks	\$ 17,652	\$ -	\$ -	\$ 17,652
Overseas quoted stocks	4,386	-	-	4,386
Domestic mutual funds	2,762	-	-	2,762
Overseas mutual funds	<u>344</u>	<u>-</u>	<u>-</u>	<u>344</u>
	<u>\$ 25,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,144</u>

December 31, 2013

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 12,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,020</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading				
Nickel futures contracts	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272</u>
Financial liabilities held for trading				
Copper futures contracts	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>
Available-for-sale financial assets				
Domestic quoted stocks	\$ 30,140	\$ -	\$ -	\$ 30,140
Overseas quoted stocks	8,791	-	-	8,791
Domestic mutual funds	951	-	-	951
Overseas mutual funds	<u>3,068</u>	<u>-</u>	<u>-</u>	<u>3,068</u>
	<u>\$ 42,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,950</u>
				(Concluded)

June 30, 2013

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 4,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,783</u>
Financial liabilities held for trading				
Copper futures contracts	\$ 180	\$ -	\$ -	\$ 180
Nickel futures contracts	<u>151</u>	<u>-</u>	<u>-</u>	<u>151</u>
	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331</u>
Available-for-sale financial assets				
Domestic quoted stocks	\$ 60,681	\$ -	\$ -	\$ 60,681
Overseas quoted stock	43,663	-	-	43,663
Domestic mutual funds	6,381	-	-	6,381
Overseas mutual funds	<u>12,553</u>	<u>-</u>	<u>-</u>	<u>12,553</u>
	<u>\$ 123,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,278</u>

There were no transfers between Level 1 and Level 2 in the current and prior period.

- 3) Valuation techniques and assumptions applied for the purpose of measuring fair value
  - a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
  - b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives. The fair values of forward exchange contracts were calculated using quoted prices and yields quoted rate during

the derivation of the curve with the contractual maturity. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
<u>Financial assets</u>			
Fair value through profit or loss			
Designated as at FVTPL	\$ 3,091	\$ 12,020	\$ 4,783
Held for trading	-	272	-
Loans and receivables (Note 1)	3,142,564	3,167,622	3,145,410
Available-for-sale financial assets	25,144	42,950	123,278
<u>Financial liabilities</u>			
Held for trading	-	314	331
Amortized cost (Note 2)	3,009,144	2,853,007	3,130,248

Note 1: The balances included in loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and accounts receivable, other financial assets-current, other receivables and refundable deposits-noncurrent.

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

c. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

The Group was exposed to foreign currency risk due to its foreign currency denominated assets and liabilities. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

Sensitivity analysis

The Group was mainly exposed to the USD, HKD, JPY, CAD and GBP.

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 (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the functional currency.

	<u>USD impact</u>		<u>HKD impact</u>		<u>JPY impact</u>	
	<u>For the Six Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Profit or loss	\$ 2,726	\$ 3,151	\$ 902	\$ (291)	\$ 95	\$ 198

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, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

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>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2013</u>
Fair value interest rate risk			
Financial assets	\$ 906,655	\$ 953,454	\$ 1,072,150
Financial liabilities	2,049,563	1,815,398	2,151,359
Cash flow interest rate risk			
Financial assets	982,157	836,871	819,922
Financial liabilities	285,000	394,452	87,933

Sensitivity analysis

The sensitivity analyses below were based on the Group's exposure to interest rates for both derivatives and 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 year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2014 and 2013 would have been lower/higher by \$3,486 thousand and \$3,660 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in gold passbook, futures contracts, mutual funds and listed shares. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on gold, futures, stocks contracts and funds of industries operating in Taiwan, Hong Kong and America; the price used is according to the monthly closing price and net asset value of the gold passbook, futures contracts, stock or fund.

