

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2019 and 2018 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. and its subsidiaries (the "Group") as of September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Conclusion**

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chen-Li Chen and Chiu-Yen Wu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 11, 2019

Notice to Readers

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

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

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

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

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 977,427	18	\$ 1,501,888	25	\$ 1,270,946	22
Financial assets at fair value through profit or loss - current (Note 7)	-	-	-	-	18	-
Financial assets at fair value through other comprehensive income - current (Note 8)	111,569	2	93,727	2	131,795	2
Notes receivable (Note 9)	114,579	2	86,222	1	176,302	3
Accounts receivable, net (Note 9)	905,782	17	1,083,129	18	1,075,304	19
Other receivables	17,000	-	8,745	-	777	-
Current tax assets (Note 4)	1,043	-	2,502	-	2,459	-
Inventories (Note 10)	1,012,522	18	809,566	14	655,298	12
Other financial assets - current (Notes 11 and 28)	169,551	3	176,980	3	170,064	3
Other current assets (Notes 15 and 28)	144,285	3	140,197	2	137,434	2
Total current assets	3,453,758	63	3,902,956	65	3,620,397	63
<b>NONCURRENT ASSETS</b>						
Property, plant and equipment (Notes 13, 28 and 29)	1,806,597	33	1,861,249	31	1,865,344	32
Right-of-use assets (Notes 3, 4, 14, 27 and 28)	79,851	2	-	-	-	-
Deferred tax assets (Note 4)	132,810	2	129,798	2	150,833	3
Prepayments for equipment (Note 29)	15,717	-	20,411	-	13,388	-
Other financial assets - noncurrent (Note 11)	1,656	-	1,696	-	1,686	-
Long-term prepayments for lease (Notes 15 and 28)	-	-	90,040	2	89,960	2
Other noncurrent assets	7,674	-	5,616	-	5,288	-
Total noncurrent assets	2,044,305	37	2,108,810	35	2,126,499	37
<b>TOTAL</b>	<b>\$ 5,498,063</b>	<b>100</b>	<b>\$ 6,011,766</b>	<b>100</b>	<b>\$ 5,746,896</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 and 28)	\$ 1,014,326	18	\$ 884,377	15	\$ 760,375	13
Short-term bills payable (Note 18)	100,000	2	100,000	2	70,000	1
Financial liabilities at fair value through profit or loss-current (Note 7)	1,172	-	832	-	-	-
Notes payable (Note 16)	147,928	3	185,096	3	91,211	2
Accounts payable (Note 16)	256,370	5	493,159	8	410,012	7
Other payables (Note 17)	160,362	3	178,335	3	140,248	3
Current tax liabilities (Note 4)	-	-	5,480	-	-	-
Lease liabilities - current (Notes 3, 4, 14 and 27)	1,629	-	-	-	-	-
Long-term borrowings - current portion (Notes 18 and 28)	802,308	14	613,128	10	622,199	11
Other current liabilities	10,299	-	7,649	-	8,875	-
Total current liabilities	2,494,394	45	2,468,056	41	2,102,920	37
<b>NONCURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18 and 28)	481,987	9	899,451	15	958,275	17
Deferred tax liabilities (Note 4)	77,236	1	78,732	1	101,374	2
Lease liabilities - noncurrent (Notes 3, 4, 14 and 27)	5,389	-	-	-	-	-
Net defined benefit liabilities (Note 4)	25,522	1	26,221	1	34,856	-
Total noncurrent liabilities	590,134	11	1,004,404	17	1,094,505	19
Total liabilities	3,084,528	56	3,472,460	58	3,197,425	56
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>						
Ordinary shares	1,692,000	31	1,692,000	28	1,692,000	29
Capital surplus	271,315	5	271,315	5	271,315	5
Retained earnings						
Legal reserve	343,170	6	343,170	6	343,170	6
Special reserve	40,765	1	-	-	-	-
Unappropriated earnings	180,818	3	273,586	4	291,211	5
Total retained earnings	564,753	10	616,756	10	634,381	11
Other equity	(114,533)	(2)	(40,765)	(1)	(48,225)	(1)
Total equity	2,413,535	44	2,539,306	42	2,549,471	44
<b>TOTAL</b>	<b>\$ 5,498,063</b>	<b>100</b>	<b>\$ 6,011,766</b>	<b>100</b>	<b>\$ 5,746,896</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 Net Loss Per Share)  
**(Reviewed, Not Audited)**

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET (Note 21)	\$ 849,990	100	\$ 970,890	100	\$ 2,541,753	100	\$ 2,972,785	100
OPERATING COSTS (Notes 10 and 22)	795,488	94	938,394	97	2,312,067	91	2,789,118	94
GROSS PROFIT	54,502	6	32,496	3	229,686	9	183,667	6
OPERATING EXPENSES (Note 22)								
Marketing	36,467	4	36,802	4	110,798	4	110,113	4
General and administrative	50,918	6	53,789	5	145,779	6	154,105	5
Research and development	2,318	-	1,782	-	11,169	-	13,929	-
Expected credit loss (reversed) (Note 9)	272	-	552	-	(1,193)	-	(2,040)	-
Total operating expenses	89,975	10	92,925	9	266,553	10	276,107	9
LOSS FROM OPERATIONS	(35,473)	(4)	(60,429)	(6)	(36,867)	(1)	(92,440)	(3)
NON-OPERATING INCOME AND EXPENSES (Note 22)								
Other income	7,406	1	13,752	1	29,342	1	22,155	1
Other gains and losses	12,680	2	7,036	1	(10,094)	-	11,899	-
Finance costs	(12,996)	(2)	(13,658)	(1)	(40,615)	(2)	(42,749)	(2)
Total non-operating income and expenses	7,090	1	7,130	1	(21,367)	(1)	(8,695)	(1)
CONSOLIDATED LOSS BEFORE INCOME TAX	(28,383)	(3)	(53,299)	(5)	(58,234)	(2)	(101,135)	(4)
INCOME TAX BENEFIT (Notes 4 and 23)	(9,002)	(1)	(13,522)	(1)	(3,584)	-	(18,044)	(1)
CONSOLIDATED NET LOSS	(19,381)	(2)	(39,777)	(4)	(54,650)	(2)	(83,091)	(3)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	(9,477)	(1)	(9,820)	(1)	2,403	-	(18,950)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,105	-	1,493	-	(722)	-	2,914	-

(Continued)

**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Net Loss Per Share)  
**(Reviewed, Not Audited)**

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	\$ (109,533)	(13)	\$ (105,997)	(11)	\$ (72,154)	(3)	\$ (83,018)	(3)
Income tax relating to items that may be reclassified subsequently to profit or loss	(223)	-	749	-	(648)	-	2,832	-
Other comprehensive loss for the period, net of income tax	(117,128)	(14)	(113,575)	(12)	(71,121)	(3)	(96,222)	(3)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>\$ (136,509)</u>	<u>(16)</u>	<u>\$ (153,352)</u>	<u>(16)</u>	<u>\$ (125,771)</u>	<u>(5)</u>	<u>\$ (179,313)</u>	<u>(6)</u>
<b>NET LOSS ATTRIBUTABLE TO:</b>								
Owners of the Company	<u>\$ (19,381)</u>	<u>(2)</u>	<u>\$ (39,777)</u>	<u>(4)</u>	<u>\$ (54,650)</u>	<u>(2)</u>	<u>\$ (83,091)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>								
Owners of the Company	<u>\$ (136,509)</u>	<u>(16)</u>	<u>\$ (153,352)</u>	<u>(16)</u>	<u>\$ (125,771)</u>	<u>(5)</u>	<u>\$ (179,313)</u>	<u>(6)</u>
<b>NET LOSS PER SHARE</b>								
(Note 24)								
Basic	<u>\$ (0.11)</u>		<u>\$ (0.24)</u>		<u>\$ (0.32)</u>		<u>\$ (0.49)</u>	
Diluted	<u>\$ (0.11)</u>		<u>\$ (0.24)</u>		<u>\$ (0.32)</u>		<u>\$ (0.49)</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	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2019	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ -	\$ 273,586	\$ 616,756	\$ (8,988)	\$ -	\$ (37,167)	\$ 5,390	\$ (40,765)	\$ 2,539,306
Net loss for the nine months ended September 30, 2019	-	-	-	-	(54,650)	(54,650)	-	-	-	-	-	(54,650)
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	1,681	-	(72,802)	-	(71,121)	(71,121)
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	(54,650)	(54,650)	1,681	-	(72,802)	-	(71,121)	(125,771)
Appropriation of 2018 earnings Special reserve	-	-	-	40,765	(40,765)	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,647	2,647	(2,647)	-	-	-	(2,647)	-
BALANCE, SEPTEMBER 30, 2019	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ 40,765	\$ 180,818	\$ 564,753	\$ (9,954)	\$ -	\$ (109,969)	\$ 5,390	\$ (114,533)	\$ 2,413,535
BALANCE, JANUARY 1, 2018	\$ 1,692,000	\$ 271,315	\$ 343,170	\$ -	\$ 386,197	\$ 729,367	\$ -	\$ (3,166)	\$ 33,232	\$ 6,036	\$ 36,102	\$ 2,728,784
Effect of retrospective application	-	-	-	-	-	-	(3,166)	3,166	-	-	-	-
BALANCE, JANUARY 1, 2018 AS ADJUSTED	1,692,000	271,315	343,170	-	386,197	729,367	(3,166)	-	33,232	6,036	36,102	2,728,784
Net loss for the 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 loss	-	-	-	-	(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

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>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated loss before income tax	\$ (58,234)	\$ (101,135)
Adjustments for:		
Depreciation expense	197,268	193,931
Amortization expense	2,042	3,839
Expected credit loss reversed	(1,193)	(2,040)
Finance costs	40,615	42,749
Interest income	(6,083)	(7,088)
Dividend income	(3,428)	(3,680)
Loss on disposal of property, plant and equipment and fire loss, net	27,071	5,100
Loss on disposal of right-of-use assets	2,262	-
Write-down of inventories and fire damage	21,104	5,051
Other non-cash items	(2,072)	1,717
Changes in operating assets and liabilities		
Notes receivable	(28,357)	(25,839)
Accounts receivable	178,658	143,521
Other receivables	(8,967)	-
Inventories	(223,219)	314,236
Other current assets	(6,443)	31,904
Financial liabilities held for trading	(509)	(254)
Notes payable	(37,168)	(57,759)
Accounts payable	(236,789)	(180,410)
Other payables	(18,612)	(22,710)
Other current liabilities	3,355	4,761
Net defined benefit liabilities	(9,723)	(9,956)
Cash generated from (used in) operations	(168,422)	335,938
Interest received	6,795	8,152
Income tax paid	(6,929)	(10,152)
Net cash generated from (used in) operating activities	<u>(168,556)</u>	<u>333,938</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(879,583)	(1,166,144)
Proceeds from disposal of financial assets at fair value through other comprehensive income	862,259	1,126,051
Acquisition of property, plant and equipment	(188,777)	(192,074)
Proceeds from disposal of property, plant and equipment	51	737
Acquisition of right-of-use assets	(3,861)	-
Proceeds from disposal of right-of-use assets	18,031	-
Decrease in other financial assets	7,469	99,940
Increase in other noncurrent assets	(4,168)	(1,180)
Dividend received	3,428	3,680
Net cash used in investing activities	<u>\$ (185,151)</u>	<u>\$ (128,990)</u>

(Continued)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<u>Nine Months Ended September 30</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	\$ 1,299,002	\$ 645,938
Decrease in short-term borrowings	(1,164,865)	(718,917)
Increase in short-term bills payable	100,000	70,000
Decrease in short-term bills payable	(100,000)	(100,000)
Increase in long-term borrowings	250,000	440,846
Repayment of long-term borrowings	(478,730)	(635,001)
Interest paid	<u>(42,449)</u>	<u>(45,425)</u>
Net cash used in financing activities	<u>(137,042)</u>	<u>(342,559)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(33,712)</u>	<u>(22,167)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(524,461)	(159,778)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,501,888</u>	<u>1,430,724</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 977,427</u>	<u>\$ 1,270,946</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, 2019 AND 2018 (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 listed on the Taiwan Stock Exchange since September 2001.

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

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

The consolidated financial statements were reported to the board of directors for issue on November 11, 2019.

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

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

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

#### IFRS 16 “Leases”

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

### Definition of a lease

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

### The Group as lessee

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

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

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

The Group also applies the following practical expedients:

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

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

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

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2020

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: 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 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020

(Continued)

New IFRSs	Effective Date Announced by IASB (Note)
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 (Concluded)

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of compliance

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

##### b. Basis of preparation

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

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

##### c. Basis of consolidation

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

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

d. Other significant accounting policy

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

1) Leases

a) 2019

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

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

b) 2018

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

The Group as lessee

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

2) Retirement benefits

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

### 3) Taxation

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

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

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

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 1,862	\$ 2,204	\$ 3,586
Checking accounts and demand deposits	866,874	1,144,415	863,401
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>108,691</u>	<u>355,269</u>	<u>403,959</u>
	<u>\$ 977,427</u>	<u>\$ 1,501,888</u>	<u>\$ 1,270,946</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Time deposits (%)	0.55-1.85	0.55-2.58	0.55-2.58

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

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets - current</u>			
Mandatorily classified as at FVTPL			
Derivatives (not designated for hedge)			
Copper futures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>

(Continued)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<hr/> <b>Financial liabilities - current</b> <hr/>			
<b>Held for trading</b>			
Derivatives (not designated for hedge )			
Copper futures	\$ 553	\$ 832	\$ -
Foreign exchange forward contracts	<u>619</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,172</u>	<u>\$ 832</u>	<u>\$ -</u>
			(Concluded)

- a. 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>
<hr/> <b>September 30, 2019</b> <hr/>			
Copper futures			
Refined copper	December, 2019	16	US\$1,049
<hr/> <b>December 31, 2018</b> <hr/>			
Copper futures			
Refined copper	March 2019	20	US\$1,338
Refined copper	May 2019	5	US\$ 334
<hr/> <b>September 30, 2018</b> <hr/>			
Copper futures			
Refined copper	December, 2018	1	US\$ 71

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

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<hr/> <b>September 30, 2019</b> <hr/>			
Sell	USD/CNY	August, 2020	US\$2,000/CNY\$ 14,220

The foreign exchange forward contracts above did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Investments in equity instruments at FVTOCI			
Domestic listed shares	\$ 19,844	\$ 26,234	\$ 34,044
Overseas listed shares	<u>91,725</u>	<u>67,493</u>	<u>97,751</u>
	<u>\$ 111,569</u>	<u>\$ 93,727</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.

For the nine months ended September 30, 2019 and 2018, the Group acquired \$879,583 thousand and \$1,166,144 thousand of domestic and overseas listed shares for medium and long-term strategic purposes; the management designated these investments as at FVTOCI.

For the nine months ended September 30, 2019 and 2018, the Group sold its domestic and overseas listed shares in order to manage credit concentration risk. The sold shares had a fair value of \$862,259 thousand and \$1,126,051 thousand and the Group transferred a gain of \$2,647 thousand and a loss of \$11,895 thousand from other equity to retained earnings.

The dividends for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018 were \$3,369 thousand, \$2,139 thousand, \$3,428 thousand and \$3,680 thousand. Those related to investments derecognized during the period were \$130 thousand, \$1,344 thousand, \$131 thousand, and \$1,407 thousand and those related to investments held at the end of the reporting period were \$3,239 thousand, \$795 thousand, \$3,297 thousand and \$2,273 thousand.

**9. NOTES, ACCOUNTS RECEIVABLE, NET AND OVERDUE RECEIVABLE**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 114,579</u>	<u>\$ 86,222</u>	<u>\$ 176,302</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 914,721	\$ 1,093,995	\$ 1,086,804
Less: Allowance for impairment loss	<u>8,939</u>	<u>10,866</u>	<u>11,500</u>
	<u>\$ 905,782</u>	<u>\$ 1,083,129</u>	<u>\$ 1,075,304</u>
<u>Overdue receivable</u>			
At amortized cost			
Gross carrying amount	\$ 616	\$ -	\$ -
Less: Allowance for impairment loss	<u>616</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

a. Notes and accounts receivable

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

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

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

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

September 30, 2019

	Not Past Due	Past Due 1 to 60 Days	Past Due 61 to 90 Days	Past Due 91 to 180 Days	Past Due Over 180 Days	Total
Expected credit loss rate (%)	0-0.6	0.5-10	20-55	40-55	80-100	
Gross carrying amount	\$ 976,942	\$ 48,896	\$ 1,333	\$ 15	\$ 2,114	\$ 1,029,300
Loss allowance (Lifetime ECL)	<u>(4,124)</u>	<u>(2,299)</u>	<u>(490)</u>	<u>(6)</u>	<u>(2,020)</u>	<u>(8,939)</u>
Amortized cost	<u>\$ 972,818</u>	<u>\$ 46,597</u>	<u>\$ 843</u>	<u>\$ 9</u>	<u>\$ 94</u>	<u>\$ 1,020,361</u>

December 31, 2018

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

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)	<u>(4,967)</u>	<u>(3,818)</u>	<u>(102)</u>	<u>(24)</u>	<u>(2,338)</u>	<u>(251)</u>	<u>(11,500)</u>
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's customer provided property, plant and equipment as collateral to lower the risk of expected credit loss on September 30, 2018.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 10,866	\$ 15,473
Less: Loss allowance reversed	(1,193)	(2,040)
Amounts written off	-	(1,873)
Foreign exchange gains and losses	<u>(118)</u>	<u>(60)</u>
Balance at September 30	<u>\$ 9,555</u>	<u>\$ 11,500</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, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Group A	<u>\$ 142,649</u>	<u>\$ 146,965</u>	<u>\$ 161,203</u>

## 10. INVENTORIES

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Work in process	\$ 314,450	\$ 161,590	\$ 177,343
Finished goods	264,369	217,798	167,994
Raw materials	363,903	367,997	244,295
Supplies	<u>69,800</u>	<u>62,181</u>	<u>65,666</u>
	<u>\$ 1,012,522</u>	<u>\$ 809,566</u>	<u>\$ 655,298</u>

All operating costs recognized for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018 were the cost of inventories, which included the following items:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Write-down (reversal of write-down) of inventories	\$ 13,126	\$ (958)	\$ 18,609	\$ 5,051
Fire damage (Note 22)	-	-	2,495	-
Others	<u>(3,584)</u>	<u>2,383</u>	<u>(327)</u>	<u>4,394</u>
	<u>\$ 9,542</u>	<u>\$ 1,425</u>	<u>\$ 20,777</u>	<u>\$ 9,445</u>

## 11. OTHER FINANCIAL ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
Time deposits with original maturities more than 3 months	\$ 142,071	\$ 155,815	\$ 154,703
Pledge time deposits	15,502	9,632	6,285
Refundable deposits	<u>13,634</u>	<u>13,229</u>	<u>10,762</u>
	<u>\$ 171,207</u>	<u>\$ 178,676</u>	<u>\$ 171,750</u>
Current	\$ 169,551	\$ 176,980	\$ 170,064
Noncurrent	<u>1,656</u>	<u>1,696</u>	<u>1,686</u>
	<u>\$ 171,207</u>	<u>\$ 178,676</u>	<u>\$ 171,750</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Time deposits (%)	1.35-2.8	0.30-1.55	1.35-1.55

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

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

## 12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2019	December 31, 2018	September 30, 2018
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global Cayman)	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Cayman)	Note 1	100	100	100
Global Cayman	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global HK)	Note 2	100	100	100
Genius	Genius Terminal (HK) Ltd. (Genius HK)	Note 2	100	100	100
GEM Cayman	Vietnam Gem Electronic and Metal Co., Ltd (GEM VN)	Note 3	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM Suzhou)	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM Dongguan)	Note 3	100	100	100

Note 1: International investment.

Note 2: International trading.

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

### 13. PROPERTY, PLANT, AND EQUIPMENT

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

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

#### Nine months ended September 30, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 146,218	\$ 1,054,182	\$ 1,564,038	\$ 61,923	\$ 773,416	\$ 108,121	\$ 3,707,898
Additions	-	19,756	96,965	2,999	74,703	10,634	205,057
Fire damage	-	(13,591)	(9,188)	-	(4,969)	-	(27,748)
Disposal	-	(394)	(16,570)	(1,106)	(40,897)	-	(58,967)
Effect of foreign currency exchange differences	-	(16,535)	(64,898)	(1,022)	(15,253)	2,048	(95,660)
Balance at September 30, 2019	<u>\$ 146,218</u>	<u>\$ 1,043,418</u>	<u>\$ 1,570,347</u>	<u>\$ 62,794</u>	<u>\$ 787,000</u>	<u>\$ 120,803</u>	<u>\$ 3,730,580</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	\$ -	\$ (474,555)	\$ (904,637)	\$ (43,065)	\$ (424,392)	\$ -	\$ (1,846,649)
Depreciation expenses	-	(32,873)	(79,922)	(2,344)	(79,386)	-	(194,525)
Fire damage	-	1,413	1,252	-	936	-	3,601
Disposal	-	320	14,578	1,080	40,014	-	55,992
Effect of foreign currency exchange differences	-	10,910	33,332	944	12,412	-	57,598
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ (494,785)</u>	<u>\$ (935,397)</u>	<u>\$ (43,385)</u>	<u>\$ (450,416)</u>	<u>\$ -</u>	<u>\$ (1,923,983)</u>
Carrying amounts at December 31, 2018 and January 1, 2019	<u>\$ 146,218</u>	<u>\$ 579,627</u>	<u>\$ 659,401</u>	<u>\$ 18,858</u>	<u>\$ 349,024</u>	<u>\$ 108,121</u>	<u>\$ 1,861,249</u>
Carrying amounts at September 30, 2019	<u>\$ 146,218</u>	<u>\$ 548,633</u>	<u>\$ 634,950</u>	<u>\$ 19,409</u>	<u>\$ 336,584</u>	<u>\$ 120,803</u>	<u>\$ 1,806,597</u>

#### 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)
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>
<u>Accumulated depreciation</u>							
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 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>

b. Estimated useful lives

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

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

c. Refer to Note 28 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Acquisition of property, plant and equipment	\$ 205,057	\$ 188,656
Capitalized interest	(1,502)	(2,300)
Decrease in prepayments for equipment	(4,694)	(9,365)
Decrease (increase) in payable for purchase of equipment	<u>(10,084)</u>	<u>15,083</u>
Cash paid	<u>\$ 188,777</u>	<u>\$ 192,074</u>

#### 14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	<b>September 30, 2019</b>	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Carrying amounts			
Land	\$ 70,469		
Buildings	<u>9,382</u>		
	<u>\$ 79,851</u>		
Additions to right-of-use assets		<u>\$ 3,861</u>	<u>\$ 6,443</u>
Depreciation charge for right-of-use assets			
Land		\$ 526	\$ 1,461
Buildings		<u>231</u>	<u>1,282</u>
		<u>\$ 757</u>	<u>\$ 2,743</u>

b. Lease liabilities - 2019

**September 30,  
2019**

Carrying amounts

Current

\$ 1,629

Noncurrent

\$ 5,389

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

c. Material lease-in activities and terms

The Group leases land and buildings for the use as plants and offices with lease terms of 1 to 50 years, refer to Note 15. The Group does not have bargain purchase options to acquire the leasehold land and buildings but have extension options at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

In 2019, Subsidiary GEM VN terminated some of its building lease contracts for purchase and collected the refunded rent of \$18,031 thousand. The difference between the refunded rent and the right-of-use assets was \$ 2,262 thousand recognized as non-operating loss. As of September 30, 2019, partial land lease of \$9,080 thousand are in the process of obtaining the land use right certificate.

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

## 15. PREPAYMENT FOR LEASE

	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Current (included in other current assets)	\$ 2,355	\$ 2,338
Noncurrent (included in long-term prepayments for lease)	<u>90,040</u>	<u>89,960</u>
	<u>\$ 92,395</u>	<u>\$ 92,298</u>

Prepayments for lease are for land use rights and property use rights in China and Vietnam. The years of use for land use rights in China is 50 years, which will expire from December 2046 to September 2061 in a row. The years of use for land and property use rights in Vietnam are 40-50 years, which will expire from October 2054 to December 2066 in a row.

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

## 16. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

## 17. OTHER PAYABLES

	September 30, 2019	December 31, 2018	September 30, 2018
Payable for purchase of equipment	\$ 47,451	\$ 37,367	\$ 32,194
Payable for salaries and bonuses	39,887	45,430	36,932
Payable for freight	16,000	18,091	15,525
Payable for service fees	6,921	13,385	8,603
Payable for utilities expense	3,722	6,250	3,312
Payable for tax	3,829	1,619	3,620
Payable for pension	827	9,830	801
Others	<u>41,725</u>	<u>46,363</u>	<u>39,261</u>
	<u>\$ 160,362</u>	<u>\$ 178,335</u>	<u>\$ 140,248</u>

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

## 18. BORROWINGS

### a. Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured borrowings	\$ 450,114	\$ 387,051	\$ 294,771
Secured borrowings (Note 28)	<u>564,212</u>	<u>497,326</u>	<u>465,604</u>
	<u>\$ 1,014,326</u>	<u>\$ 884,377</u>	<u>\$ 760,375</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured borrowings (%)	1.20-3.50	1.25-3.60	1.35-3.35
Secured borrowings (%)	2.62-4.57	3.48-4.57	3.14-4.35

### b. Short-term bills payable

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

	September 30, 2019	December 31, 2018	September 30, 2018
Short-term bills payable (%)	1.48-1.50	1.17-1.24	1.17-1.19

As of September 30, 2019 and December 31, 2018, commercial papers of \$50,000 thousand were issued and granted by China Bills Finance Corporation and International Bills Corporation, respectively. As of September 30, 2018, commercial paper of \$50,000 thousand and \$20,000 thousand were issued and granted by International Bills Corporation and China Bills Finance Corporation, respectively. The commercial papers above were issued with one year revolving credit facilities.

c. Long-term borrowings

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Unsecured borrowings	\$ 1,237,334	\$ 1,433,917	\$ 1,511,000
Secured borrowings (Note 28)	<u>46,961</u>	<u>78,662</u>	<u>69,474</u>
	1,284,295	1,512,579	1,580,474
Less: Current portion	<u>802,308</u>	<u>613,128</u>	<u>622,199</u>
	<u>\$ 481,987</u>	<u>\$ 899,451</u>	<u>\$ 958,275</u>

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Unsecured borrowings (%)	1.49-2.06	1.49-2.06	1.49-2.06
Secured borrowings (%)	3.80-4.00	3.75-4.00	3.50-3.60

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Unsecured borrowings	October 2019- November 2022	February 2019- November 2022	July 2018- November 2022
Secured borrowings	February 2021	March 2019- February 2021	March 2019- December 2021

Under the loan agreements with certain banks, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. The financial ratio of the Group as of June 30, 2019, December 31, 2018 and June 30, 2018, were in compliance with the requirements stated in the loan agreements.

## 19. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, employee benefit expenses in respect of the Group's defined benefit retirement plans were \$229 thousand, \$303 thousand, \$687 thousand and \$910 thousand, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017.

## 20. EQUITY

a. Ordinary shares

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</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>

(Continued)

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
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> (Concluded)

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to ordinary shares			
Issuance of ordinary shares	\$ 266,411	\$ 266,411	\$ 266,411
Treasury share transactions	<u>4,904</u>	<u>4,904</u>	<u>4,904</u>
	<u>\$ 271,315</u>	<u>\$ 271,315</u>	<u>\$ 271,315</u>

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

c. Retained Earnings and Dividend Policy

The stockholders held their regular meeting on June 25, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). According the dividend policy in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (except when legal reserve equals to the Company's paid-in capital, may also set aside or not), setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of stock dividends and bonuses to stockholders.

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

The Company's dividend policy is in line with the Company's operating scale and research and development needs 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.

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

The deficit compensation for 2018 and 2017 were approved in the stockholders' meeting on June 25, 2019 and June 13, 2018, respectively. A special reserve of \$40,765 thousand was approved in the stockholder's meeting on June 25, 2019.

d. Other Equity Items

1) Exchange differences on translating foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (37,167)	\$ 33,232
Effect of change in tax rate	-	2,914
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	<u>(72,802)</u>	<u>(83,100)</u>
Balance at September 30	<u>\$ (109,969)</u>	<u>\$ (46,954)</u>

2) Unrealized loss on financial assets at FVTOCI

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (8,988)	\$ (3,166)
Recognized during the period		
Unrealized gain (loss) - equity instruments	1,681	(15,818)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(2,647)</u>	<u>11,895</u>
Balance at September 30	<u>\$ (9,954)</u>	<u>\$ (7,089)</u>

3) Remeasurement of defined benefit plans

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 5,390	\$ 6,036
Effect of change in tax rate	<u>-</u>	<u>(218)</u>
Balance at September 30	<u>\$ 5,390</u>	<u>\$ 5,818</u>

## 21. OPERATING REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 849,990</u>	<u>\$ 970,890</u>	<u>\$ 2,541,753</u>	<u>\$ 2,972,785</u>

### a. Contract balances (Note 9)

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Notes receivable	\$ 114,579	\$ 86,222	\$ 176,302	\$ 150,463
Accounts receivable, net	<u>905,782</u>	<u>1,083,129</u>	<u>1,075,304</u>	<u>1,216,725</u>
	<u>\$ 1,020,361</u>	<u>\$ 1,169,351</u>	<u>\$ 1,251,606</u>	<u>\$ 1,367,188</u>

### b. Disaggregation of revenue

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

## 22. CONSOLIDATED LOSS BEFORE INCOME TAX

Consolidated loss before income tax including following items:

### a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest income	\$ 1,516	\$ 2,149	\$ 6,083	\$ 7,088
Dividends	3,369	2,139	3,428	3,680
Fire damage insurance claims income	-	-	14,021	-
Others	<u>2,521</u>	<u>9,464</u>	<u>5,810</u>	<u>11,387</u>
	<u>\$ 7,406</u>	<u>\$ 13,752</u>	<u>\$ 29,342</u>	<u>\$ 22,155</u>

In January 2019, a fire accident occurred in the certain area of Subsidiary GEM VN, causing damage to some inventories and property, plant and equipment and recognizing the loss as operating costs and non-operating losses, respectively. According to the investigation report from the claim adjuster, GEM VN estimated the insurance claim receivable to be \$14,021 thousand recognized as non-operating income. As of November 11, 2019, GEM VN still negotiated with the insurance company for the insurance claim.

b. Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Foreign exchange gains, net	\$ 15,393	\$ 8,616	\$ 21,579	\$ 18,489
Loss on disposal of property, plant and equipment, net	(1,155)	(682)	(2,924)	(5,100)
Loss on disposal of right-of-use assets (Note 14)	(2,262)	-	(2,262)	-
Fire damage (Note 13)	-	-	(24,147)	-
Others	<u>704</u>	<u>(898)</u>	<u>(2,340)</u>	<u>(1,490)</u>
	<u>\$ 12,680</u>	<u>\$ 7,036</u>	<u>\$ (10,094)</u>	<u>\$ 11,899</u>

c. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Interest expense of borrowings	\$ 13,429	\$ 14,412	\$ 42,028	\$ 45,049
Interest on lease liabilities	30	-	89	-
Less: Amounts included in the cost of qualifying assets	<u>463</u>	<u>754</u>	<u>1,502</u>	<u>2,300</u>
	<u>\$ 12,996</u>	<u>\$ 13,658</u>	<u>\$ 40,615</u>	<u>\$ 42,749</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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 463	\$ 754	\$ 1,502	\$ 2,300
Capitalization rate (%)	1.54-4.92	1.65-5.16	1.54-4.92	1.33-5.16

d. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 65,750	\$ 64,129	\$ 194,525	\$ 193,931
Prepayments for lease (including current/noncurrent portion)	-	590	-	1,848
Right-of-use assets	757	-	2,743	-
Other assets	<u>695</u>	<u>675</u>	<u>2,042</u>	<u>1,991</u>
	<u>\$ 67,202</u>	<u>\$ 65,394</u>	<u>\$ 199,310</u>	<u>\$ 197,770</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>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
An analysis of depreciation by function				
Operating costs	\$ 56,889	\$ 55,085	\$ 168,235	\$ 166,759
Operating expenses	<u>9,618</u>	<u>9,044</u>	<u>29,033</u>	<u>27,172</u>
	<u>\$ 66,507</u>	<u>\$ 64,129</u>	<u>\$ 197,268</u>	<u>\$ 193,931</u>
An analysis of amortization by function				
Operating costs	\$ 32	\$ 46	\$ 103	\$ 186
Operating expenses	<u>663</u>	<u>1,219</u>	<u>1,939</u>	<u>3,653</u>
	<u>\$ 695</u>	<u>\$ 1,265</u>	<u>\$ 2,042</u>	<u>\$ 3,839</u>

e. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Short-term employee benefits	<u>\$ 133,870</u>	<u>\$ 127,848</u>	<u>\$ 384,567</u>	<u>\$ 379,576</u>
Post-employment benefits				
Defined contribution plans	8,592	7,521	23,526	23,986
Defined benefit plans (Note 19)	<u>229</u>	<u>303</u>	<u>687</u>	<u>910</u>
	<u>8,821</u>	<u>7,824</u>	<u>24,213</u>	<u>24,896</u>
	<u>\$ 142,691</u>	<u>\$ 135,672</u>	<u>\$ 408,780</u>	<u>\$ 404,472</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 108,077	\$ 95,389	\$ 304,953	\$ 289,629
Operating expenses	<u>34,614</u>	<u>40,283</u>	<u>103,827</u>	<u>114,843</u>
	<u>\$ 142,691</u>	<u>\$ 135,672</u>	<u>\$ 408,780</u>	<u>\$ 404,472</u>

f. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and \$2,100 thousand, respectively, of net profit before income tax, employees' compensation and remuneration of directors and supervisors. For the nine months ended September 30, 2019 and 2018, the Company had incurred net loss, hence, no employees' compensation and remuneration of directors and supervisors were accrued for the period.

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

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

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

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

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

### 23. INCOME TAX

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

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

	<u>For the Three Months</u> <u>Ended September 30</u>		<u>For the Nine Months</u> <u>Ended September 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current tax				
In respect of the current period	\$ 1,116	\$ (2,355)	\$ 216	\$ 106
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>2,692</u>	<u>1,201</u>
	<u>1,116</u>	<u>(2,355)</u>	<u>2,908</u>	<u>1,307</u>
Deferred tax				
In respect of the current period	(10,118)	(11,167)	(17,273)	(6,933)
Effect of change in tax rate	-	-	-	(12,418)
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>10,781</u>	<u>-</u>
	<u>(10,118)</u>	<u>(11,167)</u>	<u>(6,492)</u>	<u>(19,351)</u>
Income tax benefit recognized in profit or loss	<u>\$ (9,002)</u>	<u>\$ (13,522)</u>	<u>\$ (3,584)</u>	<u>\$ (18,044)</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 in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings was reduced from 10% to 5%.

b. Income tax recognized directly in equity

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current Tax				
Disposal of investments in equity instruments designated as at FVTOCI	\$ 2,469	\$ -	\$ -	\$ -
Deferred tax				
Disposal of investments in equity instruments designated as at FVTOCI	<u>(1,284)</u>	<u>3,716</u>	<u>(1,284)</u>	<u>3,531</u>
Income tax benefit (expense) recognized directly in equity	<u>\$ 1,185</u>	<u>\$ 3,716</u>	<u>\$ (1,284)</u>	<u>\$ 3,531</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Deferred tax				
Effect of change in tax rate In respect of the current period	\$ -	\$ -	\$ -	\$ 2,696
Translations of foreign operations	(223)	749	(648)	(82)
Fair value changes of financial assets at FVTOCI	<u>2,105</u>	<u>1,493</u>	<u>(722)</u>	<u>3,132</u>
Income tax benefit (expense) recognized in comprehensive income (loss)	<u>\$ 1,882</u>	<u>\$ 2,242</u>	<u>\$ (1,370)</u>	<u>\$ 5,746</u>

d. Income tax assessments

The tax returns of the Company through 2017 have been assessed by the tax authorities.

GEM Dongguan, GEM Suzhou and GEM VN had completed the filing of their income tax returns through 2018 with the tax authorities.

## 24. NET LOSS PER SHARE (EPS)

There is no diluted effect for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018 for net loss incurred. The net loss and weighted average number of ordinary shares outstanding used in the computation of EPS were as follows:

Net loss for the periods attributable to owners of the Company

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net loss used in the computation of basic/diluted EPS	<u>\$ (19,381)</u>	<u>\$ (39,777)</u>	<u>\$ (54,650)</u>	<u>\$ (83,091)</u>

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares in computation of basic/diluted EPS	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>	<u>169,200</u>

## 25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt and equity of the Group. The Group is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements. (Refer to Note 18)

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

## 26. FINANCIAL INSTRUMENTS

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

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

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

September 30, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 19,844	\$ -	\$ -	\$ 19,844
Overseas listed shares	<u>91,725</u>	<u>-</u>	<u>-</u>	<u>91,725</u>
	<u>\$ 111,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,569</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial liabilities at FVTPL</u>				
Derivative instruments				
Copper futures	\$ 553	\$ -	\$ -	\$ 553
Foreign exchange forward contracts	<u>-</u>	<u>619</u>	<u>-</u>	<u>619</u>
	<u>\$ 553</u>	<u>\$ 619</u>	<u>\$ -</u>	<u>\$ 1,172</u> (Concluded)

December 31, 2018

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

Financial liabilities at FVTPL

Derivative instruments				
Copper futures	<u>\$ 832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832</u>

September 30, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<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>

Financial assets at FVTPL

Derivative instruments				
Copper futures	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>

There were no transfers between Level 1 and Level 2 for the nine months ended September 30, 2019 and 2018.

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

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets</u>			
Measured at amortized cost (Note 1)	\$ 2,185,995	\$ 2,858,660	\$ 2,695,079
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	-	-	18
Financial assets at FVTOCI			
Equity instruments	111,569	93,727	131,795
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,963,281	3,353,546	3,052,320
Financial liabilities at FVTPL			
Held for trading	1,172	832	-

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

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

d. Financial risk management objectives and policies

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

The corporate treasury function reports monthly to the Group's management personnel.

1) Market risk

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

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

a) Foreign currency risk

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

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

### Sensitivity analysis

The Group was mainly exposed to the USD and HKD.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
USD	\$ (56)	\$ 2,019
HKD	1,358	1,960

#### b) Interest rate risk

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

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Fair value interest rate risk			
Financial assets	\$ 266,264	\$ 520,716	\$ 564,948
Financial liabilities	753,605	942,286	896,153
Cash flow interest rate risk			
Financial assets	866,743	1,144,284	863,269
Financial liabilities	1,652,034	1,554,670	1,514,696

### Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2019 and 2018 would decrease/increase \$5,890 thousand and \$4,886 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits and borrowings.

#### c) Other price risk

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

## Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risk at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the nine months ended September 30, 2019 and 2018 would increase/decrease by \$1,116 thousand and \$1,318 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

### 2) Credit risk

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

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

### 3) Liquidity risk

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

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

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

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

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

	<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>	<b>5-10 Years</b>
<hr/>					
September 30, 2019					
Fixed interest rate liabilities	\$ 300,538	\$ 94,777	\$ 358,776	\$ -	\$ -
Variable interest rate liabilities	50,871	242,862	897,170	488,339	-
Lease liabilities	-	-	1,658	4,852	768
Non-interest bearing	<u>321,123</u>	<u>182,503</u>	<u>59,509</u>	<u>-</u>	<u>-</u>
	<u>\$ 672,532</u>	<u>\$ 520,142</u>	<u>\$ 1,317,113</u>	<u>\$ 493,191</u>	<u>\$ 768</u>

(Continued)

	<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>	<b>5-10 Years</b>
<u>December 31, 2018</u>					
Fixed interest rate liabilities	\$ 51,497	\$ 248,071	\$ 483,257	\$ 175,930	\$ -
Variable interest rate liabilities	152,530	127,791	572,462	733,934	-
Non-interest bearing	<u>500,833</u>	<u>253,821</u>	<u>99,990</u>	<u>-</u>	<u>-</u>
	<u>\$ 704,860</u>	<u>\$ 629,683</u>	<u>\$ 1,155,709</u>	<u>\$ 909,864</u>	<u>\$ -</u>
<u>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>-</u>
	<u>\$ 561,427</u>	<u>\$ 510,162</u>	<u>\$ 1,052,508</u>	<u>\$ 971,311</u>	<u>\$ -</u>

(Concluded)

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

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

b) Liquidity risk tables for derivative financial instruments

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

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>
<u>September 30, 2019</u>			
Net settled			
Copper Futures	<u>\$ -</u>	<u>\$ (553)</u>	<u>\$ -</u>
Gross settled			
Foreign Exchange Forward			
Contracts			
Inflows	\$ -	\$ -	\$ 61,844
Outflows	<u>-</u>	<u>-</u>	<u>(62,080)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (236)</u>
<u>December 31, 2018</u>			
Net settled			
Copper Futures	<u>\$ -</u>	<u>\$ (702)</u>	<u>\$ (130)</u>

(Continued)

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

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of September 30, 2019, the face amounts of these unsettled bills receivable were \$91,375 thousand. The unsettled bills receivable will be due in 1-4 months after the end of the reporting period. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

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

## 27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and its relationship with the Group

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

b. Compensation of key management personnel

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 2,951	\$ 2,951	\$ 8,349	\$ 7,254 (Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Post-employment benefits	\$ 22	\$ 53	\$ 158	\$ 158
	<u>\$ 2,973</u>	<u>\$ 3,004</u>	<u>\$ 8,507</u>	<u>\$ 7,412</u> (Concluded)

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

c. Lease arrangements

The Company leased its staff dormitory and Taipei office from related party in substance, Su, Tun-Jen, Su, Tun-Li, and Su, Tun-Yi. The rental terms were determined by negotiation. The rental rates were similar to the local market rate and the payment terms were at arm's length.

The relevant information of the lease arrangements were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Acquisition of right-of-use assets	\$ -	\$ -	\$ 2,582	\$ -
Interest expense	30	-	89	-
Lease expense	-	414	-	1,243

The balance of lease liabilities as of September 30, 2019 was \$7,018 thousand.

d. Guarantees

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

<b>Guarantor</b>	<b>Guarantee Amount</b>
Su, Tun-Li	\$ 1,089,555
Su, Chung-Hong	662,479
Su, Bo-Chen	<u>390,000</u>
	<u>\$ 2,142,034</u>

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Property, plant and equipment	\$ 500,493	\$ 550,759	\$ 522,278
Pledge deposits (under other financial assets-current)	15,502	9,632	6,286
			(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Right-of-use assets	\$ 22,627	\$ -	\$ -
Prepayments for lease (including current portion)	<u>-</u>	<u>23,494</u>	<u>23,477</u>
	<u>\$ 538,622</u>	<u>\$ 583,885</u>	<u>\$ 552,041</u> (Concluded)

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's significant contingent liabilities and unrecognized commitments as of September 30, 2019, were as follows:

- a. The amounts of contracts for the Group's purchases of properties and materials were \$158,259 thousand, of which \$39,045 thousand had been paid.
- b. Unused letters of credit for purchases of raw materials amounted to \$16,349 thousand.

## 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currencies (In Thousands)		Exchange Rate	Carrying Amount (In Thousands)
<u>September 30, 2019</u>				
Financial assets				
Monetary items				
USD	\$ 13,921	31.04	(USD:NTD)	\$ 432,121
USD	9,422	7.1373	(USD:RMB)	292,472
USD	7,685	7.8404	(USD:HKD)	238,548
USD	3,926	23,199	(USD:VND)	121,861
HKD	65	3.959	(HKD:NTD)	258
HKD	49,966	0.9103	(HKD:RMB)	197,817
HKD	945	0.1275	(HKD:USD)	<u>3,740</u>
				<u>\$ 1,286,817</u>
Financial liabilities				
Monetary items				
USD	537	31.04	(USD:NTD)	\$ 16,678
USD	2,731	7.1373	(USD:RMB)	84,776
USD	5,913	7.8404	(USD:HKD)	183,549
USD	25,934	23,199	(USD:VND)	805,001
HKD	16,442	3.959	(HKD:NTD)	65,095
HKD	233	0.9103	(HKD:RMB)	<u>923</u>
				<u>\$ 1,156,022</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
Non-monetary items				
Derivative instruments				
USD	\$ 2,000	7.1373	(USD:RMB)	<u>\$ 619</u>
<hr/>				
December 31, 2018				
<hr/>				
Financial assets				
Monetary items				
USD	11,821	30.7	(USD:NTD)	\$ 362,897
USD	11,392	6.868	(USD:RMB)	349,729
USD	13,727	7.8276	(USD:HKD)	421,429
USD	2,997	23,222	(USD:VND)	92,010
HKD	2,777	3.922	(HKD:NTD)	10,890
HKD	57,788	0.8774	(HKD:RMB)	226,643
HKD	933	0.1278	(HKD:USD)	<u>3,659</u>
				<u>\$ 1,467,257</u>
Financial liabilities				
Monetary items				
USD	517	30.7	(USD:NTD)	\$ 15,859
USD	3,161	6.868	(USD:RMB)	97,040
USD	5,780	7.8276	(USD:HKD)	177,459
USD	22,156	23,222	(USD:VND)	680,189
HKD	18,716	3.922	(HKD:NTD)	73,404
HKD	500	0.8774	(HKD:RMB)	<u>1,961</u>
				<u>\$ 1,045,912</u>
<hr/>				
September 30, 2018				
<hr/>				
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>
				(Concluded)

For the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, realized and unrealized net foreign exchange gains were \$15,393 thousand, \$8,616

thousand, \$21,579 thousand and \$18,489 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

### 31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1.
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held: Table 2.
- 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
- 9) Trading in derivative instruments: Note 7. For the nine months ended September 30, 2019, net losses of futures contracts and foreign exchange forward contracts were \$862 thousand. The transaction amount was not significant.
- 10) Inter-Company business relationship and material transactions and its amount: Table 8.
- 11) Information on investees: Table 5.

b. Information on investments in Mainland China

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

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

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7.
- 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3 and Table 7.

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

## 32. SEGMENT INFORMATION

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

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

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

The Group's reportable segments were as follows:

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

### Segment revenues and results

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

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	Others	Adjustment and Elimination	Consolidated Amount
For the nine months ended September 30, 2019						
Revenue from external customers	\$ 345,012	\$ 1,028,414	\$ 1,167,688	\$ 639	\$ -	\$ 2,541,753
Inter-segment revenues	440,694	482,630	1,034,397	757,843	(2,715,564)	-
Segment revenues	<u>\$ 785,706</u>	<u>\$ 1,511,044</u>	<u>\$ 2,202,085</u>	<u>\$ 758,482</u>	<u>\$ (2,715,564)</u>	<u>\$ 2,541,753</u>

(Continued)

	The Company	GEM Dongguan & Genius HK	GEM Suzhou & Global HK	Others	Adjustment and Elimination	Consolidated Amount
Segment loss	\$ (27,853)	\$ (20,213)	\$ (25,039)	\$ (14,737)	\$ 50,975	\$ (36,867)
Other income						29,342
Other gains and losses						(10,094)
Finance cost						(40,615)
Consolidated loss before income tax						(58,234)
Income tax						3,584
Consolidated net loss						\$ (54,650)
<hr/>						
September 30, 2019						
Segment assets	\$ 4,407,754	\$ 1,463,949	\$ 2,815,664	\$ 1,394,432	\$ (4,583,736)	\$ 5,498,063
Segment liabilities	\$ 1,994,219	\$ 542,261	\$ 866,907	\$ 1,005,063	\$ (1,323,922)	\$ 3,084,528
<hr/>						
For the Nine months ended September 30, 2018						
Revenue from external customers	\$ 405,893	\$ 1,213,060	\$ 1,353,628	\$ 204	\$ -	\$ 2,972,785
Inter - segment revenues	83,471	403,923	1,144,823	349,806	(1,982,023)	-
Segment revenues	\$ 489,364	\$ 1,616,983	\$ 2,498,451	\$ 350,010	\$ (1,982,023)	\$ 2,972,785
Segment income (loss)	\$ (33,928)	\$ (37,990)	\$ 7,711	(\$ 42,607)	\$ 14,374	\$ (92,440)
Other income						22,155
Other gains and losses						11,899
Finance cost						(42,749)
Consolidated loss before income tax						(101,135)
Income tax						18,044
Consolidated net loss						\$ (83,091)
<hr/>						
September 30, 2018						
Segment assets	\$ 4,503,782	\$ 1,467,898	\$ 2,808,136	\$ 1,048,566	\$ (4,081,486)	\$ 5,746,896
Segment liabilities	\$ 1,954,311	\$ 501,945	\$ 818,395	\$ 675,529	\$ (752,755)	\$ 3,197,425

(Concluded)

**TABLE 1****GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES****FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Notes 2 and 3)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits	Note
													Item	Value			
0	The Company	GEM VN	Other receivables - related parties	Yes	\$ 360,438	\$ 263,840	\$ 170,720	2.1-3.2	Short-term financing	\$ -	Business development	\$ -	-	\$ -	\$ 482,707	\$ 965,414	Note 1
		GEM Suzhou	Other receivables - related parties	Yes	92,295	-	-	2.8	Short-term financing	-	Business development	-	-	-	482,707	965,414	Note 1
1	Vibo	GEM Dongguan	Other receivables - related parties	Yes	30,820	-	-	2.8	Short-term financing	-	Business development	-	-	-	568,946	1,137,892	Note 1
		GEM Suzhou	Other receivables - related parties	Yes	31,595	-	-	2.8	Short-term financing	-	Business development	-	-	-	568,946	1,137,892	Note 1
		GEM VN	Other receivables - related parties	Yes	31,390	31,040	31,040	2.8	Short-term financing	-	Business development	-	-	-	568,946	1,137,892	Note 1
2	Global Cayman	Global HK	Other receivables - related parties	Yes	24,944	12,416	-	2.8~3.2	Short-term financing	-	Business development	-	-	-	573,824	1,147,648	Note 1
3	GEM Suzhou	Vibo	Other receivables - related parties	Yes	155,200	155,200	62,080	2.8	Short-term financing	-	Business development	-	-	-	387,789	775,578	Note 1

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

Note 2: The exchange rate was US\$1 : NT\$31.04.

Note 3: It was eliminated on consolidation.

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

## MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2019

(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, 2019				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	<u>Stock</u>							
	ESON Precision Engineering Co., Ltd.	-	Financial assets at FVTOCI - current	36,000	\$ 1,431	-	\$ 1,431	
	Tai Tung Communication Co., Ltd.	-	Financial assets at FVTOCI - current	258,000	4,154	-	4,154	
	Innolux Corporation	-	Financial assets at FVTOCI - current	595,000	3,927	-	3,927	
	Microelectronics Technology Inc.	-	Financial assets at FVTOCI - current	184,000	4,416	-	4,416	
	Asia Pacific Telecom Co., Ltd.	-	Financial assets at FVTOCI - current	611,000	3,684	-	3,684	
	Shin Kong Financial Holding	-	Financial assets at FVTOCI - current	237,737	2,232	-	2,232	
					<u>19,844</u>		<u>19,844</u>	
GEM Suzhou	<u>Stock</u>							
	Yantai Changya Pioneer Wine Co., Ltd.	-	Financial assets at FVTOCI - current	112,768	14,737	-	14,737	
	Huarun Dong's Ejiao Co., Ltd.	-	Financial assets at FVTOCI - current	210,327	27,880	-	27,880	
	China Minsheng Banking Corp., Ltd.	-	Financial assets at FVTOCI - current	550,000	14,400	-	14,400	
	Yanghe Distillery	-	Financial assets at FVTOCI - current	52,000	23,519	-	23,519	
	Shede Spirits	-	Financial assets at FVTOCI - current	82,892	10,819	-	10,819	
	Luzhoulaojiao Group Co., Ltd.	-	Financial assets at FVTOCI - current	1,000	370	-	370	
					<u>91,725</u>		<u>91,725</u>	
					<u>\$ 111,569</u>		<u>\$ 111,569</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, 2019

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	GEM VN	Subsidiary	Sales	\$ 391,421	50	120 days after monthly closing	Note 1	Note 2	\$ 120,802	48	Note 3
GEM Dongguan	Genius HK	Affiliate	Sales	465,863	33	120 days after monthly closing	Note 1	Note 2	186,552	28	Note 3
	GEM Suzhou	Affiliate	Sales	230,718	16	120 days after monthly closing	Note 1	Note 2	167,350	25	Note 3
GEM Suzhou	GEM Dongguan	Affiliate	Sales	828,439	38	120 days after monthly closing	Note 1	Note 2	302,776	37	Note 3
	Global HK	Affiliate	Sales	161,162	7	120 days after monthly closing	Note 1	Note 2	33,360	4	Note 3
Global HK	GEM Suzhou	Affiliate	Sales	105,494	36	120 days after monthly closing	Note 1	Note 2	-	-	Note 3
GEM VN	Global HK	Affiliate	Sales	103,194	16	120 days after monthly closing	Note 1	Note 2	-	-	Note 3
	Genius HK	Affiliate	Sales	448,458	68	120 days after monthly closing	Note 1	Note 2	54,811	68	Note 3
Genius HK	The Company	Subsidiary	Sales	154,537	15	120 days after monthly closing	Note 1	Note 2	51,052	19	Note 3
	GEM Dongguan	Affiliate	Sales	470,537	45	120 days after monthly closing	Note 1	Note 2	56,470	21	Note 3

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

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

Note 3: It was eliminated on consolidation.

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

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

**SEPTEMBER 30, 2019**

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

Company Name	Related Party	Relationship	Ending Balance (Notes 1 and 3)	Turnover Rate (Note 2)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	GEM VN	Subsidiary	\$ 295,433	4.95	\$ -	-	\$ 38,440	\$ -
GEM Suzhou	GEM Dongguan	Affiliate	303,411	3.57	-	-	109,330	-
GEM Dongguan	Genius HK	Affiliate	190,518	3.41	-	-	61,062	-
	GEM Suzhou	Affiliate	173,725	3.54	-	-	51,828	-

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, 2019  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2019			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				September 30, 2019	December 31, 2018	Shares/ Units	%	Carrying Amount			
The Company	Global Cayman	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208	\$ 1,295,208	40,137,184	100	\$ 2,755,953	\$ (19,868)	\$ (19,909)	Notes 1 and 2
	GEM Cayman	Grand Cayman, Cayman Islands	International investment	392,669	392,669	12,598,333	100	247,064	(27,764)	(27,637)	Notes 1 and 2
	Genius	British Virgin Islands	International investment and trading, etc.	23,282	23,282	750,000	100	85,761	3,137	3,137	Note 1
Genius	Genius HK	Hong Kong	International trading	90,134	90,134	21,999,998	100	85,642	2,920	2,986	Notes 1 and 2
Global Cayman	Vibo	Hong Kong	Trading and investment	1,541,063	1,541,063	359,972,616	100	2,844,729	(20,564)	(20,564)	Note 1
	Global HK	Hong Kong	International trading	3,747	3,747	1,000,000	100	8,548	165	578	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	250,395	(32,088)	(27,596)	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, 2019  
(In Thousands of New Taiwan Dollars; Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2019	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Notes 1 and 3)	Carrying Amount as of September 30, 2019 (Notes 1 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2019	Note
					Outward	Inward							
GEM Dongguan	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 737,000	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130	\$ -	\$ -	\$ 452,130	\$ (20,708)	100	\$ (10,499)	\$ 797,510	\$ -	
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.	1,090,187	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320	-	-	741,320	(17,374)	100	(5,337)	1,930,649	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$1,193,450	\$1,759,968 (US\$56,700 thousand)	\$1,448,121

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, 2019**  
(In Thousands of New Taiwan Dollars)

Investee Company	Counterparty	Transaction Type	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Payment Term	Comparison with Normal Transaction	Ending Balance	%		
The Company	GEM Suzhou	Sales	\$ 38,677	120 days after monthly closing	No significant difference with those to third parties	\$ 8,574	3	\$ 6,276	
		Purchase	18,685	120 days after monthly closing	No significant difference with those to third parties	(589)	1	(170)	
		Disposal of property, plant, and equipment	26,950	120 days after monthly closing	No comparable transactions with those in the market	4,744	3	14,264	
	GEM Dongguan	Sales	3,407	120 days after monthly closing	No significant difference with those to third parties	-	-	923	
		Purchase	785	120 days after monthly closing	No significant difference with those to third parties	-	-	14	
Genius HK	GEM Dongguan	Sales	470,537	120 days after monthly closing	No significant difference with those to third parties	56,470	21	3,239	
		Purchase	465,863	120 days after monthly closing	No comparable transactions with those in the market	(186,552)	75	-	
		Purchase of property plant, and equipment	6,224	120 days after monthly closing	No comparable transactions with those in the market	(3,966)	2	207	
Global HK	GEM Suzhou	Sales	105,494	120 days after monthly closing	No significant difference with those to third parties	-	-	-	
		Purchase	161,162	120 days after monthly closing	No comparable transactions with those in the market	(33,360)	91	-	
		Purchase of property plant, and equipment	25,532	120 days after monthly closing	No comparable transactions with those in the market	(1,034)	3	2,854	
Vibo	GEM Suzhou	Sales	95,749	120 days after monthly closing	No comparable transactions with those in the market	15,906	100	932	
GEM VN	GEM Suzhou	Purchase	45,726	120 days after monthly closing	No comparable transactions with those in the market	(45,636)	22	(1,847)	
		Purchase of property plant, and equipment	6,838	120 days after monthly closing	No comparable transactions with those in the market	(7,155)	3	-	

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

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
0	The Company	Genius HK	1	Sales	\$ 5,131	Payment terms are 4 months	-
		Genius HK	1	Disposal of property, plant and equipment	9,576	Payment terms are 4 months	-
		GEM Suzhou	1	Sales	38,677	Payment terms are 4 months	2
		GEM Suzhou	1	Accounts receivable	8,574	Payment terms are 4 months	-
		GEM Suzhou	1	Disposal of property, plant and equipment	26,950	Payment terms are 4 months	1
		GEM Suzhou	1	Other receivables	4,744	Payment terms are 4 months	-
		GEM VN	1	Sales	391,421	Payment terms are 4 months	15
		GEM VN	1	Accounts receivable	120,802	Payment terms are 4 months	2
		GEM VN	1	Disposal of property, plant and equipment	16,561	Payment terms are 4 months	1
		GEM VN	1	Other income	688	Payment terms are 4 months	-
		GEM VN	1	Other receivables	1,797	Payment terms are 4 months	-
		GEM VN	1	Interest income	3,902	Annual Interest rates are 2.8%-3.2%	-
		GEM VN	1	Other receivables	172,834	According to working, capital conditions to change payment deeding	3
		GEM Dongguan	1	Sales	3,407	Payment terms are 4 months	-
		Global HK	1	Sales	2,058	Payment terms are 4 months	-
Global HK	1	Accounts receivable	2,058	Payment terms are 4 months	-		
1	GEM Dongguan	The Company	2	Sales	785	Payment terms are 4 months	-
		Genius HK	3	Sales	465,863	Payment terms are 4 months	18
		Genius HK	3	Accounts receivable	186,552	Payment terms are 4 months	3
		Genius HK	3	Disposal of property, plant and equipment	6,224	Payment terms are 4 months	-
		Genius HK	3	Other income	23	Payment terms are 4 months	-
		Genius HK	3	Other receivables	3,966	Payment terms are 4 months	-
		GEM Suzhou	3	Sales	230,718	Payment terms are 4 months	9
		GEM Suzhou	3	Accounts receivable	167,350	Payment terms are 4 months	3
		GEM Suzhou	3	Disposal of property, plant and equipment	5,197	Payment terms are 4 months	-
		GEM Suzhou	3	Other income	72	Payment terms are 4 months	-
		GEM Suzhou	3	Other receivables	6,375	Payment terms are 4 months	-
2	Genius HK	The Company	2	Sales	154,537	Payment terms are 4 months	6
		The Company	2	Accounts receivable	51,052	Payment terms are 4 months	1
		The Company	2	Other receivables	14,071	Payment terms are 4 months	-
		GEM Dongguan	3	Sales	470,537	Payment terms are 4 months	19
		GEM Dongguan	3	Accounts receivable	56,470	Payment terms are 4 months	1
		GEM Dongguan	3	Other receivables	392	Payment terms are 4 months	-
		GEM VN	3	Sales	96,590	Payment terms are 4 months	4
		GEM VN	3	Accounts receivable	38,507	Payment terms are 4 months	1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Item	Amount (Note 1)	Terms	
3	Global HK	The Company	2	Sales	\$ 69,867	Payment terms are 4 months	3
		The Company	2	Accounts receivable	9,579	Payment terms are 4 months	-
		GEM Suzhou	3	Sales	105,494	Payment terms are 4 months	4
		GEM Suzhou	3	Other income	331	Payment terms are 4 months	-
		GEM VN	3	Sales	71,680	Payment terms are 4 months	3
		GEM VN	3	Accounts receivable	90	Payment terms are 4 months	-
4	GEM Suzhou	The Company	2	Sales	18,685	Payment terms are 4 months	1
		The Company	2	Accounts receivable	589	Payment terms are 4 months	-
		The Company	2	Disposal of property, plant and equipment	21	Payment terms are 4 months	-
		Global HK	3	Sales	161,162	Payment terms are 4 months	6
		Global HK	3	Accounts receivable	33,360	Payment terms are 4 months	1
		Global HK	3	Disposal of property, plant and equipment	25,532	Payment terms are 4 months	1
		Global HK	3	Other receivables	1,034	Payment terms are 4 months	-
		Global HK	3	Other income	385	Payment terms are 4 months	-
		GEM Dongguan	3	Sales	828,439	Payment terms are 4 months	33
		GEM Dongguan	3	Accounts receivable	302,776	Payment terms are 4 months	6
		GEM Dongguan	3	Disposal of property, plant and equipment	1,439	Payment terms are 4 months	-
		GEM Dongguan	3	Other receivables	635	Payment terms are 4 months	-
		GEM VN	3	Sales	45,726	Payment terms are 4 months	2
		GEM VN	3	Accounts receivable	45,636	Payment terms are 4 months	1
		GEM VN	3	Disposal of property, plant and equipment	6,838	Payment terms are 4 months	-
		GEM VN	3	Other income	333	Payment terms are 4 months	-
		GEM VN	3	Other receivables	7,155	Payment terms are 4 months	-
Vibo	2	Interest income	106	Annual Interest rate is 2.8%	-		
Vibo	2	Other receivables	61,623	According to working, capital conditions to change payment deeding	1		
5	Vibo	GEM Suzhou	1	Sales	95,749	Payment terms are 4 months	4
		GEM Suzhou	1	Accounts receivable	15,906	Payment terms are 4 months	-
		GEM Suzhou	1	Interest income	202	Annual Interest rate is 2.8%	-
		GEM VN	3	Interest income	201	Annual Interest rate is 2.8%	-
		GEM VN	3	Other receivables	31,240	According to working, capital conditions to change payment deeding	1
6	Global Cayman	Global HK	1	Interest income	140	Annual Interest rate is 3.2%	-
7	GEM VN	The Company	2	Sales	15,157	Payment terms are 4 months	1
		The Company	2	Accounts receivable	6,479	Payment terms are 4 months	-
		Genius HK	3	Sales	448,458	Payment terms are 4 months	18
		Genius HK	3	Accounts receivable	54,811	Payment terms are 4 months	1
		Global HK	3	Sales	103,194	Payment terms are 4 months	4
		Vibo	3	Sales	95,285	Payment terms are 4 months	4
		Vibo	3	Accounts receivable	19,713	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.