

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2018 and 2017 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (the "Group") as of September 30, 2018 and 2017 and the related consolidated statements of comprehensive income for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the nine-month periods then ended, and related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" 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 September 30, 2018 and 2017, its consolidated financial performance for the three months ended September 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2018 and 2017 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

November 9, 2018

### Notice to Readers

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

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

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

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

ASSETS	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Note 6)	\$ 1,270,946	22	\$ 1,430,724	22	\$ 1,310,670	21	Short-term borrowings (Notes 18 and 28)	\$ 760,375	13	\$ 834,920	13	\$ 594,136	10
Financial assets at fair value through profit or loss-current (Notes 4 and 7)	18	-	-	-	-	-	Short-term bills payable (Note 18)	70,000	1	100,000	2	-	-
Financial assets at fair value through other comprehensive income - current (Notes 3, 4 and 8)	131,795	2	-	-	-	-	Financial liabilities at fair value through profit or loss-current (Note 7)	-	-	-	-	9	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	113,167	2	79,474	1	Notes payable (Note 16)	91,211	2	148,970	2	191,067	3
Notes receivable (Note 10)	176,302	3	150,463	2	156,710	3	Accounts payable (Note 16)	410,012	7	590,422	9	643,074	10
Accounts receivable, net (Notes 3, 4, 5 and 10)	1,075,304	19	1,216,725	19	1,099,828	18	Other payables (Note 17)	140,248	3	185,507	3	157,153	3
Other receivables	777	-	1,774	-	1,050	-	Current tax liabilities (Note 4)	-	-	7,636	-	5,496	-
Current tax assets (Note 4)	2,459	-	1,250	-	74	-	Long-term borrowings - current portion (Notes 18 and 28)	622,199	11	716,111	11	704,151	11
Inventories (Note 11)	655,298	12	973,975	15	1,012,268	16	Other current liabilities	8,875	-	3,528	-	4,343	-
Other financial assets - current (Notes 12 and 28)	170,064	3	269,963	4	276,883	4	<b>Total current liabilities</b>	<b>2,102,920</b>	<b>37</b>	<b>2,587,094</b>	<b>40</b>	<b>2,299,429</b>	<b>37</b>
Other current assets (Notes 15 and 28)	137,434	2	169,358	3	130,572	2	<b>NONCURRENT LIABILITIES</b>						
<b>Total current assets</b>	<b>3,620,397</b>	<b>63</b>	<b>4,327,399</b>	<b>67</b>	<b>4,067,529</b>	<b>65</b>	Long-term borrowings (Notes 18 and 28)	958,275	17	1,057,653	16	1,103,742	18
<b>NONCURRENT ASSETS</b>							Deferred tax liabilities (Note 4)	101,374	2	89,965	1	100,530	1
Property, plant and equipment (Notes 14, 28 and 29)	1,865,344	32	1,933,646	30	1,897,020	30	Net defined benefit liabilities (Note 4)	34,856	-	37,722	-	43,949	-
Deferred tax assets (Note 4)	150,833	3	116,795	2	123,289	2	<b>Total noncurrent liabilities</b>	<b>1,094,505</b>	<b>19</b>	<b>1,185,340</b>	<b>18</b>	<b>1,248,221</b>	<b>20</b>
Prepayments for equipment	13,388	-	22,753	-	49,122	1	<b>Total liabilities</b>	<b>3,197,425</b>	<b>56</b>	<b>3,772,434</b>	<b>58</b>	<b>3,547,650</b>	<b>57</b>
Other financial assets - noncurrent (Note 12)	1,686	-	1,727	-	1,721	-	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>						
Long-term prepayments for lease (Notes 15 and 28)	89,960	2	92,706	1	93,926	2	Ordinary shares	1,692,000	29	1,692,000	26	1,692,000	27
Other noncurrent assets	5,288	-	6,192	-	6,289	-	Capital surplus	271,315	5	271,315	4	271,315	4
<b>Total noncurrent assets</b>	<b>2,126,499</b>	<b>37</b>	<b>2,173,819</b>	<b>33</b>	<b>2,171,367</b>	<b>35</b>	Retained earnings						
<b>TOTAL</b>	<b>\$ 5,746,896</b>	<b>100</b>	<b>\$ 6,501,218</b>	<b>100</b>	<b>\$ 6,238,896</b>	<b>100</b>	Legal reserve	343,170	6	343,170	5	343,170	5
							Unappropriated earnings	291,211	5	386,197	6	354,808	6
							Total retained earnings	634,381	11	729,367	11	697,978	11
							Other equity	(48,225)	(1)	36,102	1	29,953	1
							<b>Total equity</b>	<b>2,549,471</b>	<b>44</b>	<b>2,728,784</b>	<b>42</b>	<b>2,691,246</b>	<b>43</b>
							<b>TOTAL</b>	<b>\$ 5,746,896</b>	<b>100</b>	<b>\$ 6,501,218</b>	<b>100</b>	<b>\$ 6,238,896</b>	<b>100</b>

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

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4 and 21)	\$ 970,890	100	\$ 1,000,146	100	\$ 2,972,785	100	\$ 2,757,535	100
OPERATING COSTS (Notes 11, 22 and 27)	938,394	97	892,055	89	2,789,118	94	2,477,570	90
GROSS PROFIT	32,496	3	108,091	11	183,667	6	279,965	10
OPERATING EXPENSES (Notes 22 and 27)								
Marketing	36,802	4	40,128	4	110,113	4	109,172	4
General and administrative	53,789	5	48,081	5	154,105	5	147,596	5
Research and development	1,782	-	11,916	1	13,929	-	24,778	1
Expected credit loss (reversed) (Note 10)	552	-	-	-	(2,040)	-	-	-
Total operating expenses	92,925	9	100,125	10	276,107	9	281,546	10
GAIN (LOSS) FROM OPERATIONS	(60,429)	(6)	7,966	1	(92,440)	(3)	(1,581)	-
NON-OPERATING INCOME AND EXPENSES (Note 22)								
Other income	13,752	1	6,529	-	22,155	1	18,244	1
Other gains and losses	7,036	1	(1,268)	-	11,899	-	(9,798)	(1)
Finance costs	(13,658)	(1)	(12,066)	(1)	(42,749)	(2)	(36,498)	(1)
Total non-operating income and expenses	7,130	1	(6,805)	(1)	(8,695)	(1)	(28,052)	(1)
CONSOLIDATED PROFIT (LOSS) BEFORE INCOME TAX	(53,299)	(5)	1,161	-	(101,135)	(4)	(29,633)	(1)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 23)	(13,522)	(1)	1,092	-	(18,044)	(1)	2,616	-
CONSOLIDATED NET INCOME (LOSS)	(39,777)	(4)	69	-	(83,091)	(3)	(32,249)	(1)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(9,820)	(1)	-	-	(18,950)	-	-	-

(Continued)