Sensitivity analysis

The sensitivity analyses below were based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2014 would have been higher/lower by \$31 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2014 would have been higher/lower by \$251 thousand as a result of the changes in fair value of available-for-sale shares.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2013 would have been higher/lower by \$48 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2013 would have been higher/lower by \$1,233 thousand as a result of the changes in fair value of available-for-sale shares.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As 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 obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's receivables are significantly concentrated in certain individuals, most of which have similar business operations and economic features. Credit risk concentration occurs when the counterparties to financial instrument transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Accounts receivable from customers with carrying amounts that were 10% or more of the account total are disclosed in Note 10.

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.

The following table details contractual maturity of the Group's remaining 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:

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<hr/> June 30, 2014 <hr/>					
Fixed interest rate liabilities	1.42-6.00	\$ 204,176	\$ 224,503	\$ 915,328	\$ 755,244
Variable interest rate liabilities	1.90-2.20	768	25,896	63,547	203,081
Non-interest bearing		301,451	211,997	25,821	-
<hr/> December 31, 2013 <hr/>					
Fixed interest rate liabilities	1.25-6.00	271,697	346,897	494,856	837,378
Variable interest rate liabilities	2.00-4.72	583	26,714	117,240	162,876
Non-interest bearing		288,593	191,960	15,451	313
<hr/> June 30, 2013 <hr/>					
Fixed interest rate liabilities	1.27-6.00	196,207	287,127	816,699	889,240
Variable interest rate liabilities	5.56	-	1,250	91,641	-
Non-interest bearing		376,216	189,538	27,554	5

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 one year after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

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

## 24. TRANSACTIONS WITH RELATED PARTIES

All transactions, balances, and revenues and expenses between the Company and its subsidiaries are eliminated on consolidation, so the information is not disclosed in this note. Except Note 12, transactions of the consolidated companies and other related parties were as follows:

### a. Compensation of key management personnel

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Short-term benefits (including salary and bonuses)	\$ 2,405	\$ 2,850	\$ 5,563	\$ 6,788
Post-employment benefits	<u>65</u>	<u>79</u>	<u>130</u>	<u>158</u>
	<u>\$ 2,470</u>	<u>\$ 2,929</u>	<u>\$ 5,693</u>	<u>\$ 6,946</u>

The remuneration of directors and other key management 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 Su, Tun-Jen and Su, Tun-Li and employment dormitory from director Yu Feng Investment Company under one-year operating lease contracts. The rentals for the three months ended June 30, 2014 and 2013 were \$492 thousand, respectively; for the six months ended June 30, 2014 and 2013 were \$985 thousand, respectively, and were recorded as operating expenses and manufacturing cost.

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

c. Guarantees

Su, Chung-Hong and Su, Tun-Li jointly provided the guarantee for the loans of GEM, Global (HK) and GEM (Suzhon). Su, Chung-Hong and Su, Tun-Jen jointly provided the guarantee for the borrowings of Genius (HK); Su, Tun-Jen provided the guarantee for Genius (HK)'s borrowings from Shing Kong Bank, Su Chung-Hong and Su, Tun-Jen jointly provided the guarantee for the other borrowings of Genius (HK).

## 25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

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

	<b>June 30, 2014</b>	<b>December 31, 2013</b>	<b>June 30, 2013</b>
Property, plant and equipment - buildings	\$ 370,258	\$ 395,862	\$ 406,582
Deposit account (under debt investments with no active market-current)	154,833	77,423	141,816
Prepaid rental (under other current assets)	<u>40,313</u>	<u>30,163</u>	<u>30,399</u>
	<u>\$ 565,404</u>	<u>\$ 503,448</u>	<u>\$ 578,797</u>

## 26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those disclosed in Note 14 to the consolidated financial statements, as of June 30, 2014, the amounts of contracts for the Group's purchases of properties and materials were \$332,070 thousand, of which \$208,463 thousand had not been paid.

