

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (the "Group") as of March 31, 2019 and 2018 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2019

Notice to Readers

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,369,461	23	\$ 1,501,888	25	\$ 1,222,269	20
Financial assets at fair value through other comprehensive income - current (Note 8)	126,988	2	93,727	2	113,739	2
Notes receivable (Note 9)	148,345	3	86,222	1	176,272	3
Accounts receivable, net (Note 9)	916,481	16	1,083,129	18	1,102,632	18
Other receivables	4,354	-	8,745	-	675	-
Current tax assets (Note 4)	2,574	-	2,502	-	1,309	-
Inventories (Note 10)	914,719	15	809,566	14	1,087,989	17
Other financial assets - current (Notes 11 and 28)	179,615	3	176,980	3	189,800	3
Other current assets (Notes 15 and 28)	134,197	2	140,197	2	126,829	2
Total current assets	<u>3,796,734</u>	<u>64</u>	<u>3,902,956</u>	<u>65</u>	<u>4,021,514</u>	<u>65</u>
NONCURRENT ASSETS						
Property, plant and equipment (Notes 13, 28 and 29)	1,872,915	32	1,861,249	31	1,933,164	31
Right-of-use assets (Notes 3, 4, 14, 27 and 28)	99,544	2	-	-	-	-
Deferred tax assets (Note 4)	138,914	2	129,798	2	145,529	2
Prepayments for equipment (Note 29)	16,468	-	20,411	-	30,445	1
Other financial assets - noncurrent (Note 11)	1,734	-	1,696	-	1,758	-
Long-term prepayments for lease (Notes 15 and 28)	-	-	90,040	2	91,282	1
Other noncurrent assets	6,744	-	5,616	-	6,028	-
Total noncurrent assets	<u>2,136,319</u>	<u>36</u>	<u>2,108,810</u>	<u>35</u>	<u>2,208,206</u>	<u>35</u>
TOTAL	<u>\$ 5,933,053</u>	<u>100</u>	<u>\$ 6,011,766</u>	<u>100</u>	<u>\$ 6,229,720</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 28)	\$ 1,095,082	18	\$ 884,377	15	\$ 738,843	12
Short-term bills payable (Note 18)	100,000	2	100,000	2	50,000	1
Financial liabilities at fair value through profit or loss - current (Note 7)	25	-	832	-	-	-
Notes payable (Note 16)	187,500	3	185,096	3	171,816	3
Accounts payable (Note 16)	301,449	5	493,159	8	454,338	7
Other payables (Note 17)	175,713	3	178,335	3	158,263	2
Current tax liabilities (Note 4)	-	-	5,480	-	3,729	-
Lease liabilities - current (Notes 3, 4, 14, and 27)	1,570	-	-	-	-	-
Long-term borrowings - current portion (Notes 18 and 28)	696,758	12	613,128	10	667,156	11
Other current liabilities	6,823	-	7,649	-	9,097	-
Total current liabilities	<u>2,564,920</u>	<u>43</u>	<u>2,468,056</u>	<u>41</u>	<u>2,253,242</u>	<u>36</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 18 and 28)	665,841	11	899,451	15	1,097,771	18
Deferred tax liabilities (Note 4)	80,256	1	78,732	1	103,218	2
Lease liabilities - noncurrent (Notes 3, 4, 14 and 27)	5,389	-	-	-	-	-
Net defined benefit liabilities (Note 4)	25,931	1	26,221	1	37,488	-
Total noncurrent liabilities	<u>777,417</u>	<u>13</u>	<u>1,004,404</u>	<u>17</u>	<u>1,238,477</u>	<u>20</u>
Total liabilities	<u>3,342,337</u>	<u>56</u>	<u>3,472,460</u>	<u>58</u>	<u>3,491,719</u>	<u>56</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	1,692,000	28	1,692,000	28	1,692,000	27
Capital surplus	271,315	5	271,315	5	271,315	5
Retained earnings						
Legal reserve	343,170	6	343,170	6	343,170	5
Unappropriated earnings	246,850	4	273,586	4	355,974	6
Total retained earnings	590,020	10	616,756	10	699,144	11
Other equity	37,381	1	(40,765)	(1)	75,542	1
Total equity	<u>2,590,716</u>	<u>44</u>	<u>2,539,306</u>	<u>42</u>	<u>2,738,001</u>	<u>44</u>
TOTAL	<u>\$ 5,933,053</u>	<u>100</u>	<u>\$ 6,011,766</u>	<u>100</u>	<u>\$ 6,229,720</u>	<u>100</u>

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 21)	\$ 777,876	100	\$ 930,737	100
OPERATING COSTS (Notes 10 and 22)	<u>691,925</u>	<u>89</u>	<u>849,180</u>	<u>91</u>
GROSS PROFIT	<u>85,951</u>	<u>11</u>	<u>81,557</u>	<u>9</u>
OPERATING EXPENSES (Note 22)				
Marketing	35,238	5	35,045	4
General and administrative	46,700	6	50,344	5
Research and development	3,629	-	3,915	-
Expected credit loss (Note 9)	<u>368</u>	<u>-</u>	<u>4,914</u>	<u>1</u>
Total operating expenses	<u>85,935</u>	<u>11</u>	<u>94,218</u>	<u>10</u>
GAIN (LOSS) FROM OPERATIONS	<u>16</u>	<u>-</u>	<u>(12,661)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Other income	3,618	1	2,494	-
Other gains and losses	(32,435)	(4)	(16,360)	(2)
Finance costs	<u>(13,877)</u>	<u>(2)</u>	<u>(13,337)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(42,694)</u>	<u>(5)</u>	<u>(27,203)</u>	<u>(3)</u>
CONSOLIDATED LOSS BEFORE INCOME TAX	(42,678)	(5)	(39,864)	(4)
INCOME TAX BENEFIT (Notes 4 and 23)	<u>(10,052)</u>	<u>(1)</u>	<u>(7,422)</u>	<u>(1)</u>
CONSOLIDATED NET LOSS	<u>(32,626)</u>	<u>(4)</u>	<u>(32,442)</u>	<u>(3)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	14,561	2	(2,664)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,098)	-	292	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	\$ 72,865	9	\$ 39,337	4
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(292)</u>	<u>-</u>	<u>4,694</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>84,036</u>	<u>11</u>	<u>41,659</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 51,410</u>	<u>7</u>	<u>\$ 9,217</u>	<u>1</u>
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ (32,626)</u>	<u>(4)</u>	<u>\$ (32,442)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 51,410</u>	<u>7</u>	<u>\$ 9,217</u>	<u>1</u>
NET LOSS PER SHARE (Note 24)				
Basic	<u>\$ (0.19)</u>		<u>\$ (0.19)</u>	
Diluted	<u>\$ (0.19)</u>		<u>\$ (0.19)</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Company					Other Equity					Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings		Total	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Loss on Available -for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	Remeasurement of Defined Benefit Plans	Total	
			Legal Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2019	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 273,586	\$ 616,756	\$ (8,988)	\$ -	\$ (37,167)	\$ 5,390	\$ (40,765)	\$ 2,539,306
Net loss for the three months ended March 31, 2019	-	-	-	(32,626)	(32,626)	-	-	-	-	-	(32,626)
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	11,463	-	72,573	-	84,036	84,036
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	(32,626)	(32,626)	11,463	-	72,573	-	84,036	51,410
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	5,890	5,890	(5,890)	-	-	-	(5,890)	-
BALANCE, MARCH 31, 2019	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 246,850	\$ 590,020	\$ (3,415)	\$ -	\$ 35,406	\$ 5,390	\$ 37,381	\$ 2,590,716
BALANCE, JANUARY 1, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 386,197	\$ 729,367	\$ -	\$ (3,166)	\$ 33,232	\$ 6,036	\$ 36,102	\$ 2,728,784
Effect of retrospective application	-	-	-	-	-	(3,166)	3,166	-	-	-	-
BALANCE, JANUARY 1, 2018 AS ADJUSTED	1,692,000	271,315	343,170	386,197	729,367	(3,166)	-	33,232	6,036	36,102	2,728,784
Net loss for the three months ended March 31, 2018	-	-	-	(32,442)	(32,442)	-	-	-	-	-	(32,442)
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	(2,154)	-	44,031	(218)	41,659	41,659
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	(32,442)	(32,442)	(2,154)	-	44,031	(218)	41,659	9,217
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	2,219	2,219	(2,219)	-	-	-	(2,219)	-
BALANCE, MARCH 31, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 355,974	\$ 699,144	\$ (7,539)	\$ -	\$ 77,263	\$ 5,818	\$ 75,542	\$ 2,738,001