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

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 1,493	-	\$ -	-	\$ 2,914	-	\$ -	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(105,997)	(11)	42,219	4	(83,018)	(3)	(76,784)	(3)
Unrealized loss on available-for-sale financial assets	-	-	(267)	-	-	-	(1,484)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	749	-	231	-	2,832	-	3,986	-
Other comprehensive income (loss) for the period, net of income tax	(113,575)	(12)	42,183	4	(96,222)	(3)	(74,282)	(3)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (153,352)</u>	<u>(16)</u>	<u>\$ 42,252</u>	<u>4</u>	<u>\$ (179,313)</u>	<u>(6)</u>	<u>\$ (106,531)</u>	<u>(4)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ (39,777)</u>	<u>(4)</u>	<u>\$ 69</u>	<u>-</u>	<u>\$ (83,091)</u>	<u>(3)</u>	<u>\$ (32,249)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ (153,352)</u>	<u>(16)</u>	<u>\$ 42,252</u>	<u>4</u>	<u>\$ (179,313)</u>	<u>(6)</u>	<u>\$ (106,531)</u>	<u>(4)</u>
EARNINGS (NET LOSS) PER SHARE (Note 24)								
Basic	<u>\$ (0.24)</u>		<u>\$ -</u>		<u>\$ (0.49)</u>		<u>\$ (0.19)</u>	
Diluted	<u>\$ (0.24)</u>		<u>\$ -</u>		<u>\$ (0.49)</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, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 386,197	\$ 729,367	\$ -	\$ (3,166)	\$ 33,232	\$ 6,036	\$ 36,102	\$ 2,728,784
Effect of retrospective application (Note 3)	-	-	-	-	-	(3,166)	3,166	-	-	-	-
BALANCE, JANUARY 1, 2018 AS RESTATED	1,692,000	271,315	343,170	386,197	729,367	(3,166)	-	33,232	6,036	36,102	2,728,784
Net loss for the nine months ended September 30, 2018	-	-	-	(83,091)	(83,091)	-	-	-	-	-	(83,091)
Other comprehensive loss for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	(15,818)	-	(80,186)	(218)	(96,222)	(96,222)
Total comprehensive loss for the nine months ended September 30, 2018	-	-	-	(83,091)	(83,091)	(15,818)	-	(80,186)	(218)	(96,222)	(179,313)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	(11,895)	(11,895)	11,895	-	-	-	11,895	-
BALANCE, SEPTEMBER 30, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 291,211	\$ 634,381	\$ (7,089)	\$ -	\$ (46,954)	\$ 5,818	\$ (48,225)	\$ 2,549,471
BALANCE, JANUARY 1, 2017	\$ 1,692,000	\$ 271,315	\$ 338,662	\$ 391,565	\$ 730,227	\$ -	\$ -	\$ 97,341	\$ 6,894	\$ 104,235	\$ 2,797,777
Appropriation of 2016 earnings (Note 20) Legal reserve	-	-	4,508	(4,508)	-	-	-	-	-	-	-
Net loss for the nine months ended September 30, 2017	-	-	-	(32,249)	(32,249)	-	-	-	-	-	(32,249)
Other comprehensive loss for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	(1,213)	(73,069)	-	(74,282)	(74,282)
Total comprehensive loss for the nine months ended September 30, 2017	-	-	-	(32,249)	(32,249)	-	(1,213)	(73,069)	-	(74,282)	(106,531)
BALANCE, SEPTEMBER 30, 2017	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 354,808	\$ 697,978	\$ -	\$ (1,213)	\$ 24,272	\$ 6,894	\$ 29,953	\$ 2,691,246

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

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated loss before income tax	\$ (101,135)	\$ (29,633)
Adjustments for:		
Depreciation expense	193,931	179,404
Amortization expense	3,839	3,901
Expected credit loss reversed	(2,040)	-
Allowance for doubtful accounts	-	2,431
Finance costs	42,749	36,498
Interest income	(7,088)	(8,597)
Dividend income	(3,680)	(781)
Loss on disposal of property, plant and equipment, net	5,100	6,071
Gain on disposal of investments, net	-	(12,826)
Write-down (reversal) of inventories	5,051	(2,335)
Other non-cash items	1,717	3,005
Changes in operating assets and liabilities		
Financial assets held for trading	-	48
Notes receivable	(25,839)	(10,728)
Accounts receivable	143,521	17,224
Inventories	314,236	(265,425)
Other current assets	31,904	(15,623)
Financial liabilities held for trading	(254)	(107)
Notes payable	(57,759)	(7,153)
Accounts payable	(180,410)	112,158
Other payables	(22,710)	(5,524)
Other current liabilities	4,761	102
Net defined benefit liabilities	(9,956)	(2,782)
Cash generated from (used in) operations	335,938	(672)
Interest received	8,152	9,339
Income tax paid	(10,152)	(15,162)
Net cash generated from (used in) operating activities	<u>333,938</u>	<u>(6,495)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,166,144)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,126,051	-
Acquisition of available-for-sale financial assets	-	(341,059)
Proceeds from disposal of available-for-sale financial assets	-	273,028
Acquisition of property, plant and equipment	(192,074)	(181,567)
Proceeds from disposal of property, plant and equipment	737	648
Decrease in other financial assets	99,940	37,666
Increase in other noncurrent assets	(1,180)	(1,099)

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>
Dividend received	\$ 3,680	\$ 781
Net cash used in investing activities	<u>(128,990)</u>	<u>(211,602)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	645,938	1,537,062
Decrease in short-term borrowings	(718,917)	(1,755,333)
Increase in short-term bills payable	70,000	300,000
Decrease in short-term bills payable	(100,000)	(350,000)
Increase in long-term borrowings	440,846	670,000
Repayment of long-term borrowings	(635,001)	(489,811)
Interest paid	<u>(45,425)</u>	<u>(39,590)</u>
Net cash used in financing activities	<u>(342,559)</u>	<u>(127,672)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(22,167)</u>	<u>(61,947)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(159,778)	(407,716)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,430,724</u>	<u>1,718,386</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,270,946</u>	<u>\$ 1,310,670</u>

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

(Concluded)

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

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

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

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

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

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

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were reported to the board of directors for issue on November 9, 2018.

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

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

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

#### IFRS 9 “Financial Instruments” and related amendment

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

## Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets as at January 1, 2018.

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

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

- 1) The Group elected to designate all of its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized loss on available-for-sale financial assets of \$3,166 thousand was reclassified to other equity - unrealized loss on financial assets at FVTOCI.
  - 2) Cash and cash equivalents, notes receivable, account receivables, other receivables and other financial assets that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.
- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019.

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

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019 (Concluded)

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

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

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

#### IFRS 16 “Leases”

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

#### Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. 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

Upon initial application of IFRS 16, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present 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. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land and property use rights located in China and Vietnam are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be 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 will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

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

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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)

Note1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note2: 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.

The Group assesses the implication of the above New IFRSs will not have material impact on the Group's accounting policies.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are

measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

c. Basis of consolidation

The basis of preparation applied in the consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017.

See Note 13, table 5 and 6 for the detailed information of subsidiaries (including percentage of ownership and main business).

d. Other significant accounting policy

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

1) Financial instruments

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

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

a) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

i Measurement category

2018

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

i) Financial asset at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL, which are derivative instruments.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 26.

ii) Financial assets at amortized cost

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

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

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

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

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

iii) Investments in equity instruments at FVTOCI

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

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

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

2017

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

i) Available-for-sale financial assets

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

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

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

ii) Loans and receivables

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

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

ii Impairment of financial assets

2018

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

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

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

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

## 2017

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

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

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

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

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

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

### iii Derecognition of financial assets

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

## 2018

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

## 2017

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

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

## 2) Revenue recognition

### 2018

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

#### Revenue from sale of goods

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

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

### 2017

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

#### Sale of goods

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

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

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

## 3) Retirement benefits

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

#### 4) Taxation

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

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

Except for the following item, for the critical accounting judgments and key sources of estimation, uncertainty and assumption applied in these consolidated financial statements, please refer to the consolidated financial statements for the year ended December 31, 2017.

#### Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

### 6. CASH AND CASH EQUIVALENTS

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Cash on hand	\$ 3,586	\$ 2,677	\$ 2,465
Checking accounts and demand deposits	863,401	929,940	782,623
Cash equivalent			
Time deposits with original maturities less than 3 months	<u>403,959</u>	<u>498,107</u>	<u>525,582</u>
	<u>\$ 1,270,946</u>	<u>\$ 1,430,724</u>	<u>\$ 1,310,670</u>

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Time deposits (%)	0.55-2.58	0.55-1.98	0.55-1.46

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivatives (not designated for hedge)			
Copper futures	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>			
Held for trading			
Derivatives (not designated for hedge )			
Copper futures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>

The copper futures above did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

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

	<b>Futures Month</b>	<b>Lots</b>	<b>Contract Amount (In thousands)</b>
<u>September 30, 2018</u>			
Copper futures			
Refined copper	December, 2018	1	US\$ 71
<u>September 30, 2017</u>			
Copper futures			
Refined copper	December, 2017	2	US\$ 148

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

	<b>September 30, 2018</b>
Investments in equity instruments at FVTOCI	
Domestic listed shares	\$ 34,044
Overseas listed shares	<u>97,751</u>
	<u>\$ 131,795</u>

These investments in equity instruments are not held for trading. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3 and Note 9 for information relating to their reclassification and comparative information for 2017.