## 27. EXCHANGE RATE DENOMINATED IN FOREIGN CURRENCIES OF FINANCIAL ASSETS AND LIABILITIES

The significant financial assets, financial liabilities and derivative contracts denominated in foreign currencies were as follows (in thousands of foreign currency, except exchange rate):

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>June 30, 2014</u>			
Financial assets			
Monetary items			
USD	\$ 22,957	29.860	\$ 685,500
HKD	62,946	3.855	242,657
JPY	32,150	0.2945	9,468
Nonmonetary items			
USD	104	29.860	3,102
HKD	1,383	3.855	5,332
Financial liabilities			
Monetary items			
USD	13,830	29.860	412,949
HKD	39,554	3.855	152,480
<u>December 31, 2013</u>			
Financial assets			
Monetary items			
USD	25,111	29.770	747,566
HKD	50,925	3.841	195,604
JPY	56,857	0.2836	16,125
Nonmonetary items			
USD	472	29.770	14,037
HKD	2,633	3.841	10,114
Financial liabilities			
Monetary items			
USD	10,263	29.770	305,516
HKD	48,741	3.841	187,218
JPY	920	0.2836	261
Nonmonetary items			
USD	11	29.770	314
<u>June 30, 2013</u>			
Financial assets			
Monetary items			
USD	19,832	29.98	594,549

(Continued)

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
HKD	\$ 50,544	3.867	\$ 195,454
JPY	65,133	0.3033	19,755
Nonmonetary items			
USD	657	29.98	19,698
HKD	11,652	3.867	45,060
Financial liabilities			
Monetary items			
USD	9,322	29.98	279,469
HKD	58,058	3.867	224,510
			(Concluded)

## 28. ADDITIONAL DISCLOSURES

### a. Information about significant transactions and investments:

- 1) Financing provided: Table 1 (attached).
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries): 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: Note 7.
- 10) Intercompany relationships and significant intercompany transactions: Table 7 (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, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 6 (attached).

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

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3 (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 (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 (attached).

## 29. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- a. GEM Terminal, GEM (Dongguan) and Genius (HK) consolidated information
- b. GEM (Suzhou)
- c. Others

### Segment revenues and results, segment assets and liabilities

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

	<b>GEM Terminal, GEM (Dongguan)&amp; Genius (HK)</b>	<b>GEM (Suzhou)</b>	<b>Others</b>	<b>Adjustment and Elimination</b>	<b>Consolidated Amount</b>
<u>Six months ended June 30, 2014</u>					
Revenue generated from third parties	\$ 1,053,855	\$ 763,016	\$ 106,412	\$ -	\$ 1,923,283
Revenue generated from the Company and subsidiaries	<u>25,422</u>	<u>201,347</u>	<u>44,139</u>	<u>(270,908)</u>	<u>-</u>
Segment revenues	<u>\$ 1,079,277</u>	<u>\$ 964,363</u>	<u>\$ 150,551</u>	<u>\$ (270,908)</u>	<u>\$ 1,923,283</u>
Total segment income (loss)	<u>\$ 31,706</u>	<u>\$ 24,370</u>	<u>\$ (1,709)</u>	<u>\$ 10,809</u>	\$ 65,176
Other income					16,699
Other gains and losses					8,743
Finance cost					<u>(21,970)</u>
Net gain of operating units (pretax)					68,648

(Continued)