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated loss before income tax	\$ (42,678)	\$ (39,864)
Adjustments for:		
Depreciation expense	65,820	62,297
Amortization expense	606	1,342
Expected credit loss recognized	368	4,914
Finance costs	13,877	13,337
Interest income	(2,144)	(1,789)
Loss on disposal of property, plant and equipment and fire loss, net	25,299	2,998
Write-down of inventories and fire damage	965	12,873
Other non-cash items	1,125	4,159
Changes in operating assets and liabilities		
Notes receivable	(62,123)	(25,809)
Accounts receivable	166,056	108,940
Other receivables	3,922	-
Inventories	(106,584)	(127,267)
Other current assets	3,645	42,529
Financial liabilities held for trading	(3,058)	-
Notes payable	2,404	22,846
Accounts payable	(191,710)	(136,084)
Other payables	(12,179)	(16,272)
Other current liabilities	(100)	1,476
Net defined benefit liabilities	(8,499)	(7,324)
Cash used in operations	(144,988)	(76,698)
Interest received	2,613	2,888
Income tax paid	(5,981)	(4,576)
Net cash used in operating activities	<u>(148,356)</u>	<u>(78,386)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(460,079)	(225,575)
Proceeds from disposal of financial assets at fair value through other comprehensive income	441,825	223,807
Acquisition of property, plant and equipment	(45,486)	(72,511)
Proceeds from disposal of property, plant and equipment	51	160
Decrease (increase) in other financial assets	(2,673)	80,132
Increase in other noncurrent assets	(1,658)	(467)
Net cash generated from (used in) investing activities	<u>(68,020)</u>	<u>5,546</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	645,445	214,848

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2019	2018
Decrease in short-term borrowings	\$ (441,860)	\$ (312,550)
Increase in short-term bills payable	100,000	-
Decrease in short-term bills payable	(100,000)	(50,000)
Increase in long-term borrowings	-	254,931
Repayment of long-term borrowings	(149,995)	(262,100)
Interest paid	<u>(14,470)</u>	<u>(14,156)</u>
Net cash generated from (used in) financing activities	<u>39,120</u>	<u>(169,027)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>44,829</u>	<u>33,412</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(132,427)	(208,455)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,501,888</u>	<u>1,430,724</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,369,461</u>	<u>\$ 1,222,269</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors for issue on May 10, 2019.

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

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

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

IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their accounting treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement Contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group will elect to apply IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal and interest of lease liabilities are both classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land and property use rights located in China and Vietnam were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.69%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 1,962
Less: Recognition exemption for short-term leases	(970)
Less: Recognition exemption for leases of low-value assets	<u>(224)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 768</u>

(Continued)

Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 755
Add: Adjustments as a result of a different treatment of extension options	<u>3,592</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 4,347</u> (Concluded)

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Adjusted Amount as of January 1, 2019
Right-of-use assets	\$ -	\$ 96,742	\$ 96,742
Other current assets	2,355	(2,355)	-
Long-term prepayments for lease	<u>90,040</u>	<u>(90,040)</u>	<u>-</u>
Total effect on assets	<u>\$ 92,395</u>	<u>\$ 4,347</u>	<u>\$ 96,742</u>
Lease liabilities - current	\$ -	\$ 694	\$ 694
Lease liabilities - noncurrent	<u>-</u>	<u>3,653</u>	<u>3,653</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 4,347</u>	<u>\$ 4,347</u>
Total effect on equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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 Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

The basis of preparation applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018.

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

d. Other significant accounting policy

Except for leases and the following, please refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2018.

1) Leases

a) 2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses

and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments (including fixed payments). The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

b) 2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

2) Retirement benefits

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

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss or other comprehensive income in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2018.

6. CASH AND CASH EQUIVALENTS

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	\$ 2,260	\$ 2,204	\$ 2,788
Checking accounts and demand deposits	1,060,015	1,144,415	831,604
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>307,186</u>	<u>355,269</u>	<u>387,877</u>
	<u>\$ 1,369,461</u>	<u>\$ 1,501,888</u>	<u>\$ 1,222,269</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Time deposits (%)	0.45-2.55	0.55-2.58	0.55-2.30

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

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

The financial liabilities at FVTPL were copper futures held for trading. The copper futures did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting. Outstanding copper futures were as follows:

	Futures Month	Lots	Contract Amount (In thousands)
<u>March 31, 2019</u>			
Copper futures			
Refined copper	May 2019	1	US\$ 73
<u>December 31, 2018</u>			
Copper futures			
Refined copper	March 2019	20	US\$1,338
Refined copper	May 2019	5	US\$ 334

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

	March 31, 2019	December 31, 2018	March 31, 2018
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 23,768	\$ 26,234	\$ 34,181
Overseas listed shares	<u>103,220</u>	<u>67,493</u>	<u>79,558</u>
	<u>\$ 126,988</u>	<u>\$ 93,727</u>	<u>\$ 113,739</u>

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

For the three months ended March 31, 2019 and 2018, the Group acquired \$460,079 thousand and \$225,575 thousand of domestic and overseas listed shares for medium and long-term strategic purposes; the management designated these investments as at FVTOCI.

For the three months ended March 31, 2019 and 2018, the Group sold its domestic and overseas listed shares in order to manage credit concentration risk. The sold shares had a fair value of \$441,825 thousand and \$223,807 thousand and the Group transferred a gain of \$5,890 thousand and \$2,219 thousand from other equity to retained earnings.