In the nine months ended September 30, 2018, the Group acquired \$1,166,144 thousand of domestic and overseas listed shares for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

In the nine months ended September 30, 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 \$1,126,051 thousand and the Group transferred a loss of \$11,895 thousand from other equity to retained earnings.

The dividends for the three and nine months ended September 30, 2018 were \$2,139 thousand and \$3,680 thousand, respectively. Those related to investments derecognized during the period were \$1,407 thousand and those related to investments held at the end of the reporting period were \$2,273 thousand.

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

	December 31, 2017	September 30, 2017
Domestic listed shares	\$ 29,730	\$ 19,339
Overseas listed shares	<u>83,437</u>	<u>60,135</u>
	<u>\$ 113,167</u>	<u>\$ 79,474</u>

## 10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 176,302</u>	<u>\$ 150,463</u>	<u>\$ 156,710</u>
<u>Accounts receivable</u>			
Accounts receivable			
Gross carrying amount	\$ 1,086,804	\$ 1,232,198	\$ 1,113,791
Less: Allowance for impairment loss	<u>11,500</u>	<u>15,473</u>	<u>13,963</u>
	<u>\$ 1,075,304</u>	<u>\$ 1,216,725</u>	<u>\$ 1,099,828</u>

### a. Notes and accounts receivable

#### For the nine months ended September 30, 2018

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

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

The Group writes off 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.

September 30, 2018

	Collateral not Provided					Collateral Provided	Total
	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Past Due Over 180 Days	
Expected credit loss rate (%)	0-0.6	2-10	20-30	30-55	70-100	6	
Gross carrying amount	\$ 1,190,331	\$ 65,349	\$ 398	\$ 50	\$ 2,787	\$ 4,191	\$ 1,263,106
Loss allowance (Lifetime ECL)	(4,967)	(3,818)	(102)	(24)	(2,338)	(251)	(11,500)
Amortized cost	<u>\$ 1,185,364</u>	<u>\$ 61,531</u>	<u>\$ 296</u>	<u>\$ 26</u>	<u>\$ 449</u>	<u>\$ 3,940</u>	<u>\$ 1,251,606</u>

Parts of the Group' customer provided property, plant and equipment as collateral to lower the risk of expected credit loss.

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

	<b>For the Nine Months Ended September 30, 2018</b>
Balance at January 1, IAS 39	\$ 15,473
Adjustment on initial application of IFRS 9	-
Balance at January 1, IFRS 9	15,473
Loss allowance reversed	(2,040)
Amounts written off	(1,873)
Foreign exchange gains and losses	(60)
Balance at September 30, 2018	<u>\$ 11,500</u>

2017

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

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

Aging analysis of notes and accounts receivable was as follows:

	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Not past due	\$ 1,279,977	\$ 1,186,185
Past due 1-60 days	90,972	74,599
Past due 61-90 days	4,000	6,236
Past due 91-180 days	4,414	197
Past due over 181 days	<u>3,298</u>	<u>3,284</u>
	<u>\$ 1,382,661</u>	<u>\$ 1,270,501</u>

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

	<b>Collectively Assessed for Impairment For the Nine Months Ended September 30, 2017</b>
Balance, beginning of period	\$ 12,988
Impairment losses recognized	2,431
Amounts written off as uncollectible	(1,137)
Foreign exchange gains and losses	<u>(319)</u>
Balance, end of period	<u>\$ 13,963</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:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Group A	<u>\$ 161,203</u>	<u>\$ 197,695</u>	<u>\$ 185,094</u>

## 11. INVENTORIES

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Finished goods	\$ 167,994	\$ 288,951	\$ 338,269
Work in process	177,343	222,672	295,058

(Continued)

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Raw materials	\$ 244,295	\$ 373,110	\$ 301,673
Supplies	<u>65,666</u>	<u>89,242</u>	<u>77,268</u>
	<u>\$ 655,298</u>	<u>\$ 973,975</u>	<u>\$ 1,012,268</u>

(Concluded)

The cost of goods sold for the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017 included the following items:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Write-down (reversal of write - down) of inventories	\$ (958)	\$ (10,210)	\$ 5,051	\$ (2,335)
Others	<u>2,383</u>	<u>(1,130)</u>	<u>4,394</u>	<u>(548)</u>
	<u>\$ 1,425</u>	<u>\$ (11,340)</u>	<u>\$ 9,445</u>	<u>\$ (2,883)</u>

## 12. OTHER FINANCIAL ASSETS

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Time deposits with original maturities more than 3 months	\$ 154,703	\$ 242,176	\$ 244,417
Pledge time deposits	6,285	23,459	29,370
Refundable deposits	<u>10,762</u>	<u>6,055</u>	<u>4,817</u>
	<u>\$ 171,750</u>	<u>\$ 271,690</u>	<u>\$ 278,604</u>
Current	\$ 170,064	\$ 269,963	\$ 276,883
Non-current	<u>1,686</u>	<u>1,727</u>	<u>1,721</u>
	<u>\$ 171,750</u>	<u>\$ 271,690</u>	<u>\$ 278,604</u>

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Time deposits (%)	1.35-1.55	1.10-1.55	1.35-1.55

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

### 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2018	December 31, 2017	September 30, 2017
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global (Cayman))	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM (Cayman))	Note 1	100	100	100
Global (Cayman)	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global (HK))	Note 2	100	100	100
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.

### 14. 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:

#### Nine months ended September 30, 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	-	16,463	126,051	11,962	101,050	(66,870)	188,656
Disposal	-	(5,682)	(163,902)	(7,263)	(27,244)	-	(204,091)

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange differences	\$ -	\$ (7,711)	\$ (42,599)	\$ (665)	\$ (11,706)	\$ (3,784)	\$ (66,465)
Balance at September 30, 2018	<u>\$ 146,218</u>	<u>\$ 1,050,020</u>	<u>\$ 1,548,942</u>	<u>\$ 61,470</u>	<u>\$ 752,193</u>	<u>\$ 105,714</u>	<u>\$ 3,664,557</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2018	\$ -	\$ (430,535)	\$ (972,172)	\$ (48,426)	\$ (361,678)	\$ -	\$ (1,812,811)
Depreciation expenses	-	(34,079)	(86,294)	(2,131)	(71,427)	-	(193,931)
Disposal	-	5,682	159,634	7,157	25,781	-	198,254
Effect of foreign currency exchange differences	-	(2,566)	8,563	343	2,935	-	9,275
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ (461,498)</u>	<u>\$ (890,269)</u>	<u>\$ (43,057)</u>	<u>\$ (404,389)</u>	<u>\$ -</u>	<u>\$ (1,799,213)</u>
Carrying amounts at December 31, 2017 and January 1, 2018	<u>\$ 146,218</u>	<u>\$ 616,415</u>	<u>\$ 657,220</u>	<u>\$ 9,010</u>	<u>\$ 328,415</u>	<u>\$ 176,368</u>	<u>\$ 1,933,646</u>
Carrying amounts at September 30, 2018	<u>\$ 146,218</u>	<u>\$ 588,522</u>	<u>\$ 658,673</u>	<u>\$ 18,413</u>	<u>\$ 347,804</u>	<u>\$ 105,714</u>	<u>\$ 1,865,344</u>

(Concluded)

#### Nine months ended September 30, 2017

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<b>Cost</b>							
Balance at January 1, 2017	\$ 146,218	\$ 1,049,205	\$ 1,676,636	\$ 56,535	\$ 731,408	\$ 137,008	\$ 3,797,010
Additions	-	5,410	34,234	3,309	42,393	61,555	146,901
Disposal	-	(3,826)	(56,558)	(939)	(4,452)	-	(65,775)
Reclassification	-	27,876	29,377	-	17,087	(82,368)	(8,028)
Effect of foreign currency exchange differences	-	(23,412)	(63,837)	(705)	(25,269)	28,152	(85,071)
Balance at September 30, 2017	<u>\$ 146,218</u>	<u>\$ 1,055,253</u>	<u>\$ 1,619,852</u>	<u>\$ 58,200</u>	<u>\$ 761,167</u>	<u>\$ 144,347</u>	<u>\$ 3,785,037</u>
<b>Accumulated depreciation</b>							
Balance at January 1, 2017	\$ -	\$ (405,473)	\$ (956,901)	\$ (47,939)	\$ (397,720)	\$ -	\$ (1,808,033)
Depreciation expenses	-	(33,030)	(84,783)	(2,051)	(59,540)	-	(179,404)
Disposal	-	3,750	50,362	872	4,072	-	59,056
Effect of foreign currency exchange differences	-	4,395	26,730	537	8,702	-	40,364
Balance at September 30, 2017	<u>\$ -</u>	<u>\$ (430,358)</u>	<u>\$ (964,592)</u>	<u>\$ (48,581)</u>	<u>\$ (444,486)</u>	<u>\$ -</u>	<u>\$ (1,888,017)</u>
Carrying amounts at September 30, 2017	<u>\$ 146,218</u>	<u>\$ 624,895</u>	<u>\$ 655,260</u>	<u>\$ 9,619</u>	<u>\$ 316,681</u>	<u>\$ 144,347</u>	<u>\$ 1,897,020</u>

#### b. Estimated useful lives

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

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

Refer to Note 28 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>
Acquisition of property, plant and equipment	\$ 188,656	\$ 146,901
Capitalized interest	(2,300)	(2,869)
Increase (decrease) in prepayments for equipment	(9,365)	9,582
Decrease in payable for purchase of equipment	<u>15,083</u>	<u>27,953</u>
Cash paid for acquisition of property, plant and equipment	<u>\$ 192,074</u>	<u>\$ 181,567</u>

**15. PREPAYMENT FOR LEASE**

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Current (included in other current assets)	\$ 2,338	\$ 2,283	\$ 2,298
Noncurrent (included in long-term prepayments for lease)	<u>89,960</u>	<u>92,706</u>	<u>93,926</u>
	<u>\$ 92,298</u>	<u>\$ 94,989</u>	<u>\$ 96,224</u>

Prepayments for lease are for land use rights and property use rights in Mainland China and Vietnam, of which \$5,326 thousand are in the process of obtaining the land use right certificate. The amortization period of land use rights in Mainland China is 50 years, which will expire from December 2046 to September 2061 in a row. The amortization periods of land and property use rights in Vietnam are 40-50 years, which will expire from October 2054 to December 2066 in a row.

Refer to Note 28 for the carrying amount of prepayments for lease that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

**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**

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Payable for salaries and bonus	\$ 36,932	\$ 44,315	\$ 43,130
Payable for purchase of equipment	32,194	47,277	35,376

(Continued)

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Payable for freight	\$ 15,525	\$ 14,019	\$ 11,482
Payable for professional service fees	8,603	8,129	6,863
Payable for tax	3,620	3,298	2,671
Payable for utilities expense	3,312	8,579	9,430
Payable for pension	801	7,906	822
Payable for employees compensation and remuneration of directors and supervisors	-	2,539	-
Others	<u>39,261</u>	<u>49,445</u>	<u>47,379</u>
	<u>\$ 140,248</u>	<u>\$ 185,507</u>	<u>\$ 157,153</u> (Concluded)

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

## 18. BORROWINGS

### a. Short-term borrowings

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Unsecured borrowings	\$ 294,771	\$ 274,774	\$ 157,420
Secured borrowings	<u>465,604</u>	<u>560,146</u>	<u>436,716</u>
	<u>\$ 760,375</u>	<u>\$ 834,920</u>	<u>\$ 594,136</u>

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Unsecured borrowings (%)	1.35-3.35	1.23-2.26	1.42-2.51
Secured borrowings (%)	3.14-4.35	2.42-4.35	2.36-4.35

### b. Short-term bills payable

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Short-term bills payable (%)	1.17-1.19	1.10-1.16	-

As of September 30, 2018 commercial papers of \$50,000 thousand and \$20,000 thousand were issued and granted by International Bills Corporation and China Bills Finance Corporation. As of December 31, 2017, commercial papers of \$50,000 thousand were issued and granted by China Bills Finance Corporation and International Bills Corporation, respectively. The commercial papers above were issued with one year revolving credit facilities.

c. Long-term borrowings

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Unsecured borrowings	\$ 1,511,000	\$ 1,730,084	\$ 1,754,667
Secured borrowings	<u>69,474</u>	<u>43,680</u>	<u>53,226</u>
	1,580,474	1,773,764	1,807,893
Less: Current portion	<u>622,199</u>	<u>716,111</u>	<u>704,151</u>
	<u>\$ 958,275</u>	<u>\$ 1,057,653</u>	<u>\$ 1,103,742</u>

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Unsecured borrowings (%)	1.49-2.06	1.49-2.09	1.49-2.09
Secured borrowings (%)	3.5-3.6	2.85	2.85

Under the loan agreements with several banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. The financial ratio of the Group as of June 30, 2018, December 31, 2017 and June 30, 2017 were in compliance with the requirements stated in the loan agreements.

## 19. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$303 thousand, \$371 thousand, \$910 thousand and \$1,113 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2017 and 2016.

## 20. EQUITY

a. Ordinary shares

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued 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

May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares	September 30, 2018	December 31, 2017	September 30, 2017
Arising from issuance of common shares	\$ 266,411	\$ 266,411	\$ 266,411
Arising from treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

c. Appropriation of Earnings and Dividend Policy

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

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

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

The deficit compensation for 2017 and the appropriations of earnings for 2016 had been approved in the stockholders' meeting on June 13, 2018 and June 14, 2017, respectively. The appropriation of earnings for 2016 was as follows:

	<b>Appropriation of Earnings</b>
Legal reserve	<u>\$ 4,508</u>

d. Other Equity Items

1) Exchange differences on translating foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1	\$ 33,232	\$ 97,341
Effect of change in tax rate	2,914	-
Recognized during the period		
Exchange differences on translating foreign operations	<u>(83,100)</u>	<u>(73,069)</u>
Balance at September 30	<u>\$ (46,954)</u>	<u>\$ 24,272</u>

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

	<b>For the Nine Months Ended September 30, 2018</b>
Balance at January 1, 2018 per IAS 39	\$ (3,166)
Adjustment on initial application of IFRS 9	<u>3,166</u>
Balance at September 30, 2018 per IFRS 9	<u>\$ -</u>

	<b>For the Nine Months Ended September 30, 2017</b>
Balance at January 1, 2017	\$ -
Recognized during the period	
Unrealized loss on available-for-sale financial assets	8,414
Reclassification adjustment	
Disposal of available-for-sale financial assets	<u>(9,627)</u>
Balance at September 30, 2017	<u>\$ (1,213)</u>

3) Unrealized loss on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30, 2018</b>
Balance at January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>(3,166)</u>
Balance at January 1 per IFRS 9	(3,166)
Recognized during the period	
Unrealized loss - equity instruments	(15,818)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>11,895</u>
Balance at September 30	<u>\$ (7,089)</u>

4) Remeasurement of defined benefit plans

	<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>
Balance at January 1	\$ 6,036	\$ 6,894
Effect of change in tax rate	<u>(218)</u>	<u>-</u>
Balance at September 30	<u>\$ 5,818</u>	<u>\$ 6,894</u>

**21. OPERATING REVENUE**

For the three months ended September 30, 2018 and 2017 and for the nine months ended September 30, 2018 and 2017, operating revenues arose from contracts with customer by selling terminals products. Please refer to Note 32 the revenue information. The contract balances as of September 30, 2018, December 31, 2017 and September 30, 2017 were all notes receivable and accounts receivable.

**22. CONSOLIDATED PROFIT (LOSS) BEFORE INCOME TAX**

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

a. Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Interest income	\$ 2,149	\$ 2,663	\$ 7,088	\$ 8,597
Dividends	2,139	500	3,680	781
Others	<u>9,464</u>	<u>3,366</u>	<u>11,387</u>	<u>8,866</u>
	<u>\$ 13,752</u>	<u>\$ 6,529</u>	<u>\$ 22,155</u>	<u>\$ 18,244</u>

b. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Foreign exchange gains (losses), net	\$ 8,616	\$ (7,146)	\$ 18,489	\$ (14,853)
Loss on disposal of property, plant and equipment, net	(682)	(3,361)	(5,100)	(6,071)
Gain on disposal of investments, net	-	10,678	-	12,826
Others	<u>(898)</u>	<u>(1,439)</u>	<u>(1,490)</u>	<u>(1,700)</u>
	<u>\$ 7,036</u>	<u>\$ (1,268)</u>	<u>\$ 11,899</u>	<u>\$ (9,798)</u>

c. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Interest expense of borrowings	\$ 14,412	\$ 12,876	\$ 45,049	\$ 39,367
Less: Amounts included in the cost of qualifying assets	<u>754</u>	<u>810</u>	<u>2,300</u>	<u>2,869</u>
	<u>\$ 13,658</u>	<u>\$ 12,066</u>	<u>\$ 42,749</u>	<u>\$ 36,498</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 754	\$ 810	\$ 2,300	\$ 2,869
Capitalization rate (%)	1.65-5.16	1.71-4.68	1.33-5.16	1.63-6.46

d. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Property, plant and equipment	\$ 64,129	\$ 59,142	\$ 193,931	\$ 179,404
Prepayments for lease (including current/noncurrent portion)	590	573	1,848	1,723
Other assets	<u>675</u>	<u>630</u>	<u>1,991</u>	<u>2,178</u>
	<u>\$ 65,394</u>	<u>\$ 60,345</u>	<u>\$ 197,770</u>	<u>\$ 183,305</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Analysis of depreciation by function				
Operating costs	\$ 55,085	\$ 49,756	\$ 166,759	\$ 150,070
Operating expenses	<u>9,044</u>	<u>9,386</u>	<u>27,172</u>	<u>29,334</u>
	<u>\$ 64,129</u>	<u>\$ 59,142</u>	<u>\$ 193,931</u>	<u>\$ 179,404</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Analysis of amortization by function				
Operating costs	\$ 46	\$ 63	\$ 186	\$ 222
Operating expenses	<u>1,219</u>	<u>1,140</u>	<u>3,653</u>	<u>3,679</u>
	<u>\$ 1,265</u>	<u>\$ 1,203</u>	<u>\$ 3,839</u>	<u>\$ 3,901</u>

(Concluded)

e. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Short-term employee benefits	<u>\$ 139,076</u>	<u>\$ 147,203</u>	<u>\$ 422,827</u>	<u>\$ 414,619</u>
Post-employment benefits				
Defined contribution plans	7,521	8,734	23,986	25,354
Defined benefit plans (Note 19)	<u>303</u>	<u>371</u>	<u>910</u>	<u>1,113</u>
	<u>7,824</u>	<u>9,105</u>	<u>24,896</u>	<u>26,467</u>
	<u>\$ 146,900</u>	<u>\$ 156,308</u>	<u>\$ 447,723</u>	<u>\$ 441,086</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 106,270	\$ 120,349	\$ 331,813	\$ 334,477
Operating expenses	<u>40,630</u>	<u>35,959</u>	<u>115,910</u>	<u>106,609</u>
	<u>\$ 146,900</u>	<u>\$ 156,308</u>	<u>\$ 447,723</u>	<u>\$ 441,086</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisions at rates of no less than 3% and \$2,100 thousand, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors. For the nine months ended September 30, 2018 and 2017, the Company had incurred net loss, hence, no employees' compensation and remuneration of directors and supervisors were accrued for the period.

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

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

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

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

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 23. INCOME TAX

### a. Income tax recognized in profit or loss

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current tax				
In respect of the current period	\$ (2,355)	\$ 2,840	\$ 106	\$ 2,954
Income tax on unappropriated earnings	-	-	-	3,841
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>1,201</u>	<u>730</u>
	<u>(2,355)</u>	<u>2,840</u>	<u>1,307</u>	<u>7,525</u>
Deferred tax				
In respect of the current period	(11,167)	(1,748)	(6,933)	(4,909)
Effect of change in tax rate	<u>-</u>	<u>-</u>	<u>(12,418)</u>	<u>-</u>
	<u>(11,167)</u>	<u>(1,748)</u>	<u>(19,351)</u>	<u>(4,909)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (13,522)</u>	<u>\$ 1,092</u>	<u>\$ (18,044)</u>	<u>\$ 2,616</u>

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Deferred tax				
Effect of change in tax rate In respect of the current period	\$ -	\$ -	\$ 2,696	\$ -
Translations of foreign operations	749	268	(82)	3,715
Unrealized loss on available-for-sale financial assets	-	(37)	-	271
Unrealized loss on financial assets at FVTOCI	<u>1,493</u>	<u>-</u>	<u>3,132</u>	<u>-</u>
	<u>\$ 2,242</u>	<u>\$ 231</u>	<u>\$ 5,746</u>	<u>\$ 3,986</u>

c. Income tax assessments

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

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

## 24. EARNING (NET LOSS) PER SHARE (EPS)

There is no diluted effect for the nine months ended September 30, 2018 and 2017 for net loss incurred in the reporting period.

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

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Net profit (loss) used in the computation of basic/diluted EPS	<u>\$ (39,777)</u>	<u>\$ 69</u>	<u>\$ (83,091)</u>	<u>\$ (32,249)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Weighted average number of ordinary shares in computation of basic/diluted EPS	169,200	169,200	169,200	169,200

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

## 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

September 30, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative instruments				
Copper futures	\$ <u>18</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 34,044	\$ -	\$ -	\$ 34,044
Overseas listed shares	<u>97,751</u>	<u>-</u>	<u>-</u>	<u>97,751</u>
	<u>\$ 131,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,795</u>

December 31, 2017

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

September 30, 2017

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Investments in equity instruments				
Domestic listed shares	\$ 19,339	\$ -	\$ -	\$ 19,339
Overseas listed shares	<u>60,135</u>	<u>-</u>	<u>-</u>	<u>60,135</u>
	<u>\$ 79,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,474</u>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Copper futures	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2018 and 2017.

c. Categories of financial instruments

	September 30, 2018	December 31, 2017	September 30, 2017
<u>Financial assets</u>			
Loans and receivables (Note 1)	\$ -	\$ 3,071,376	\$ 2,846,862
Available-for-sale financial assets	-	113,167	79,474
Measured at amortized cost (Note 1)	2,695,079	-	-
Financial assets at FVTPL			
Mandatorily at FVTPL	18	-	-
Financial assets at FVTOCI			
Equity instruments	131,795	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	-	-	9
Measured at amortized cost (Note 2)	3,052,320	3,633,583	3,393,323

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, accounts receivable, other financial assets, borrowings, short - term bills payable, notes payable and accounts payable. The Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts (including the denominated monetary items in consolidated financial statements which were eliminated) of the Group's foreign currency denominated monetary assets and monetary liabilities exposing to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

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

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

	<u>USD impact</u>		<u>HKD impact</u>	
	<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss	\$ 2,019	\$ 2,289	\$ 1,960	\$ 1,791

b) Interest rate risk

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

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

	September 30, 2018	December 31, 2017	September 30, 2017
Fair value interest rate risk			
Financial assets	\$ 564,948	\$ 763,742	\$ 799,368
Financial liabilities	896,153	1,540,597	1,389,443
Cash flow interest rate risk			
Financial assets	863,269	929,808	782,520
Financial liabilities	1,514,696	1,168,087	1,012,586

#### Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax loss for the nine months ended September 30, 2018 and 2017 would have been higher/lower by \$4,886 thousand and \$1,725 thousand, respectively, which was mainly a result of the changes in floating rate bank deposits and borrowings.

#### 2) Credit risk

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

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

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

#### 3) Liquidity risk

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

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

a) Liquidity risk tables for non-derivative financial liabilities

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

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

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>September 30, 2018</u>				
Fixed interest rate liabilities	\$ 148,921	\$ 160,444	\$ 346,843	\$ 252,630
Variable interest rate liabilities	71,797	121,090	635,266	718,681
Non-interest bearing	<u>340,709</u>	<u>228,628</u>	<u>70,399</u>	<u>-</u>
	<u>\$ 561,427</u>	<u>\$ 510,162</u>	<u>\$ 1,052,508</u>	<u>\$ 971,311</u>
<u>December 31, 2017</u>				
Fixed interest rate liabilities	\$ 346,945	\$ 269,475	\$ 575,877	\$ 375,316
Variable interest rate liabilities	37,255	56,989	403,491	699,845
Non-interest bearing	<u>556,375</u>	<u>303,099</u>	<u>63,314</u>	<u>-</u>
	<u>\$ 940,575</u>	<u>\$ 629,563</u>	<u>\$ 1,042,682</u>	<u>\$ 1,075,161</u>
<u>September 30, 2017</u>				
Fixed interest rate liabilities	\$ 62,798	\$ 303,057	\$ 603,529	\$ 447,166
Variable interest rate liabilities	2,269	75,479	286,678	675,282
Non-interest bearing	<u>496,686</u>	<u>402,260</u>	<u>90,400</u>	<u>-</u>
	<u>\$ 561,753</u>	<u>\$ 780,796</u>	<u>\$ 980,607</u>	<u>\$ 1,122,448</u>

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

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

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.

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>
<u>September 30, 2018</u>				
Net settled				
Copper Futures	\$ <u>    -</u>	\$ <u>  18</u>	\$ <u>    -</u>	\$ <u>    -</u>
<u>September 30, 2017</u>				
Net settled				
Copper Futures	\$ <u>    -</u>	\$ <u>  (9)</u>	\$ <u>    -</u>	\$ <u>    -</u>

## 27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and its relationship with the Group

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

b. Compensation of key management personnel

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Short-term employee benefits	\$ 2,951	\$ 2,238	\$ 7,254	\$ 6,433
Post-employment benefits	<u>    53</u>	<u>    68</u>	<u>   158</u>	<u>   204</u>
	<u>\$ 3,004</u>	<u>\$ 2,306</u>	<u>\$ 7,412</u>	<u>\$ 6,637</u>

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

c. Property lease

The Company leased its Taipei office, factories and storehouse from related party in substance, Su, Tun-Jen, Su, Tun-Li, and Su, Tun-Yi, under one-year operating lease contracts. The rentals for the three months ended September 30, 2018 and 2017 were both \$414 thousand; for the nine months ended

September 30, 2018 and 2017 were both \$1,243 thousand, and were recorded as operating expenses and manufacturing cost.

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

d. Guarantees

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

<u>Guarantee</u>	<u>Guarantor</u>
The Company	Su, Tun - Li and Su, Chung - Hong
Genius (HK)	Su, Chung - Hong
GEM (VN)	Su, Tun - Li

**28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>September 30, 2017</b>
Property, plant and equipment	\$ 522,278	\$ 326,890	\$ 334,375
Deposit account (under other financial assets-current)	6,286	23,459	29,370
Prepayments for lease (including current portion)	<u>23,477</u>	<u>18,318</u>	<u>18,330</u>
	<u>\$ 552,041</u>	<u>\$ 368,667</u>	<u>\$ 382,075</u>

**29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

As of September 30, 2018, significant contingent liabilities and unrecognized commitments of the Group were as follows:

- a. The amounts of contracts for the Group's purchases of properties and materials were \$114,481 thousand, of which \$12,832 thousand had been paid.
- b. Unused letters of credit for purchases of raw materials amounted to \$3,226 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 exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount (In Thousands)</b>
<u>September 30, 2018</u>				
Financial assets				
Monetary items				
USD	\$ 10,405	30.535	(USD:NTD)	\$ 317,727
USD	8,438	6.880	(USD:RMB)	257,659
USD	11,865	7.820	(USD:HKD)	362,307
USD	2,548	23,291	(USD:VND)	77,803
HKD	3,388	3.905	(HKD:NTD)	13,231
HKD	68,984	0.880	(HKD:RMB)	269,381
HKD	928	0.128	(HKD:USD)	<u>3,625</u>
				<u>\$ 1,301,733</u>
Financial liabilities				
Monetary items				
USD	291	30.535	(USD:NTD)	\$ 8,885
USD	2,575	6.880	(USD:RMB)	78,629
USD	4,723	7.820	(USD:HKD)	144,231
USD	19,056	23,291	(USD:VND)	581,860
HKD	23,120	3.905	(HKD:NTD)	<u>90,285</u>
				<u>\$ 903,890</u>
<u>December 31, 2017</u>				
Financial assets				
Monetary items				
USD	8,068	29.8	(USD:NTD)	\$ 240,433
USD	7,604	6.518	(USD:RMB)	226,620
USD	15,669	7.811	(USD:HKD)	466,937
USD	2,835	22,713	(USD:VND)	84,480
HKD	7,350	3.815	(HKD:NTD)	28,041
HKD	62,060	0.834	(HKD:RMB)	236,760
HKD	950	0.128	(HKD:USD)	<u>3,622</u>
				<u>\$ 1,286,893</u>
Financial liabilities				
Monetary items				
USD	1,032	29.8	(USD:NTD)	\$ 30,750
USD	4,809	6.518	(USD:RMB)	143,303
USD	6,237	7.811	(USD:HKD)	185,863
USD	15,351	22,713	(USD:VND)	457,467
HKD	16,550	3.815	(HKD:NTD)	63,137
HKD	154	0.834	(HKD:RMB)	<u>588</u>
				<u>\$ 881,108</u>

(Continued)

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>		<b>Carrying Amount (In Thousands)</b>
<u>September 30, 2017</u>				
Financial assets				
Monetary items				
USD	\$ 7,080	30.26	(USD:NTD)	\$ 214,227
USD	6,843	6.648	(USD:RMB)	207,084
USD	12,431	7.807	(USD:HKD)	376,151
USD	2,125	22,718	(USD:VND)	64,315
HKD	7,829	3.876	(HKD:NTD)	30,346
HKD	56,502	0.851	(HKD:RMB)	219,000
HKD	948	0.128	(HKD:USD)	<u>3,675</u>
				<u>\$ 1,114,798</u>
Financial liabilities				
Monetary items				
USD	505	30.26	(USD:NTD)	\$ 15,278
USD	2,931	6.648	(USD:RMB)	88,690
USD	5,817	7.807	(USD:HKD)	176,012
USD	11,661	22,718	(USD:VND)	352,874
HKD	18,743	3.876	(HKD:NTD)	72,650
HKD	337	0.851	(HKD:RMB)	<u>1,308</u>
				<u>\$ 706,812</u>
				(Concluded)

For the three months ended September 30, 2018 and 2017, and for the nine months ended September 30, 2018 and 2017, realized and unrealized foreign exchange gains (losses) were net gains \$8,616 thousand, net losses \$7,146 thousand, net gains \$18,489 thousand and net losses \$14,853 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 (attached).
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held: Table 2 (attached).
- 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
  - 9) Trading in derivative instruments: Note 7. For the nine months ended September 30, 2018, net losses of futures contracts were \$236 thousands. The transaction amount was not significant.
  - 10) Inter - Company business relationship and material transactions and its amount: Table 8 (attached).
  - 11) Information on investees: Table 5 (attached).
- b. Information on investments in Mainland China

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

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

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

## 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
<u>For the Nine months ended September 30, 2018</u>						
Revenue from external customers	\$ 405,893	\$ 1,213,060	\$ 1,353,628	\$ 204	\$ -	\$ 2,972,785
Inter - segment revenues	<u>83,471</u>	<u>403,923</u>	<u>1,144,823</u>	<u>349,806</u>	<u>(1,982,023)</u>	<u>-</u>
Segment revenues	<u>\$ 489,364</u>	<u>\$ 1,616,983</u>	<u>\$ 2,498,451</u>	<u>\$ 350,010</u>	<u>\$ (1,982,023)</u>	<u>\$ 2,972,785</u>
Segment income (loss)	<u>\$ (33,928)</u>	<u>\$ (37,990)</u>	<u>\$ 7,711</u>	<u>(\$ 42,607)</u>	<u>\$ 14,374</u>	\$ (92,440)
Other income						22,155
Other gains and losses						11,899
Finance cost						<u>(42,749)</u>
Consolidated loss before income tax						(101,135)
Income tax						<u>18,044</u>
Consolidated net loss						<u>\$ (83,091)</u>
<u>September 30, 2018</u>						
Segment assets	<u>\$ 4,503,782</u>	<u>\$ 1,467,898</u>	<u>\$ 2,808,136</u>	<u>\$ 1,048,566</u>	<u>\$ (4,081,486)</u>	<u>\$ 5,746,896</u>
Segment liabilities	<u>\$ 1,954,311</u>	<u>\$ 501,945</u>	<u>\$ 818,395</u>	<u>\$ 675,529</u>	<u>\$ (752,755)</u>	<u>\$ 3,197,425</u>
<u>For the Nine months ended September 30, 2017</u>						
Revenue from external customers	\$ 372,644	\$ 1,104,648	\$ 1,279,849	\$ 394	\$ -	\$ 2,757,535
Inter - segment revenues	<u>111,595</u>	<u>310,842</u>	<u>1,187,571</u>	<u>262,767</u>	<u>(1,872,775)</u>	<u>-</u>
Segment revenues	<u>\$ 484,239</u>	<u>\$ 1,415,490</u>	<u>\$ 2,467,420</u>	<u>\$ 263,161</u>	<u>\$ (1,872,775)</u>	<u>\$ 2,757,535</u>
Segment income (loss)	<u>\$ (4,987)</u>	<u>\$ (34,184)</u>	<u>\$ 11,466</u>	<u>\$ 11,212</u>	<u>\$ 14,912</u>	\$ (1,581)
Other income						18,244
Other gains and losses						(9,798)
Finance cost						<u>(36,498)</u>
Consolidated loss before income tax						(29,633)
Income tax						<u>(2,616)</u>
Consolidated net loss						<u>\$ (32,249)</u>

(Continued)

	<b>The Company</b>	<b>GEM (Dongguan)&amp; Genius (HK)</b>	<b>GEM (Suzhou)&amp; Global (HK)</b>	<b>Others</b>	<b>Adjustment and Elimination</b>	<b>Consolidated Amount</b>
<u>September 30, 2017</u>						
Segment assets	<u>\$ 4,682,366</u>	<u>\$ 1,698,196</u>	<u>\$ 3,244,131</u>	<u>\$ 893,380</u>	<u>\$ (4,279,177)</u>	<u>\$ 6,238,896</u>
Segment liabilities	<u>\$ 1,991,120</u>	<u>\$ 700,370</u>	<u>\$ 1,208,921</u>	<u>\$ 452,320</u>	<u>\$ (805,081)</u>	<u>\$ 3,547,650</u>
						(Concluded)

**TABLE 1****GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018  
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	The Company	GEM (VN)	Other receivables - related parties	Yes	\$ 245,720	\$ 183,210	\$ 167,943	2.1-2.8	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 509,894	\$ 1,019,788	Note 1
0	The Company	GEM (Suzhou)	Other receivables - related parties	Yes	146,050	91,605	-	2.1-2.8	Short-term financing	-	Business development	-	-	-	509,894	1,019,788	Note 1
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	60,320	30,535	-	2.0-2.8	Short-term financing	-	Business development	-	-	-	575,258	1,150,516	Note 1
1	Vibo	GEM (Suzhou)	Other receivables - related parties	Yes	30,715	30,535	30,535	2.8	Short-term financing	-	Business development	-	-	-	575,258	1,150,516	Note 1
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	23,970	12,214	12,214	2.0-2.8	Short-term financing	-	Business development	-	-	-	579,884	1,159,768	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 on September 28, 2018 was US\$1 : NT\$30.535.

Note 3: It was eliminated on consolidation.

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

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2018

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u> ESON Precision Engineering Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	139,000	\$ 4,253	-	\$ 4,253	
	Tai Tung Communication Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	429,000	8,130	-	8,130	
	Innolux Corporation	-	Financial assets at fair value through other comprehensive income - current	615,000	6,519	-	6,519	
	Microelectronics Technology Inc.	-	Financial assets at fair value through other comprehensive income - current	309,000	6,427	-	6,427	
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	910,000	6,325	-	6,325	
	Shin Kong Financial Holding	-	Financial assets at fair value through other comprehensive income - current	200,000	2,390	-	2,390	
							<u>30,444</u>	<u>30,444</u>
GEM (Suzhou)	<u>Stock</u> Yantai Changya Pioneer Wine Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	46,627	7,578	-	7,578	
	Jiugui Liquor Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	83,000	7,485	-	7,485	
	China Minsheng Banking Corp., Ltd.	-	Financial assets at fair value through other comprehensive income - current	330,000	9,285	-	9,285	
	Ningbo Boway Alloy Material	-	Financial assets at fair value through other comprehensive income - current	513,400	16,223	-	16,223	
	Huarun Dong's Ejiao Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	106,000	22,331	-	22,331	
	Tsingtao Brewery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	81,000	12,499	-	12,499	
	Luzhoulaojiao Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	106,000	22,350	-	22,350	
							<u>97,751</u>	<u>97,751</u>
						<u>\$ 131,795</u>	<u>\$ 131,795</u>	

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

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance		% to Total
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	\$ 610,220	42	120 days after monthly closing	Note 1	Note 2	\$ 229,422	41	Note 3
GEM (VN)	Global (HK)	Affiliate	Sales	149,623	43	120 days after monthly closing	Note 1	Note 2	8,911	36	Note 3
	Genius (HK)	Affiliate	Sales	188,732	54	120 days after monthly closing	Note 1	Note 2	13,638	56	Note 3
GEM (Suzhou)	GEM (Dongguan)	Affiliate	Sales	927,549	37	120 days after monthly closing	Note 1	Note 2	187,839	23	Note 3
	Global (HK)	Affiliate	Sales	225,322	9	120 days after monthly closing	Note 1	Note 2	68,120	8	Note 3
Genius (HK)	GEM (Dongguan)	Affiliate	Sales	201,290	20	120 days after monthly closing	Note 1	Note 2	20,415	6	Note 3
	The Company	Parent	Sales	185,108	19	120 days after monthly closing	Note 1	Note 2	73,250	23	Note 3
	GEM (VN)	Affiliate	Sales	179,705	18	120 days after monthly closing	Note 1	Note 2	40,244	13	Note 3
Global (HK)	GEM (Suzhou)	Affiliate	Sales	149,490	38	120 days after monthly closing	Note 1	Note 2	16,956	17	Note 3
	GEM (VN)	Affiliate	Sales	132,035	33	120 days after monthly closing	Note 1	Note 2	41,735	43	Note 3

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

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

Note 3: It was eliminated on consolidation.

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

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

**SEPTEMBER 30, 2018**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Notes1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
GEM (Suzhou)	GEM (Dongguan)	Affiliate	\$ 189,826	4.44	\$ -	-	\$ 178,103	\$ -
GEM (Dongguan)	Genius (HK)	Affiliate	244,821	3.84	-	-	106,881	-
The Company	GEM (VN)	Subsidiary	184,389	2.43	-	-	5,625	-

Note 1: It included accounts receivable and other receivables

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

Note 3: It was eliminated on consolidation.

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

**INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				September 30, 2018	December 31, 2017	Shares/ Units	%	Carrying Amount			
The Company	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,787,020	\$ (33,435)	\$ (30,765)	Notes 1 and 2
	GEM (Cayman)	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	281,023	(55,493)	(56,244)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading, etc.	23,282	23,282	750,000	100	80,044	(189)	(189)	Note 1
Genius	Genius (HK)	Hong Kong	International trading	90,134	90,134	21,999,998	100	81,599	(364)	(308)	Notes 1 and 2
Global (Cayman)	Vibo	Hong Kong	Trading and investment	1,541,063	1,541,063	359,972,616	100	2,876,292	(33,223)	(33,223)	Note 1
	Global (HK)	Hong Kong	International trading	3,747	3,747	1,000,000	100	7,750	(395)	(255)	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	284,543	(58,239)	(55,316)	Notes 1 and 2

Note 1: It was eliminated on consolidation.

Note 2: Net of unrealized profits.

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Notes 1 and 3)	Carrying Amount as of September 30, 2018 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2018	Note
					Outward	Inward							
GEM (Dongguan)	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 752,094	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ (24,272)	100	\$ (16,681)	\$ 838,841	\$ -	
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.	1,112,514	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320	-	-	741,320	8,534	100	(2,485)	1,963,390	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$1,193,450	\$1,731,335 (US\$56,700 thousand)	\$1,529,683

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

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

Note 3: It was eliminated on consolidation.

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

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018  
(In Thousands of New Taiwan Dollars)

Investee Company	Counterparty	Transaction Type	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM (Suzhou)	Sales	\$ 38,514	120 days after monthly closing	No significant difference with those to third parties	\$ 2,521	1	\$ 4,160	
		Purchase	26,414	120 days after monthly closing	No significant difference with those to third parties	(23)	-	-	
	GEM (Dongguan)	Disposal of property, plant, and equipment	34,098	120 days after monthly closing	No comparable transactions with those in the market	288	-	13,540	
		Sales	2,144	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
Genius (HK)	GEM (Dongguan)	Sales	201,290	120 days after monthly closing	No significant difference with those to third parties	20,415	6	(1,448)	
		Purchase	610,220	120 days after monthly closing	No comparable transactions with those in the market	(229,422)	81	(427)	
Global (HK)	GEM (Suzhou)	Sales	149,490	120 days after monthly closing	No significant difference with those to third parties	16,956	17	(1,467)	
		Purchase	225,322	120 days after monthly closing	No comparable transactions with those in the market	(68,120)	80	1,813	

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

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018  
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
0	The Company	Genius (HK)	1	Sales	\$ 3,229	Payment terms are 4 months	-
		Genius (HK)	1	Disposal of property, plant and equipment	6,897	Payment terms are 4 months	-
		GEM (Suzhou)	1	Other receivables	288	Payment terms are 4 months	-
		GEM (Suzhou)	1	Sales	38,514	Payment terms are 4 months	1
		GEM (Suzhou)	1	Accounts receivable	2,521	Payment terms are 4 months	-
		GEM (Suzhou)	1	Disposal of property, plant and equipment	34,098	Payment terms are 4 months	1
		GEM (VN)	1	Sales	39,584	Payment terms are 4 months	1
		GEM (VN)	1	Accounts receivable	15,049	Payment terms are 4 months	-
		GEM (VN)	1	Disposal of property, plant and equipment	11,596	Payment terms are 4 months	-
		GEM (VN)	1	Interest income	2,293	Annual Interest rates are 2.1%-2.8%	-
		GEM (VN)	1	Other receivables	169,340	According to working, capital conditions to change payment deeding	3
		GEM (Dongguan)	1	Sales	2,144	Payment terms are 4 months	-
1	GEM (Dongguan)	Genius (HK)	3	Sales	610,220	Payment terms are 4 months	21
		Genius (HK)	3	Accounts receivable	229,422	Payment terms are 4 months	4
		Genius (HK)	3	Disposal of property, plant and equipment	13,459	Payment terms are 4 months	-
		Genius (HK)	3	Other receivables	15,399	Payment terms are 4 months	-
		GEM (Suzhou)	3	Sales	39,110	Payment terms are 4 months	1
		GEM (Suzhou)	3	Accounts receivable	6,323	Payment terms are 4 months	-
		GEM (Suzhou)	3	Disposal of property, plant and equipment	7,283	Payment terms are 4 months	-
		GEM (Suzhou)	3	Other receivables	976	Payment terms are 4 months	-
		GEM (Suzhou)	3	Other income	657	Payment terms are 4 months	-
2	Genius (HK)	The Company	2	Sales	185,108	Payment terms are 4 months	6
		The Company	2	Accounts receivable	73,250	Payment terms are 4 months	-
		The Company	2	Other receivables	17,035	Payment terms are 4 months	-
		GEM (Dongguan)	3	Sales	201,290	Payment terms are 4 months	7
		GEM (Dongguan)	3	Accounts receivable	20,415	Payment terms are 4 months	-
		GEM (Dongguan)	3	Other receivables	400	Payment terms are 4 months	-
		GEM (VN)	3	Sales	179,705	Payment terms are 4 months	6
		GEM (VN)	3	Accounts receivable	40,244	Payment terms are 4 months	1
3	Global (HK)	The Company	2	Sales	58,825	Payment terms are 4 months	2
		The Company	2	Accounts receivable	6,960	Payment terms are 4 months	-
		GEM (Suzhou)	3	Sales	149,490	Payment terms are 4 months	5
		GEM (Suzhou)	3	Accounts receivable	16,956	Payment terms are 4 months	-
		GEM (VN)	3	Sales	132,035	Payment terms are 4 months	4
		GEM (VN)	3	Accounts receivable	41,735	Payment terms are 4 months	1

(Continued)

No.	Investee Company	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
4	GEM (Suzhou)	The Company	2	Sales	26,414	Payment terms are 4 months	1
		The Company	2	Accounts receivable	23	Payment terms are 4 months	-
		Global (HK)	3	Sales	225,322	Payment terms are 4 months	8
		Global (HK)	3	Accounts receivable	68,120	Payment terms are 4 months	1
		Global (HK)	3	Disposal of property, plant and equipment	18,616	Payment terms are 4 months	1
		Global (HK)	3	Other receivables	7,584	Payment terms are 4 months	-
		Global (HK)	3	Other income	96	Payment terms are 4 months	-
		GEM (Dongguan)	3	Sales	927,549	Payment terms are 4 months	31
		GEM (Dongguan)	3	Accounts receivable	187,839	Payment terms are 4 months	3
		GEM (Dongguan)	3	Other receivables	1,987	Payment terms are 4 months	-
		GEM (Dongguan)	3	Disposal of property, plant and equipment	1,738	Payment terms are 4 months	-
5	Vibo	GEM (Dongguan)	1	Interest income	369	Annual Interest rate is 2.0%- 2.8%	-
		GEM (Suzhou)	1	Interest income	99	Annual Interest rate is 2.8%	-
		GEM (Suzhou)	1	Other receivables	30,633	According to working, capital conditions to change payment deeding	1
6	Global (Cayman)	Global (HK)	1	Other receivables	12,395	According to working, capital conditions to change payment deeding	-
		Global (HK)	1	Interest income	229	Annual Interest rates are 2.0% - 2.8%	-
7	GEM (VN)	The Company	2	Sales	11,451	Payment terms are 4 months	-
		The Company	2	Accounts receivable	1,902	Payment terms are 4 months	-
		Genius (HK)	3	Sales	188,732	Payment terms are 4 months	6
		Genius (HK)	3	Accounts receivable	13,638	Payment terms are 4 months	-
		Global (HK)	3	Sales	149,623	Payment terms are 4 months	5
		Global (HK)	3	Accounts receivable	8,911	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