	<b>GEM Terminal, GEM (Dongguan)&amp; Genius (HK)</b>	<b>GEM (Suzhou)</b>	<b>Others</b>	<b>Adjustment and Elimination</b>	<b>Consolidated Amount</b>
Income tax					\$ <u>27,118</u>
Consolidated net gain					\$ <u>41,530</u>
Total segment assets	<u>\$ 6,722,557</u>	<u>\$ 2,441,174</u>	<u>\$ 283,306</u>	<u>\$ (3,347,510)</u>	<u>\$ 6,099,527</u>
Total segment liabilities	<u>\$ 2,714,778</u>	<u>\$ 452,433</u>	<u>\$ 172,288</u>	<u>\$ (144,195)</u>	<u>\$ 3,195,304</u>
<u>Six months ended June 30, 2013</u>					
Revenue generated from third parties	\$ 1,021,724	\$ 731,287	\$ 134,195	\$ -	\$ 1,887,206
Revenue generated from the Company and subsidiaries	<u>50,283</u>	<u>199,381</u>	<u>48,021</u>	<u>(297,685)</u>	<u>-</u>
Segment revenues	<u>\$ 1,072,007</u>	<u>\$ 930,668</u>	<u>\$ 182,216</u>	<u>\$ (297,685)</u>	<u>\$ 1,887,206</u>
Total segment income (loss)	<u>\$ (56,837)</u>	<u>\$ 9,706</u>	<u>\$ (430)</u>	<u>\$ 2,637</u>	\$ (44,924)
Other income					22,788
Other gains and losses					(17,126)
Finance cost					<u>(35,203)</u>
Net loss of operating units (pretax)					(74,465)
Income tax					<u>(23,399)</u>
Consolidated net loss					<u>\$ (51,066)</u>
Total segment assets	<u>\$ 6,605,919</u>	<u>\$ 2,543,099</u>	<u>\$ 215,856</u>	<u>\$ (3,210,720)</u>	<u>\$ 6,154,154</u>
Total segment liabilities	<u>\$ 2,817,064</u>	<u>\$ 573,689</u>	<u>\$ 198,932</u>	<u>\$ (280,210)</u>	<u>\$ 3,309,475</u> (Concluded)

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## FINANCING PROVIDED

FOR THE SIX MONTHS ENDED JUNE 30, 2014

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

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance (Notes 2 and 3)	Actual Borrowing Amount	Interest Rate	Type of Financing	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
												Item	Value		
0	The Company	Vibo	Other receivables - related parties	Yes	\$ 151,500 (US\$ 5,000 thousand)	\$ -	\$ -	2.80	Short-term financing	Operating capital	\$ -	\$ -	\$ -	\$ 580,845 (Note 1)	\$ 1,161,689 (Note 1)
		Vibo	Other receivables - related parties	Yes	60,930 (US\$ 2,000 thousand)	59,720 (US\$ 2,000 thousand)	-	2.80	Short-term financing	Operating capital	-	-	-	580,845 (Note 1)	1,161,689 (Note 1)
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	151,500 (US\$ 5,000 thousand)	-	-	2.80	Short-term financing	Operating capital	-	-	-	594,349 (Note 1)	1,188,698 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	Yes	91,395 (US\$ 3,000 thousand)	89,580 (US\$ 3,000 thousand)	29,860 (US\$ 1,000 thousand)	2.80	Short-term financing	Operating capital	-	-	-	594,349 (Note 1)	1,188,698 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	12,186 (US\$ 400 thousand)	-	-	2.00	Short-term financing	Operating capital	-	-	-	598,269 (Note 1)	1,196,538 (Note 1)
		Global (HK)	Other receivables - related parties	Yes	11,944 (US\$ 400 thousand)	11,944 (US\$ 400 thousand)	11,944 (US\$ 400 thousand)	2.00	Short-term financing	Operating capital	-	-	-	598,269 (Note 1)	1,196,538 (Note 1)

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

Note 2: The conversion rates on June 30, 2014 were US\$1.0000: NT\$29.86.

Note 3: It was eliminated on consolidation.