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 148,345</u>	<u>\$ 86,222</u>	<u>\$ 176,272</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 927,939	\$ 1,093,995	\$ 1,123,258
Less: Allowance for impairment loss	<u>11,458</u>	<u>10,866</u>	<u>20,626</u>
	<u>\$ 916,481</u>	<u>\$ 1,083,129</u>	<u>\$ 1,102,632</u>

a. Notes and accounts receivable

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

March 31, 2019

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	0.5-10	20-50	30-60	60-100	
Gross carrying amount	\$ 1,018,372	\$ 51,231	\$ 1,693	\$ 2,983	\$ 2,005	\$ 1,076,284
Loss allowance (Lifetime ECL)	<u>(4,351)</u>	<u>(2,718)</u>	<u>(756)</u>	<u>(1,644)</u>	<u>(1,989)</u>	<u>(11,458)</u>
Amortized cost	<u>\$ 1,014,021</u>	<u>\$ 48,513</u>	<u>\$ 937</u>	<u>\$ 1,339</u>	<u>\$ 16</u>	<u>\$ 1,064,826</u>

December 31, 2018

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-50	30-60	70-100	
Gross carrying amount	\$ 1,117,705	\$ 58,633	\$ 1,586	\$ 315	\$ 1,978	\$ 1,180,217
Loss allowance (Lifetime ECL)	<u>(4,888)</u>	<u>(3,302)</u>	<u>(744)</u>	<u>(166)</u>	<u>(1,766)</u>	<u>(10,866)</u>
Amortized cost	<u>\$ 1,112,817</u>	<u>\$ 55,331</u>	<u>\$ 842</u>	<u>\$ 149</u>	<u>\$ 212</u>	<u>\$ 1,169,351</u>

March 31, 2018

	Not Past Due	Past Due 1to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	2-10	20-40	30-60	50-100	
Gross carrying amount	\$ 1,227,056	\$ 54,593	\$ 2,615	\$ 8,299	\$ 6,967	\$ 1,299,530
Loss allowance (Lifetime ECL)	<u>(5,192)</u>	<u>(3,006)</u>	<u>(950)</u>	<u>(4,531)</u>	<u>(6,947)</u>	<u>(20,626)</u>
Amortized cost	<u>\$ 1,221,864</u>	<u>\$ 51,587</u>	<u>\$ 1,665</u>	<u>\$ 3,768</u>	<u>\$ 20</u>	<u>\$ 1,278,904</u>

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

	For the Three Months Ended March 31	
	2019	2018
Balance at January 1	\$ 10,866	\$ 15,473
Add: Net remeasurement of loss allowance	368	4,914
Foreign exchange gains and losses	<u>224</u>	<u>239</u>
Balance at March 31	<u>\$ 11,458</u>	<u>\$ 20,626</u>

b. Credit risk of notes and accounts receivable

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

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

	March 31, 2019	December 31, 2018	March 31, 2018
Group A	<u>\$ 150,487</u>	<u>\$ 146,965</u>	<u>\$ 187,894</u>

10. INVENTORIES

	March 31, 2019	December 31, 2018	March 31, 2018
Work in process	\$ 284,621	\$ 161,590	\$ 269,265
Finished goods	201,789	217,798	352,418
Raw materials	362,785	367,997	386,401
Supplies	<u>65,524</u>	<u>62,181</u>	<u>79,905</u>
	<u>\$ 914,719</u>	<u>\$ 809,566</u>	<u>\$ 1,087,989</u>

All operating costs recognized for the three months ended March 31, 2019 and 2018 were the cost of inventories, which included the following items:

	For the Three Months Ended March 31	
	2019	2018
Write-down (reversal of write-down) of inventories	\$ (1,530)	\$ 12,873
Fire damage	2,495	-
Others	<u>(930)</u>	<u>3,906</u>
	<u>\$ 35</u>	<u>\$ 16,779</u>

In January 2019, the certain area of Subsidiary GEM VN accrued fire accident, some inventories were damaged. As of May 10, 2019, the insurance claim was still in progress.

11. OTHER FINANCIAL ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Time deposits with original maturities more than 3 months	\$ 160,715	\$ 155,815	\$ 161,099
Pledge time deposits	10,462	9,632	25,603
Refundable deposits	<u>10,172</u>	<u>13,229</u>	<u>4,856</u>
	<u>\$ 181,349</u>	<u>\$ 178,676</u>	<u>\$ 191,558</u>
Current	\$ 179,615	\$ 176,980	\$ 189,800
Noncurrent	<u>1,734</u>	<u>1,696</u>	<u>1,758</u>
	<u>\$ 181,349</u>	<u>\$ 178,676</u>	<u>\$ 191,558</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Time deposits (%)	1.35-1.55	0.30-1.55	1.10-1.55

b. The counterparty of the Group's time deposits were banks with good credit and no significant default concerns, hence, there was no expected credit loss.

c. Refer to Note 28 for the pledge information of other financial assets.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			March 31, 2019	December 31, 2018	March 31, 2018
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 3	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	Note 3	100	100	100

Note 1: International investment.

Note 2: International trading.

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

13. PROPERTY, PLANT, AND EQUIPMENT

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

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

Three months ended March 31, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 146,218	\$ 1,054,182	\$ 1,564,038	\$ 61,923	\$ 773,416	\$ 108,121	\$ 3,707,898
Additions	-	1,248	38,061	1,381	19,872	7,256	67,818
Fire damage	-	(13,591)	(9,188)	-	(4,969)	-	(27,748)
Disposal	-	(292)	(8,606)	(321)	(11,393)	-	(20,612)
Effect of foreign currency exchange differences	-	15,708	33,817	1,023	16,720	6,823	74,091
Balance at March 31, 2019	<u>\$ 146,218</u>	<u>\$ 1,057,255</u>	<u>\$ 1,618,122</u>	<u>\$ 64,006</u>	<u>\$ 793,646</u>	<u>\$ 122,200</u>	<u>\$ 3,801,447</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	\$ -	\$ (474,555)	\$ (904,637)	\$ (43,065)	\$ (424,392)	\$ -	\$ (1,846,649)
Depreciation expenses	-	(10,940)	(27,357)	(765)	(25,766)	-	(64,828)
Fire damage	-	1,413	1,252	-	936	-	3,601
Disposal	-	227	7,593	313	11,276	-	19,409
Effect of foreign currency exchange differences	-	(6,450)	(23,980)	(864)	(8,771)	-	(40,065)
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ (490,305)</u>	<u>\$ (947,129)</u>	<u>\$ (44,381)</u>	<u>\$ (446,717)</u>	<u>\$ -</u>	<u>\$ (1,928,532)</u>
Carrying amounts at December 31, 2018 and January 1, 2019	<u>\$ 146,218</u>	<u>\$ 579,627</u>	<u>\$ 659,401</u>	<u>\$ 18,858</u>	<u>\$ 349,024</u>	<u>\$ 108,121</u>	<u>\$ 1,861,249</u>
Carrying amounts at March 31, 2019	<u>\$ 146,218</u>	<u>\$ 566,950</u>	<u>\$ 670,993</u>	<u>\$ 19,625</u>	<u>\$ 346,929</u>	<u>\$ 122,200</u>	<u>\$ 1,872,915</u>

Three months ended March 31, 2018

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

b. Estimated useful lives

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

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

- c. Refer to Note 28 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.
- d. Investing activities affecting both cash and non-cash items

	For the Three Months Ended March 31	
	2019	2018
Acquisition of property, plant and equipment	\$ 67,818	\$ 61,756
Capitalized interest	(514)	(813)
Increase (decrease) in prepayments for equipment	(3,943)	7,692
Decrease (increase) in payable for purchase of equipment	<u>(17,875)</u>	<u>3,876</u>
Cash paid	<u>\$ 45,486</u>	<u>\$ 72,511</u>

14. LEASE ARRANGEMENTS

- a. Right-of-use assets - 2019

	March 31, 2019
Carrying amounts	
Land	\$ 69,362
Buildings	<u>30,182</u>
	<u>\$ 99,544</u>
	For the Three Months Ended March 31, 2019
Additions to right-of-use assets	<u>\$ 2,582</u>
Depreciation charge for right-of-use assets	
Land	\$ 467
Buildings	<u>525</u>
	<u>\$ 992</u>

- b. Lease liabilities - 2019

	March 31, 2019
Carrying amounts	
Current	<u>\$ 1,570</u>
Noncurrent	<u>\$ 5,389</u>

Range of discount rate for lease liabilities were all 1.69%.

- c. Material lease-in activities and terms

The Group leases land and buildings for the use as plants and offices with lease terms of 1 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings but have extension options at the end of the lease terms. In addition, the Group is prohibited from subleasing or

transferring all or any portion of the underlying assets without the lessor's consent.

d. Refer to Note 28 for the carrying amount of right-of-use assets pledged as collateral for bank borrowings.

15. PREPAYMENT FOR LEASE

	December 31, 2018	March 31, 2018
Current (included in other current assets)	\$ 2,355	\$ 2,342
Noncurrent (included in long-term prepayments for lease)	<u>90,040</u>	<u>91,282</u>
	<u>\$ 92,395</u>	<u>\$ 93,624</u>

Prepayments for lease are for land use rights and property use rights in China and Vietnam, of which \$5,496 thousand are in the process of obtaining the land use right certificate. The years of use for land use rights in China is 50 years, which will expire from December 2046 to September 2061 in a row. The years of use for land and property use rights in Vietnam are 40-50 years, which will expire from October 2054 to December 2066 in a row.

Refer to Note 28 for the carrying amount of prepayments for lease pledged as collateral for bank borrowings.

16. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

17. OTHER PAYABLES

	March 31, 2019	December 31, 2018	March 31, 2018
Payable for purchase of equipment	\$ 55,242	\$ 37,367	\$ 43,401
Payable for salaries and bonuses	40,232	45,430	40,515
Payable for freight	15,431	18,091	15,958
Payable for service fees	11,305	13,385	8,675
Payable for tax	6,186	1,619	5,591
Payable for employees' compensation and remuneration of directors and supervisors	-	-	2,539
Payable for utilities expense	4,911	6,250	2,248
Payable for pension	815	9,830	809
Others	<u>41,591</u>	<u>46,363</u>	<u>38,527</u>
	<u>\$ 175,713</u>	<u>\$ 178,335</u>	<u>\$ 158,263</u>

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

18. BORROWINGS

a. Short-term borrowings

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured borrowings	\$ 456,655	\$ 387,051	\$ 142,776
Secured borrowings	<u>638,427</u>	<u>497,326</u>	<u>596,067</u>
	<u>\$ 1,095,082</u>	<u>\$ 884,377</u>	<u>\$ 738,843</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured borrowings (%)	1.15-3.80	1.25-3.60	1.35-1.75
Secured borrowings (%)	3.28-4.57	3.48-4.57	2.97-4.35

b. Short-term bills payable

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

	March 31, 2019	December 31, 2018	March 31, 2018
Short-term bills payable (%)	1.24-1.28	1.17-1.24	1.10

As of March 31 2019 and December 31, 2018, commercial papers of \$50,000 thousand were issued and granted by China Bills Finance Corporation and International Bills Corporation, respectively. As of March 31, 2018, commercial paper was issued and granted by China Bills Finance Corporation. The commercial papers above were issued with one year revolving credit facilities.

c. Long-term borrowings

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured borrowings	\$ 1,300,417	\$ 1,433,917	\$ 1,696,584
Secured borrowings	<u>62,182</u>	<u>78,662</u>	<u>68,343</u>
	1,362,599	1,512,579	1,764,927
Less: Current portion	<u>696,758</u>	<u>613,128</u>	<u>667,156</u>
	<u>\$ 665,841</u>	<u>\$ 899,451</u>	<u>\$ 1,097,771</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured borrowings (%)	1.49-2.06	1.49-2.06	1.49-2.09
Secured borrowings (%)	3.75-4.30	3.75-4.00	2.85-3.20

Under the loan agreements with certain banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. The financial ratio of the

Group as of December 31, 2018 and 2017 were in compliance with the requirements stated in the loan agreements.

19. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2019 and 2018, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$229 thousand and \$303 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017.

20. EQUITY

a. Ordinary shares

	March 31, 2019	December 31, 2018	March 31, 2018
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>
Shares issued	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>	<u>\$ 1,692,000</u>

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

b. Capital Surplus

	March 31, 2019	December 31, 2018	March 31, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares			
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

c. Retained of Earnings and Dividend Policy

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

stockholders.

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

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

The deficit compensation for 2018 and 2017 were approved in the board of director's meeting on March 26, 2019 and the stockholders' meeting on June 13, 2018, respectively.

The deficit compensation for 2018 are subject to the resolution of the stockholders' meeting to be held on June 25, 2019.

d. Other Equity Items

1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2019	2018
Balance at January 1	\$ (37,167)	\$ 33,232
Effect of change in tax rate	-	2,914
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	<u>72,573</u>	<u>41,117</u>
Balance at March 31	<u>\$ 35,406</u>	<u>\$ 77,263</u>

2) Unrealized loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2019	2018
Balance at January 1	\$ (8,988)	\$ (3,166)
Recognized during the period		
Unrealized loss - equity instruments	11,463	(2,154)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(5,890)</u>	<u>(2,219)</u>
Balance at March 31	<u>\$ (3,415)</u>	<u>\$ (7,539)</u>

3) Remeasurement of defined benefit plans

	For the Three Months Ended March 31	
	2019	2018
Balance at January 1	\$ 5,390	\$ 6,036
Effect of change in tax rate	<u>-</u>	<u>(218)</u>
Balance at March 31	<u>\$ 5,390</u>	<u>\$ 5,818</u>

21. OPERATING REVENUE

	For the Three Months Ended March 31	
	2019	2018
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 777,876</u>	<u>\$ 930,737</u>

a. Contact balances

	March 31, 2019	December 31, 2018	March 31, 2018	January 1, 2018
Notes receivable (Notes 9)	\$ 148,345	\$ 86,222	\$ 176,272	\$ 150,463
Accounts receivable, net (Notes 9)	<u>916,481</u>	<u>1,083,129</u>	<u>1,102,632</u>	<u>1,216,725</u>
	<u>\$ 1,064,826</u>	<u>\$ 1,169,351</u>	<u>\$ 1,278,904</u>	<u>\$ 1,367,188</u>

b. Disaggregation of revenue

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

22. CONSOLIDATED LOSS BEFORE INCOME TAX

Consolidated loss before income tax including following items:

a. Other income

	For the Three Months Ended March 31	
	2019	2018
Interest income	\$ 2,144	\$ 1,789
Others	<u>1,474</u>	<u>705</u>
	<u>\$ 3,618</u>	<u>\$ 2,494</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2019	2018
Foreign exchange losses, net	\$ (4,257)	\$ (13,059)
Loss on disposal of property, plant and equipment, net	(1,152)	(2,998)
Fire damage	(24,147)	-
Others	<u>(2,879)</u>	<u>(303)</u>
	<u>\$ (32,435)</u>	<u>\$ (16,360)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2019	2018
Interest expense of borrowings	\$ 14,361	\$ 14,150
Interest on lease liabilities	30	-
Less: Amounts included in the cost of qualifying assets	<u>514</u>	<u>813</u>
	<u>\$ 13,877</u>	<u>\$ 13,337</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2019	2018
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 514	\$ 813
Capitalization rate (%)	1.54-4.92	1.33-5.16

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2019	2018
Property, plant and equipment	\$ 64,828	\$ 62,297
Prepayments for lease (current/noncurrent)	-	664
Right-of-use assets	992	-
Other assets	<u>606</u>	<u>678</u>
	<u>\$ 66,426</u>	<u>\$ 63,639</u>

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

	For the Three Months Ended March 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	\$ 55,966	\$ 53,305
Operating expenses	<u>9,854</u>	<u>8,992</u>
	<u>\$ 65,820</u>	<u>\$ 62,297</u>
An analysis of amortization by function		
Operating costs	\$ 36	\$ 69
Operating expenses	<u>570</u>	<u>1,273</u>
	<u>\$ 606</u>	<u>\$ 1,342</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2019	2018
Short-term employee benefits	\$ <u>114,539</u>	\$ <u>122,720</u>
Post-employment benefits (Note 19)	7,141	7,908
Defined contribution plans	<u>229</u>	<u>303</u>
Defined benefit plans	<u>7,370</u>	<u>8,211</u>
	<u>\$ 121,909</u>	<u>\$ 130,931</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 87,849	\$ 93,017
Operating expenses	<u>34,060</u>	<u>37,914</u>
	<u>\$ 121,909</u>	<u>\$ 130,931</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and \$2,100 thousand, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors. For the three months ended March 31, 2019 and 2018, the Company had incurred net loss, hence, no employees' compensation and remuneration of directors and supervisors were accrued for the period.

For the year ended December 31, 2018, the Company had incurred net loss, hence, no employees' compensation and remuneration of directors and supervisors were accrued for the year. The appropriations of employees' compensation and remuneration of directors and supervisors for 2017 resolved by the board of directors on March 23, 2018 were as below:

	<u>Amount</u> 2018
Employees' compensation	\$ 439
Remuneration of directors and supervisors	2,100

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

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

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax benefit are as follows:

	For the Three Months Ended March 31	
	2019	2018
Current tax		
In respect of the current period	\$ 91	\$ -
Adjustments for prior periods	<u>338</u>	<u>610</u>
	<u>429</u>	<u>610</u>
Deferred tax		
In respect of the current period	(11,281)	4,386
Effect of change in tax rate	-	(12,418)
Adjustments for prior periods	<u>800</u>	<u>-</u>
	<u>(10,481)</u>	<u>(8,032)</u>
Income tax benefit recognized in profit or loss	<u>\$ (10,052)</u>	<u>\$ (7,422)</u>

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

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2019	2018
Deferred tax		
Disposal of investments in equity instruments designated as at FVTOCI	<u>\$ (2,388)</u>	<u>\$ (658)</u>
Income tax expense recognized directly in equity	<u>\$ (2,388)</u>	<u>\$ (658)</u>

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

	For the Three Months Ended March 31	
	2019	2018
Deferred tax		
Effect of change in tax rate	\$ -	\$ 2,696
In respect of the current period		
Translations of foreign operations	(292)	1,780
Fair Value changes of financial assets at FVTOCI	<u>(3,098)</u>	<u>510</u>
Income tax benefit (expense) recognized in comprehensive income (loss)	<u>\$ (3,390)</u>	<u>\$ 4,986</u>

d. Income tax assessments

The tax returns of the Company through 2016 have been assessed by the tax authorities.

GEM Dongguan, GEM Suzhou and GEM VN had completed the filing of their income tax returns through 2017 with the tax authorities.

24. NET LOSS PER SHARE (EPS)

There is no diluted effect for the three months ended March 31, 2019 and 2018 for net loss incurred. The net loss and weighted average number of ordinary shares outstanding used in the computation of EPS were as follows:

Net loss for the periods attributable to owners of the Company

	For the Three Months Ended March 31	
	2019	2018
Net loss used in the computation of basic/diluted EPS	<u>\$ (32,626)</u>	<u>\$ (32,442)</u>

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

	For the Three Months Ended March 31	
	2019	2018
Weighted average number of ordinary shares in computation of basic /diluted EPS	<u>169,200</u>	<u>169,200</u>

25. 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 18)

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

26. FINANCIAL INSTRUMENTS

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

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

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

March 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 23,768	\$ -	\$ -	\$ 23,768
Overseas listed shares	<u>103,220</u>	<u>-</u>	<u>-</u>	<u>103,220</u>
	<u>\$ 126,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,988</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Copper futures	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 26,234	\$ -	\$ -	\$ 26,234
Overseas listed shares	<u>67,493</u>	<u>-</u>	<u>-</u>	<u>67,493</u>
	<u>\$ 93,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,727</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Copper futures	<u>\$ 832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832</u>

March 31, 2018

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

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2019 and 2018.

c. Categories of financial instruments

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,619,990	\$ 2,858,660	\$ 2,693,406
Financial assets at FVTOCI			
Equity instruments	126,988	93,727	113,739
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	3,222,343	3,353,546	3,338,187
Financial liabilities at FVTPL			
Held for trading	25	832	-

Note 1: Included cash and cash equivalents, notes receivable, net of accounts receivable, other receivables and other financial assets.

Note 2: Included short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables, and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, accounts receivable, other financial assets, borrowings, short-term bills payable, notes payable, accounts payable and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through analyzing exposures to risks. These risks include market risk, credit risk and liquidity risk.

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) exposed to foreign currency risk at the end of the reporting year are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	For the Three Months Ended March 31	
	2019	2018
USD	\$ 2,296	\$ 993
HKD	1,742	2,688

b) Interest rate risk

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

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

	March 31, 2019	December 31, 2018	March 31, 2018
Fair value interest rate risk			
Financial assets	\$ 478,363	\$ 520,716	\$ 574,579
Financial liabilities	942,444	942,286	1,270,902
Cash flow interest rate risk			
Financial assets	1,059,884	1,144,284	831,472
Financial liabilities	1,622,196	1,554,670	1,282,868

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2019 and 2018 would decrease/increase \$1,406 thousand and \$1,128 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

c) Other price risk

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2019 and 2018 would increase/decrease by \$1,270 thousand and \$1,137 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

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

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

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

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

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

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5-10 Years
<u>March 31, 2019</u>					
Fixed interest rate liabilities	\$ 209,958	\$ 138,739	\$ 476,515	\$ 125,273	\$ -
Variable interest rate liabilities	45,108	141,369	919,975	550,132	-
Lease liabilities	-	-	1,658	4,852	768
Non-interest bearing	<u>373,643</u>	<u>233,320</u>	<u>55,864</u>	<u>-</u>	<u>-</u>
	<u>\$ 628,709</u>	<u>\$ 513,428</u>	<u>\$ 1,454,012</u>	<u>\$ 680,257</u>	<u>\$ 768</u>
<u>December 31, 2018</u>					
Fixed interest rate liabilities	\$ 51,497	\$ 248,071	\$ 483,257	\$ 175,930	\$ -
Variable interest rate liabilities	152,530	127,791	572,462	733,934	-
Non-interest bearing	<u>500,833</u>	<u>253,821</u>	<u>99,990</u>	<u>-</u>	<u>-</u>
	<u>\$ 704,860</u>	<u>\$ 629,683</u>	<u>\$ 1,155,709</u>	<u>\$ 909,864</u>	<u>\$ -</u>
<u>March 31, 2018</u>					
Fixed interest rate liabilities	\$ 51,657	\$ 170,063	\$ 777,077	\$ 298,939	\$ -
Variable interest rate liabilities	15,326	48,232	436,834	816,971	-
Non-interest bearing	<u>406,710</u>	<u>309,960</u>	<u>65,641</u>	<u>-</u>	<u>-</u>
	<u>\$ 473,693</u>	<u>\$ 528,255</u>	<u>\$ 1,279,552</u>	<u>\$ 1,115,910</u>	<u>\$ -</u>

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

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

b) Liquidity risk tables for derivative financial instruments

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

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
<u>March 31, 2019</u>			
Net settled			
Copper Futures	<u>\$ -</u>	<u>\$ (25)</u>	<u>\$ -</u>
<u>December 31, 2018</u>			
Net settled			
Copper Futures	<u>\$ -</u>	<u>\$ (702)</u>	<u>\$ (130)</u>

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred

substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of March 31, 2019, the face amounts of these unsettled bills receivable were \$74,407 thousand. The unsettled bills receivable will be due in 1-3 months after the end of the reporting period. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the three months ended March 31, 2019, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the period or cumulatively.

27. TRANSACTIONS WITH RELATED PARTIES

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

- a. Related party name and its relationship with the Group

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

- b. Compensation of key management personnel

	<u>For the Three Months Ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 2,498	\$ 2,116
Post-employment benefits	<u>68</u>	<u>53</u>
	<u>\$ 2,566</u>	<u>\$ 2,169</u>

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

- c. Lease arrangements

The Company leased its staff dormitory and Taipei office from related party in substance, Su, Tun-Jen, Su, Tun-Li, and Su, Tun-Yi. 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.

The relevant information of the lease arrangements were as follows:

	For the Three Months Ended March 31	
	2019	2018
Acquisition of right-of-use assets	\$ 2,582	\$ -
Interest expense	30	-
Lease expense	-	415

The balance of lease liabilities as of March 31, 2019 was \$6,959 thousand.

d. Guarantees

The Group's related party in substance jointly provided the guarantee for the loans of the Group, the information were as follows:

Guarantee	Guarantor
The Company	Su, Tun-Li, Su, Chung-Hong and Su, Bo-Chen
GEM Suzhou	Su, Tun-Li
Genius HK	Su, Chung-Hong
GEM VN	Su, Tun-Li and Su, Chung-Hong

28. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

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

	March 31, 2019	December 31, 2018	March 31, 2018
Property, plant and equipment	\$ 531,331	\$ 550,759	\$ 545,495
Pledge deposits (under other financial assets-current)	10,462	9,632	25,603
Right-of-use assets	23,793	-	-
Prepayments for lease (including current portion)	<u>-</u>	<u>23,494</u>	<u>24,485</u>
	<u>\$ 565,586</u>	<u>\$ 583,885</u>	<u>\$ 595,583</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's significant contingent liabilities and unrecognized commitments as of March 31, 2019, were as follows:

- a. The amounts of contracts for the Group's purchases of properties and materials were \$216,482 thousand, of which \$16,309 thousand had been paid.
- b. Unused letters of credit for purchases of raw materials amounted to \$16,308 thousand.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
<u>March 31, 2019</u>				
Financial assets				
Monetary items				
USD	\$ 13,004	30.82	(USD:NTD)	\$ 400,771
USD	11,203	6.7293	(USD:RMB)	345,286
USD	11,169	7.8462	(USD:HKD)	344,222
USD	2,182	23,190	(USD:VND)	67,234
HKD	2,008	3.928	(HKD:NTD)	7,889
HKD	60,988	0.8576	(HKD:RMB)	239,560
HKD	937	0.1275	(HKD:USD)	<u>3,681</u>
				<u>\$ 1,408,643</u>
Financial liabilities				
Monetary items				
USD	1,820	30.82	(USD:NTD)	\$ 56,082
USD	1,372	6.7293	(USD:RMB)	42,292
USD	5,291	7.8462	(USD:HKD)	163,060
USD	21,625	23,190	(USD:VND)	666,498
HKD	18,969	3.928	(HKD:NTD)	74,510
HKD	619	0.8576	(HKD:RMB)	<u>2,432</u>
				<u>\$ 1,004,874</u>
<u>December 31, 2018</u>				
Financial assets				
Monetary items				
USD	11,821	30.7	(USD:NTD)	\$ 362,897
USD	11,392	6.868	(USD:RMB)	349,729
USD	13,727	7.8276	(USD:HKD)	421,429
USD	2,997	23,222	(USD:VND)	92,010
HKD	2,777	3.922	(HKD:NTD)	10,890
HKD	57,788	0.8774	(HKD:RMB)	226,643
HKD	933	0.1278	(HKD:USD)	<u>3,659</u>
				<u>\$ 1,467,257</u>
Financial liabilities				
Monetary items				
USD	517	30.7	(USD:NTD)	\$ 15,859
USD	3,161	6.868	(USD:RMB)	97,040
USD	5,780	7.8276	(USD:HKD)	177,459
USD	22,156	23,222	(USD:VND)	680,189
HKD	18,716	3.922	(HKD:NTD)	73,404
HKD	500	0.8774	(HKD:RMB)	<u>1,961</u>
				<u>\$ 1,045,912</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
March 31, 2018				
Financial assets				
Monetary items				
USD	\$ 9,925	29.11	(USD:NTD)	\$ 288,906
USD	6,071	6.258	(USD:RMB)	176,721
USD	13,517	7.844	(USD:HKD)	393,471
USD	2,068	22,796	(USD:VND)	60,208
HKD	6,153	3.711	(HKD:NTD)	22,835
HKD	90,357	0.798	(HKD:RMB)	335,315
HKD	922	0.127	(HKD:USD)	<u>3,420</u>
				<u>\$ 1,280,876</u>
Financial liabilities				
Monetary items				
USD	731	29.11	(USD:NTD)	\$ 21,283
USD	4,161	6.258	(USD:RMB)	121,140
USD	6,117	7.844	(USD:HKD)	178,057
USD	17,160	22,796	(USD:VND)	499,541
HKD	24,885	3.711	(HKD:NTD)	92,348
HKD	118	0.127	(HKD:RMB)	<u>439</u>
				<u>\$ 912,808</u>
				(Concluded)

For the three months ended March 31, 2019 and 2018, realized and unrealized net foreign exchange losses were \$4,257 thousand and \$13,059 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

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

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
 - 9) Trading in derivative instruments: Note 7. For the three months ended March 31, 2019, net losses of futures contracts were \$2,251 thousand. The transaction amount was not significant.
 - 10) Inter-Company business relationship and material transactions and its amount: Table 8.
 - 11) Information on investees: Table 5.
- b. Information on investments in Mainland China

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

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

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

32. SEGMENT INFORMATION

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

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

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

The Group's reportable segments were as follows:

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

Segment revenues and results

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

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	Others	Adjustment and Elimination	Consolidated Amount
For the Three months ended March 31, 2019						
Revenue from external customers	\$ 114,365	\$ 308,230	\$ 355,231	\$ 50	\$ -	\$ 777,876
Inter-segment revenues	<u>76,832</u>	<u>90,598</u>	<u>310,525</u>	<u>198,607</u>	<u>(676,562)</u>	<u>-</u>
Segment revenues	<u>\$ 191,197</u>	<u>\$ 398,828</u>	<u>\$ 665,756</u>	<u>\$ 198,657</u>	<u>\$ (676,562)</u>	<u>\$ 777,876</u>
Segment income (loss)	<u>\$ (9,248)</u>	<u>\$ (3,365)</u>	<u>\$ (18,591)</u>	<u>\$ (4,018)</u>	<u>\$ 35,238</u>	\$ 16
Other income						3,618
Other gains and losses						(32,435)
Finance cost						(13,877)
Consolidated loss before income tax						(42,678)
Income tax						<u>10,052</u>
Consolidated net loss						<u>\$ (32,626)</u>
March 31, 2019						
Segment assets	<u>\$ 4,618,787</u>	<u>\$ 1,556,285</u>	<u>\$ 2,915,982</u>	<u>\$ 1,115,915</u>	<u>\$ (4,273,916)</u>	<u>\$ 5,933,053</u>
Segment liabilities	<u>\$ 2,028,072</u>	<u>\$ 582,380</u>	<u>\$ 858,598</u>	<u>\$ 719,821</u>	<u>\$ (846,534)</u>	<u>\$ 3,342,337</u>
For the Three months ended March 31, 2018						
Revenue from external customers	\$ 135,174	\$ 370,596	\$ 424,955	\$ 12	\$ -	\$ 930,737
Inter-segment revenues	<u>40,346</u>	<u>158,171</u>	<u>384,459</u>	<u>111,347</u>	<u>(694,323)</u>	<u>-</u>
Segment revenues	<u>\$ 175,520</u>	<u>\$ 528,767</u>	<u>\$ 809,414</u>	<u>\$ 111,359</u>	<u>\$ (694,323)</u>	<u>\$ 930,737</u>
Segment income (loss)	<u>\$ (2,366)</u>	<u>\$ 3,937</u>	<u>\$ (12,567)</u>	<u>\$ (7,307)</u>	<u>\$ 5,642</u>	\$ (12,661)
Other income						2,494
Other gains and losses						(16,360)
Finance cost						(13,337)
Consolidated loss before income tax						(39,864)
Income tax						<u>7,422</u>
Consolidated net loss						<u>\$ (32,442)</u>
March 31, 2018						
Segment assets	<u>\$ 4,801,754</u>	<u>\$ 1,685,637</u>	<u>\$ 3,198,687</u>	<u>\$ 1,014,725</u>	<u>\$ (4,471,083)</u>	<u>\$ 6,229,720</u>
Segment liabilities	<u>\$ 2,063,753</u>	<u>\$ 659,955</u>	<u>\$ 1,132,627</u>	<u>\$ 601,880</u>	<u>\$ (966,496)</u>	<u>\$ 3,491,719</u>

TABLE 1**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED March 31, 2019
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 354,430	\$ 354,430	\$ 169,510	2.1-3.2	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 518,143	\$ 1,036,286	Note 1
		GEM Suzhou	Other receivables - related parties	Yes	92,295	-	-	2.8	Short-term financing	-	Business development	-	-	-	518,143	1,036,286	Note 1
1	Vibo	GEM Dongguan	Other receivables - related parties	Yes	30,820	30,820	-	2.8	Short-term financing	-	Business development	-	-	-	603,208	1,206,416	Note 1
		GEM Suzhou	Other receivables - related parties	Yes	30,820	30,820	-	2.8	Short-term financing	-	Business development	-	-	-	603,208	1,206,416	Note 1
2	Global Cayman	Global HK	Other receivables - related parties	Yes	24,634	12,328	12,328	2.8-3.2	Short-term financing	-	Business development	-	-	-	607,982	1,215,964	Note 1

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

Note 2: The exchange rate was US\$1 : NT\$30.82.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

March 31, 2019

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	ESON Precision Engineering Co., Ltd.	-	Financial assets at FVTOCI - current	60,000	\$ 2,034	-	\$ 2,034	
	Tai Tung Communication Co., Ltd.	-	Financial assets at FVTOCI - current	213,000	3,983	-	3,983	
	Innolux Corporation	-	Financial assets at FVTOCI - current	505,000	5,050	-	5,050	
	Microelectronics Technology Inc.	-	Financial assets at FVTOCI - current	184,000	4,757	-	4,757	
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at FVTOCI - current	811,000	5,920	-	5,920	
	Shin Kong Financial Holding	-	Financial assets at FVTOCI - current	222,880	2,024	-	2,024	
					<u>23,768</u>		<u>23,768</u>	
GEM Suzhou	<u>Stock</u>							
	Yantai Changya Pioneer Wine Co., Ltd.	-	Financial assets at FVTOCI - current	127,000	18,596	-	18,596	
	Huarun Dong's Ejiao Co., Ltd.	-	Financial assets at FVTOCI - current	165,895	36,053	-	36,053	
	China Minsheng Banking Corp., Ltd.	-	Financial assets at FVTOCI - current	1,110,000	32,232	-	32,232	
	Bank of Beijing Co., Ltd.	-	Financial assets at FVTOCI - current	90,000	2,556	-	2,556	
	Jiangsu Yanghe Brewery Joint Stock Co., Ltd.	-	Financial assets at FVTOCI - current	1,000	597	-	597	
	Ningbo Boway Alloy Material	-	Financial assets at FVTOCI - current	1,000	42	-	42	
	Shanghai Pudong Development Bank Co., Ltd.	-	Financial assets at FVTOCI - current	163,000	8,421	-	8,421	
	Luzhoulaojiao Group Co., Ltd.	-	Financial assets at FVTOCI - current	1,000	305	-	305	
	SAIC Motor Corporation Limited	-	Financial assets at FVTOCI - current	37,000	4,418	-	4,418	
					<u>103,220</u>		<u>103,220</u>	
					<u>\$ 126,988</u>		<u>\$ 126,988</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2019

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
GEM Dongguan	Genius HK	Affiliate	Sales	\$ 137,122	38	120 days after monthly closing	Note 1	Note 2	\$ 150,705	32	Note 3
GEM Suzhou	GEM Dongguan	Affiliate	Sales	229,496	35	120 days after monthly closing	Note 1	Note 2	274,388	32	Note 3
Global HK	GEM Suzhou	Affiliate	Sales	110,546	55	120 days after monthly closing	Note 1	Note 2	24,311	19	Note 3
GEM VN	Global HK	Affiliate	Sales	110,254	59	120 days after monthly closing	Note 1	Note 2	9,528	24	Note 3

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

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2019

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	GEM VN	Subsidiary	\$ 202,789	4.68	\$ -	-	\$ -	\$ -
GEM Suzhou	GEM Dongguan	Affiliate	274,598	3.11	-	-	109,004	-
	Global HK	Affiliate	104,373	3.89	-	-	38,420	-
GEM Dongguan	Genius HK	Affiliate	171,081	3.34	-	-	89,708	-

Note1: It included accounts receivable and other receivables.

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

Note3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2019			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				March 31, 2019	December 31, 2018	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,929,763	\$ (3,730)	\$ (3,897)	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	250,894	(22,192)	(22,059)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading, etc.	23,282	23,282	750,000	100	80,726	92	92	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	82,108	60	82	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	Trading and investment	1,541,063	1,541,063	359,972,616	100	3,016,041	(4,081)	(4,081)	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,335	250	432	Notes 1 and 2
GEM Cayman	GEM VN	Vietnam	Production of hardware; machine processing; electroplating for hardware processing; production and processing of molds and related accessories; plastic products and related plastic accessory production;	386,780	386,780	386,780	100	254,197	(29,858)	(22,037)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2019	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 1 and 3)	Carrying Amount as of March 31, 2019 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of March 31, 2019	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 776,168	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ (8,448)	100	\$ (4,912)	\$ 848,221	\$ -	
GEM Suzhou	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	1,148,125	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320	-	-	741,320	(19,089)	100	(2,154)	2,044,549	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$1,193,450	\$1,747,494 (US\$56,700 thousand)	\$1,554,430

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

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

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company	Counterparty	Transaction Type	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	\$ 8,380	120 days after monthly closing	No significant difference with those to third parties	\$ 5,354	3	\$ 3,222	
		Purchase	8,478	120 days after monthly closing	No significant difference with those to third parties	(8,555)	6	376	
	GEM Dongguan	Disposal of property, plant, and equipment	6,301	120 days after monthly closing	No comparable transactions with those in the market	441	-	3,558	
		Purchase	785	120 days after monthly closing	No significant difference with those to third parties	(792)	-	1,079	
Genius HK	GEM Dongguan	Sales	66,433	120 days after monthly closing	No significant difference with those to third parties	23,468	11	(2,255)	
		Purchase	137,122	120 days after monthly closing	No comparable transactions with those in the market	(150,705)	75	-	
Global HK	GEM Suzhou	Sales	110,546	120 days after monthly closing	No significant difference with those to third parties	24,311	19	2,951	
		Purchase	80,145	120 days after monthly closing	No comparable transactions with those in the market	(92,186)	81	(1,386)	
Vibo	GEM Suzhou	Sales	12,007	120 days after monthly closing	No comparable transactions with those in the market	12,007	100	650	

TABLE 8

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2019

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
0	The Company	Genius HK	1	Sales	\$ 2,411	Payment terms are 4 months	-
		Genius HK	1	Disposal of property, plant and equipment	4,782	Payment terms are 4 months	1
		Genius HK	1	Accounts receivable	2,432	Payment terms are 4 months	-
		Genius HK	1	Other receivables	4,815	Payment terms are 4 months	-
		GEM Suzhou	1	Sales	8,380	Payment terms are 4 months	1
		GEM Suzhou	1	Accounts receivable	5,354	Payment terms are 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	6,301	Payment terms are 4 months	1
		GEM Suzhou	1	Other receivables	441	Payment terms are 4 months	-
		GEM VN	1	Sales	66,041	Payment terms are 4 months	8
		GEM VN	1	Accounts receivable	23,031	Payment terms are 4 months	-
		GEM VN	1	Disposal of property, plant and equipment	14,706	Payment terms are 4 months	2
		GEM VN	1	Other receivables	8,231	Payment terms are 4 months	-
		GEM VN	1	Interest income	1,279	Annual Interest rates are 2.8%-3.2%	-
		GEM VN	1	Other receivables	171,527	According to working, capital conditions to change payment deeding	3
1	GEM Dongguan	The Company	2	Sales	785	Payment terms are 4 months	-
		The Company	2	Accounts receivable	792	Payment terms are 4 months	-
		Genius HK	3	Sales	137,122	Payment terms are 4 months	18
		Genius HK	3	Accounts receivable	150,705	Payment terms are 4 months	3
		Genius HK	3	Other income	12	Payment terms are 4 months	-
		Genius HK	3	Other receivables	20,376	Payment terms are 4 months	-
		GEM Suzhou	3	Sales	13,975	Payment terms are 4 months	2
		GEM Suzhou	3	Accounts receivable	14,354	Payment terms are 4 months	-
		GEM Suzhou	3	Other receivables	2,054	Payment terms are 4 months	-
2	Genius HK	The Company	2	Sales	41,327	Payment terms are 4 months	5
		The Company	2	Accounts receivable	54,023	Payment terms are 4 months	1
		The Company	2	Other receivables	19,727	Payment terms are 4 months	-
		GEM Dongguan	3	Sales	66,433	Payment terms are 4 months	9
		GEM Dongguan	3	Accounts receivable	23,468	Payment terms are 4 months	-
		GEM Dongguan	3	Other receivables	413	Payment terms are 4 months	-
		GEM VN	3	Sales	34,511	Payment terms are 4 months	4
		GEM VN	3	Accounts receivable	7,240	Payment terms are 4 months	-

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
3	Global HK	The Company	2	Sales	\$ 34,095	Payment terms are 4 months	4
		The Company	2	Accounts receivable	44,872	Payment terms are 4 months	1
		GEM Suzhou	3	Sales	110,546	Payment terms are 4 months	14
		GEM Suzhou	3	Accounts receivable	24,311	Payment terms are 4 months	-
		GEM Suzhou	3	Other income	331	Payment terms are 4 months	-
		GEM VN	3	Sales	38,456	Payment terms are 4 months	5
		GEM VN	3	Accounts receivable	26,583	Payment terms are 4 months	-
4	GEM Suzhou	The Company	2	Sales	8,478	Payment terms are 4 months	1
		The Company	2	Accounts receivable	8,555	Payment terms are 4 months	-
		The Company	2	Disposal of property, plant and equipment	21	Payment terms are 4 months	-
		The Company	2	Other receivables	21	Payment terms are 4 months	-
		Global HK	3	Sales	80,145	Payment terms are 4 months	10
		Global HK	3	Accounts receivable	92,186	Payment terms are 4 months	2
		Global HK	3	Disposal of property, plant and equipment	10,730	Payment terms are 4 months	1
		Global HK	3	Other receivables	12,187	Payment terms are 4 months	-
		Global HK	3	Other income	114	Payment terms are 4 months	-
		GEM Dongguan	3	Sales	229,496	Payment terms are 4 months	30
		GEM Dongguan	3	Accounts receivable	274,388	Payment terms are 4 months	5
		GEM Dongguan	3	Disposal of property, plant and equipment	180	Payment terms are 4 months	-
		GEM Dongguan	3	Other receivables	210	Payment terms are 4 months	-
5	Vibo	GEM Suzhou	1	Sales	12,007	Payment terms are 4 months	2
		GEM Suzhou	1	Accounts receivable	12,007	Payment terms are 4 months	-
		GEM Suzhou	1	Interest income	202	Annual Interest rate is 2.8%	-
6	Global Cayman	Global HK	1	Other receivables	12,355	According to working, capital conditions to change payment deeding	-
		Global HK	1	Interest income	87	Annual Interest rate is 3.2%	-
7	GEM VN	The Compnay	2	Sales	6,154	Payment terms are 4 months	1
		The Compnay	2	Accounts receivable	2,608	Payment terms are 4 months	-
		Genius HK	3	Sales	58,216	Payment terms are 4 months	7
		Genius HK	3	Accounts receivable	15,971	Payment terms are 4 months	-
		Global HK	3	Sales	110,254	Payment terms are 4 months	14
		Global HK	3	Accounts receivable	9,528	Payment terms are 4 months	-
		Vibo	3	Sales	11,976	Payment terms are 4 months	2
		Vibo	3	Accounts receivable	12,012	Payment terms are 4 months	-

(Concluded)

Note 1: It was eliminated on consolidation.

Note 2: 1) Parent to subsidiary

2) Subsidiary to parent

3) Subsidiary to subsidiary