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

June 30, 2014

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2014				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Callable preferred stock with interest</u> USD Standard Chart Reg S 9.5% Perpetual	-	Financial assets designated as at fair value through profit or loss - current	1,000	\$ 3,091	-	\$ 3,091	
	<u>Stock</u>							
	Cheng Shin Rubber Ind. Co., Ltd.	-	Available-for-sale financial assets - current	118,000	\$ 9,015	-	\$ 9,015	
	Sing Kong Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	730,248	6,725	-	6,725	
	Geely Holding Group	-	Available-for-sale financial assets - current	245,000	2,578	-	2,578	
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	120,695	1,847	-	1,847	
	Daphne International Holdings Ltd.	-	Available-for-sale financial assets - current	80,000	938	-	938	
	China Mobile Ltd.	-	Available-for-sale financial assets - current	3,000	870	-	870	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	693	32	-	32	
	Mega Financial Holding Company Ltd.	-	Available-for-sale financial assets - current	796	20	-	20	
	Chang Hwa Bank	-	Available-for-sale financial assets - current	700	13	-	13	
					\$ 22,038	-	\$ 22,038	
	<u>Beneficial certificate</u>							
	Boci Prudential AM WISE - CSI 300 China	-	Available-for-sale financial assets - current	240,000	\$ 2,762	-	\$ 2,762	
	Prudential AM WISE-CSI 300 China	-	Available-for-sale financial assets - current	4,000	344	-	344	
					\$ 3,106	-	\$ 3,106	

**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2014**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Genius (HK)	The Company	Parent	Sales	\$ 269,025 (HK\$69,106 thousand)	40	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 145,683 (HK\$37,791 thousand)	38	Note
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	658,809 (HK\$138,946 thousand and US\$4,026 thousand)	71	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	123,054 (HK\$28,226 thousand and US\$517 thousand)	42	Note
GEM (Suzhou)	Global (HK)	Affiliate	Sales	140,367 (HK\$4,407 thousand and US\$4,104 thousand)	14	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	49,362 (HK\$2,746 thousand and US\$1,314 thousand)	9	Note

Note: It was eliminated on consolidation.

**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES**

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

**JUNE 30, 2014**

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

Company Name	Related Party	Nature of Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debt
					Amount	Action Taken		
Genius (HK)	The Company	Parent	\$145,683 (HK\$37,791 thousand)	3.47	\$ -	-	\$ 24,080	\$ -
GEM (Dongguan)	Genius (HK)	Affiliate	123,054 (HK\$28,226 thousand and US\$ 517 thousands)	9.46	-	-	119,024	-

Note : It was eliminated on consolidation.

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE SIX MONTHS ENDED JUNE 30, 2014

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2014			Net Income (Loss) of the Investee	Share of profit (Loss)	Earnings Appropriation		Note
				June 30, 2014 (Foreign Currencies in Thousands)	December 31, 2013 (Foreign Currencies in Thousands)	Shares/Units	Percentage of Ownership	Carrying Amount			Stock	Cash	
The Company	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208 (US\$ 40,137)	\$ 1,295,208 (US\$ 40,137)	40,137,184	100	\$ 2,887,718	\$ 46,869	\$ 46,869	\$ -	\$ -	Note 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	23,282 (US\$ 750)	23,282 (US\$ 750)	750,000	100	70,458	(2,838)	(2,838)	-	-	Note 2
	GEM Terminal (Cayman)	Grand Cayman, Cayman Islands	International investment	134,122 (US\$ 4,510)	118,957 (US\$ 4,010)	4,510,000	100	126,292	(1,219)	(1,219)	-	-	Note 2
								<u>\$ 3,084,468</u>	<u>\$ 42,812</u>	<u>\$ 42,812</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	90,134 (HK\$ 22,000)	90,134 (HK\$ 22,000)	21,999,998	100	\$ 86,954	\$ (2,816)	\$ (2,816)	-	-	Note 2 and 3
Global (Cayman)	Vibo	Hong Kong	Investment and trading	1,541,063 (HK\$ 359,973)	1,541,063 (HK\$ 359,973)	359,972,616	100	\$ 2,971,744	\$ 47,953	\$ 47,953	-	-	Note 2
	Global (HK)	Hong Kong	International trading	3,747 (HK\$ 1,000)	3,747 (HK\$ 1,000)	1,000,000	100	4,957	(1,058)	(1,058)	-	-	Note 2 and 3
								<u>\$ 2,976,701</u>	<u>\$ 46,895</u>	<u>\$ 46,895</u>			
GEM Terminal (Cayman)	Rui Zhan Hardware 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;	131,518 (US\$ 4,410)	86,076 (US\$ 2,910)	-	100	\$ 126,018	\$ (1,065)	\$ (1,065)	-	-	Note 2
Vibo	You Mao	Hong Kong	International trading	Note1	Note1	-	100	\$ -	\$ -	\$ -	-	-	Note 2

Note 1: The Company has not yet remitted the investment capital to You Mao.

Note 2: It was eliminated on consolidation.

Note 3: Net of unrealized profits.

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2014

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2014	Net Gain of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Note 1)	Carrying Amount as of June 30, 2014 (Notes 1 and 2)	Accumulated Repatriation of Investment Income as of June 30, 2014
					Outward	Inward						
GEM (Dongguan)	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing. Wholesale and import / export terminals, electrical parts, computer plug, mold terminal crimping machine, electronic hardware plastic machinery, copper strips, copper (excluding state trading commodities, and which involves quota license management, special regulation management follow relevant regulations).	\$ 815,052 (RMB 169,467)	The investment was made through vibo, established in a third country to invest in companies located in Mainland China.	\$ 452,130 (US\$ 14,159 thousand)	\$ -	\$ -	\$ 452,130 (US\$ 14,159 thousand)	\$ 44,003	100	\$ 34,492 (US\$ 1,147 thousand)	\$ 1,015,608 (US\$ 34,012 thousand)	\$ -
GEM (Suzhou)	Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products ; and wholesale and export the similar kind of products as the Company owns and metal materials ( excluding precious metals ) but not involving state trading commodities, which involves quota and license management products follows relevant Government regulations.	1,205,641 (RMB 250,679)	The investment was made through vibo, established in a third country to invest in companies located in Mainland China.	741,320 (US\$ 23,000 thousand)	-	-	741,320 (US\$ 23,000 thousand)	17,663	100	16,859 (US\$ 563 thousand)	1,987,942 (US\$ 66,575 thousand)	-
						\$ 1,193,450 (US\$ 37,159 thousand)						

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,193,450 (US\$37,159 thousand)	\$1,693,062 (US\$56,700 thousand)	\$1,742,534

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.

## GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

## INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2014

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

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
0	GEM Terminal	Genius (HK)	1	Sales	\$ 14,345	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Property, plant and equipment for sale - current	7,561	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	12,814	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	26,851	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Expense of patent right	718	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Property, plant and equipment for sale - current	14,686	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	1	Other receivable	2,022	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Sales	5,607	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Property, plant and equipment for sale - current	3,807	Payment terms are four months, no comparable transactions	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	658,809	Payment terms are four months, no comparable transactions	34	Note 1
		Genius (HK)	3	Accounts receivable	123,054	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	3	Sales	7,001	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Accounts receivable	6,949	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Sales	36	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	3	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	269,025	Payment terms are four months, no comparable transactions	14	Note 1
		GEM Terminal	2	Accounts receivable	145,683	Payment terms are four months, no comparable transactions	2	Note 1
		GEM Terminal	2	Other receivable	13,256	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	22,251	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Accounts receivable	4,771	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Other receivable	407	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	34,585	Payment terms are four months, no comparable transactions	2	Note 1
		GEM Terminal	2	Accounts receivable	7,112	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	9,554	Payment terms are four months, no comparable transactions	-	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	8,722	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	22	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	140,367	Payment terms are four months, no comparable transactions	7	Note 1
		Global (HK)	3	Accounts receivable	49,362	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Sales	52,259	Payment terms are four months, no comparable transactions	3	Note 1
		GEM (Dongguan)	3	Accounts receivable	34,676	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	540	Payment terms are four months, no comparable transactions	-	Note 1

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary