

U.D. Electronic Corp. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
U.D. Electronic Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of U.D. Electronic Corp. and its subsidiaries (collectively, the "Group") as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, 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 the Statement of Auditing Standard 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 give a true and fair view of the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 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 Cheng-Chuan Yu and Chung-Chen Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 5, 2020

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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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 Republic of China. 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.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 838,845	14	\$ 593,371	11	\$ 839,378	14
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	3,065	-	553	-	-	-
Notes receivable (Notes 9 and 22)	31,283	1	5,626	-	2,588	-
Trade receivables (Notes 9 and 22)	1,434,210	25	1,347,012	25	1,369,410	24
Other receivables (Note 9)	45,668	1	44,136	1	43,771	1
Inventories (Note 10)	-	-	1,064,782	19	3,675	-
Current tax assets	1,124,704	19	3,752	-	1,084,125	19
Other current assets (Notes 16 and 30)	195,220	3	213,942	4	225,997	4
Total current assets	<u>3,672,995</u>	<u>63</u>	<u>3,273,174</u>	<u>60</u>	<u>3,568,944</u>	<u>62</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	89,231	2	101,850	2	98,860	2
Property, plant and equipment (Notes 12 and 30)	1,533,252	26	1,552,675	28	1,561,053	27
Right-of-use assets (Note 13)	152,988	3	163,877	3	173,520	3
Other intangible assets (Note 15)	35,943	1	33,583	1	32,551	1
Goodwill (Notes 14 and 26)	12,114	-	12,150	-	12,277	-
Deferred tax assets	97,524	2	93,127	2	79,474	1
Other non-current assets (Note 16)	204,211	3	199,032	4	218,366	4
Total non-current assets	<u>2,125,263</u>	<u>37</u>	<u>2,156,294</u>	<u>40</u>	<u>2,176,101</u>	<u>38</u>
TOTAL	<u>\$ 5,798,258</u>	<u>100</u>	<u>\$ 5,429,468</u>	<u>100</u>	<u>\$ 5,745,045</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 1,162,500	20	\$ 904,780	17	\$ 1,119,240	20
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	299	-	3,765	-	1,230	-
Contract liabilities - current (Note 22)	34,782	1	13,800	-	16,999	-
Trade payables	523,631	9	442,276	8	425,307	8
Lease liabilities - current (Note 13)	24,837	1	20,352	1	20,591	-
Other payables (Notes 19 and 27)	659,897	11	602,199	11	629,396	11
Current tax liabilities	15,689	-	18,306	-	12,300	-
Current portion of long-term borrowings and bonds payable (Notes 17, 18 and 30)	653,285	11	397,309	7	447,786	8
Other current liabilities	5,748	-	6,506	-	4,660	-
Total current liabilities	<u>3,080,668</u>	<u>53</u>	<u>2,409,293</u>	<u>44</u>	<u>2,677,509</u>	<u>47</u>
NON-CURRENT LIABILITIES						
Lease liabilities - non-current (Note 13)	78,807	2	90,682	2	97,897	2
Long-term borrowings (Notes 17 and 30)	-	-	364,000	7	364,000	6
Deferred tax liabilities	4,691	-	6,852	-	5,760	-
Guarantee deposit received	768	-	813	-	742	-
Total non-current liabilities	<u>84,266</u>	<u>2</u>	<u>462,347</u>	<u>9</u>	<u>468,399</u>	<u>8</u>
Total liabilities	<u>3,164,934</u>	<u>55</u>	<u>2,871,640</u>	<u>53</u>	<u>3,145,908</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)						
Share capital						
Ordinary shares	696,758	12	696,758	13	696,758	12
Capital surplus	737,385	13	737,456	14	737,456	13
Retained earnings						
Legal reserve	319,411	5	314,074	6	314,074	5
Special reserve	220,594	4	154,427	3	154,427	3
Unappropriated earnings	866,763	15	847,902	15	833,652	14
Total retained earnings	1,406,768	24	1,316,403	24	1,302,153	22
Other equity	(245,419)	(4)	(220,594)	(4)	(174,377)	(3)
Total equity attributable to owners of the Company	2,595,492	45	2,530,023	47	2,561,990	44
NON-CONTROLLING INTERESTS (Note 21)	37,832	-	27,805	-	37,147	1
Total equity	<u>2,633,324</u>	<u>45</u>	<u>2,557,828</u>	<u>47</u>	<u>2,599,137</u>	<u>45</u>
TOTAL	<u>\$ 5,798,258</u>	<u>100</u>	<u>\$ 5,429,468</u>	<u>100</u>	<u>\$ 5,745,045</u>	<u>100</u>

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Note 22)	\$ 1,341,820	100	\$ 1,251,286	100	\$ 3,732,375	100	\$ 3,434,575	100
OPERATING COSTS								
Cost of goods sold (Notes 10 and 23)	<u>(1,092,454)</u>	<u>(82)</u>	<u>(1,010,695)</u>	<u>(81)</u>	<u>(3,022,742)</u>	<u>(81)</u>	<u>(2,813,975)</u>	<u>(82)</u>
GROSS PROFIT	<u>249,366</u>	<u>18</u>	<u>240,591</u>	<u>19</u>	<u>709,633</u>	<u>19</u>	<u>620,600</u>	<u>18</u>
OPERATING EXPENSES (Note 23)								
Selling and marketing expenses	(59,760)	(4)	(52,948)	(4)	(153,682)	(4)	(150,230)	(5)
General and administrative expenses	(95,436)	(7)	(88,756)	(7)	(272,373)	(7)	(286,575)	(8)
Research and development expenses	(62,096)	(5)	(71,541)	(6)	(178,920)	(5)	(206,108)	(6)
Expected credit (loss) gain (Note 9)	<u>(2,268)</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>(3,721)</u>	<u>-</u>	<u>(368)</u>	<u>-</u>
Total operating expenses	<u>(219,560)</u>	<u>(16)</u>	<u>(213,171)</u>	<u>(17)</u>	<u>(608,696)</u>	<u>(16)</u>	<u>(643,281)</u>	<u>(19)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>29,806</u>	<u>2</u>	<u>27,420</u>	<u>2</u>	<u>100,937</u>	<u>3</u>	<u>(22,681)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)								
Interest income	2,432	-	2,639	-	5,544	-	9,569	-
Other income	16,389	1	12,648	1	37,928	1	30,812	1
Other gains and losses	2,442	-	11,482	1	12,440	-	20,771	1
Finance costs (Note 18)	<u>(6,719)</u>	<u>-</u>	<u>(9,663)</u>	<u>(1)</u>	<u>(21,718)</u>	<u>-</u>	<u>(30,967)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>14,544</u>	<u>1</u>	<u>17,106</u>	<u>1</u>	<u>34,194</u>	<u>1</u>	<u>30,185</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	44,350	3	44,526	3	135,131	4	7,504	-
INCOME TAX (Notes 4 and 24)	<u>(8,675)</u>	<u>-</u>	<u>(15,786)</u>	<u>(1)</u>	<u>(25,848)</u>	<u>(1)</u>	<u>(13,014)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>35,675</u>	<u>3</u>	<u>28,740</u>	<u>2</u>	<u>109,283</u>	<u>3</u>	<u>(5,510)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (Notes 21 and 24)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instrument at FVTOCI	1,876	-	3,935	1	(4,413)	-	11,607	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(214)</u>	<u>-</u>	<u>(761)</u>	<u>-</u>	<u>1,731</u>	<u>-</u>	<u>(2,344)</u>	<u>-</u>
	<u>1,662</u>	<u>-</u>	<u>3,174</u>	<u>1</u>	<u>(2,682)</u>	<u>-</u>	<u>9,263</u>	<u>-</u>

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U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	\$ 30,672	2	\$ (61,781)	(5)	\$ (28,241)	(1)	\$ (35,876)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(6,245)</u>	<u>-</u>	<u>12,306</u>	<u>1</u>	<u>5,530</u>	<u>-</u>	<u>7,158</u>	<u>-</u>
	<u>24,427</u>	<u>2</u>	<u>(49,475)</u>	<u>(4)</u>	<u>(22,711)</u>	<u>(1)</u>	<u>(28,718)</u>	<u>(1)</u>
Other comprehensive income for the period, net of income tax	<u>26,089</u>	<u>2</u>	<u>(46,301)</u>	<u>(3)</u>	<u>(25,393)</u>	<u>(1)</u>	<u>(19,455)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 61,764</u>	<u>5</u>	<u>\$ (17,561)</u>	<u>(1)</u>	<u>\$ 83,890</u>	<u>2</u>	<u>\$ (24,965)</u>	<u>(1)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 34,377	3	\$ 41,406	3	\$ 125,203	3	\$ 39,118	1
Non-controlling interests	<u>1,298</u>	<u>-</u>	<u>(12,666)</u>	<u>(1)</u>	<u>(15,920)</u>	<u>-</u>	<u>(44,628)</u>	<u>(1)</u>
	<u>\$ 35,675</u>	<u>3</u>	<u>\$ 28,740</u>	<u>2</u>	<u>\$ 109,283</u>	<u>3</u>	<u>\$ (5,510)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ 61,362	5	\$ (4,851)	-	\$ 100,378	3	\$ 19,168	-
Non-controlling interests	<u>402</u>	<u>-</u>	<u>(12,710)</u>	<u>(1)</u>	<u>(16,488)</u>	<u>(1)</u>	<u>(44,133)</u>	<u>(1)</u>
	<u>\$ 61,764</u>	<u>5</u>	<u>\$ (17,561)</u>	<u>(1)</u>	<u>\$ 83,890</u>	<u>2</u>	<u>\$ (24,965)</u>	<u>(1)</u>
EARNINGS PER SHARE (NTD; Note 25)								
Basic	<u>\$ 0.49</u>		<u>\$ 0.59</u>		<u>\$ 1.80</u>		<u>\$ 0.56</u>	
Diluted	<u>\$ 0.47</u>		<u>\$ 0.56</u>		<u>\$ 1.67</u>		<u>\$ 0.56</u>	

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity			Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Non-controlling Interests	
			Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2019	\$ 696,758	\$ 737,456	\$ 302,055	\$ 147,131	\$ 897,460	\$ (160,570)	\$ 6,143	\$ 78,568	\$ 2,705,001
Appropriation of 2018 earnings (Note 21)									
Legal reserve	-	-	12,019	-	(12,019)	-	-	-	-
Special reserve	-	-	-	7,296	(7,296)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(83,611)	-	-	-	(83,611)
Net profit (loss) for the nine months ended September 30, 2019	-	-	-	-	39,118	-	-	(44,628)	(5,510)
Other comprehensive loss for the nine months ended September 30, 2019, net of income tax (Note 21)	-	-	-	-	-	(29,213)	9,263	495	(19,455)
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	39,118	(29,213)	9,263	(44,133)	(24,965)
Non-controlling interests (Notes 21 and 26)	-	-	-	-	-	-	-	2,712	2,712
BALANCE AT SEPTEMBER 30, 2019	\$ 696,758	\$ 737,456	\$ 314,074	\$ 154,427	\$ 833,652	\$ (189,783)	\$ 15,406	\$ 37,147	\$ 2,599,137
BALANCE AT JANUARY 1, 2020	696,758	737,456	314,074	154,427	847,902	(237,986)	17,392	27,805	2,557,828
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	5,337	-	(5,337)	-	-	-	-
Special reserve	-	-	-	66,167	(66,167)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(34,838)	-	-	-	(34,838)
Other changes in capital surplus									
Equity component of convertible bonds be redeemed (Note 18)	-	(71)	-	-	-	-	-	-	(71)
Non-controlling interests (Note 21)	-	-	-	-	-	-	-	26,515	26,515
Net profit (loss) for the nine months ended September 30, 2020	-	-	-	-	125,203	-	-	(15,920)	109,283
Other comprehensive income (loss) for the nine months ended September 30, 2020, net of income tax (Note 21)	-	-	-	-	-	(22,143)	(2,682)	(568)	(25,393)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	125,203	(22,143)	(2,682)	(16,488)	83,890
BALANCE AT SEPTEMBER 30, 2020	\$ 696,758	\$ 737,385	\$ 319,411	\$ 220,594	\$ 866,763	\$ (260,129)	\$ 14,710	\$ 37,832	\$ 2,633,324

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain profit before income tax	\$ 135,131	\$ 7,504
Adjustments for:		
Expected credit loss recognized on trade receivables	3,721	368
Depreciation expenses	288,803	258,247
Amortization expenses	5,587	5,949
Gain on fair value changes of financial assets and liabilities at FVTPL	(18,086)	(10,027)
Finance costs	21,718	30,967
Interest income	(5,544)	(9,569)
Dividend income	-	(1,866)
Reversal of write-downs of inventories	(70)	-
Loss on disposal of property, plant and equipment	180	278
Net loss on foreign currency exchange	15,531	3,305
Loss on redemption of convertible bonds	93	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	21,206	10,705
Notes receivable	(25,633)	515
Trade receivables	(108,055)	(19,664)
Other receivables	(1,586)	8,095
Inventories	(65,119)	7,290
Other current assets	18,272	(7,889)
Financial liabilities held for trade	(7,178)	(333)
Contract liabilities	17,840	2,840
Trade payables	84,171	(34,986)
Other payables	69,672	(23,945)
Other current liabilities	(731)	(3,568)
Cash generated from operations	449,923	224,216
Interest received	5,402	9,454
Dividend received	-	1,866
Interest paid	(17,339)	(26,293)
Income tax paid	(23,928)	(33,526)
Net cash generated from operating activities	<u>414,058</u>	<u>175,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of funds to financial assets measured at fair value through other comprehensive income	8,206	2,092
(Increase) Decrease in other financial assets	(357)	3,876
Payments for property, plant and equipment	(200,652)	(207,152)
Payments for intangible assets	(960)	(10,454)

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U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
Proceeds from disposal of property, plant and equipment	\$ 5,069	\$ 3,487
Decrease in other non-current assets	9,158	5,300
Increase in refundable deposits	-	(366)
Decrease in refundable deposits	7,506	-
Net cash inflow on acquisition of subsidiaries (Note 26)	-	1,640
Increase in prepayments for equipment	<u>(100,940)</u>	<u>(295,485)</u>
Net cash used in investing activities	<u>(272,970)</u>	<u>(497,062)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of convertible bonds	(8,700)	-
Proceeds from short-term borrowings	360,010	70,147
Repayments of short-term borrowings	(93,543)	-
Proceeds from long-term borrowings	-	225,500
Repayments of long-term borrowings	(104,000)	-
Repayment of the principal portion of lease liabilities	(16,620)	(13,598)
Change in non-controlling interests	26,515	-
Proceeds from guarantee deposits received	-	18
Refunds of guarantee deposits received	(39)	-
Dividends paid to the owners of the company	<u>(34,838)</u>	<u>(83,611)</u>
Net cash generated from financing activities	<u>128,785</u>	<u>198,456</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(24,399)</u>	<u>(14,204)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	245,474	(137,093)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>593,371</u>	<u>976,471</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 838,845</u>	<u>\$ 839,378</u>

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

U.D. Electronic Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on March 18, 2005 with a share capital \$10,000 thousand, and the accumulated share capital was \$696,758 thousand as of September 30, 2020. The Company mainly engages in selling electronic materials and operating international trade.

The Company’s shares have been listed on the Taipei Exchange since October 2012. The shares are widely distributed; therefore, there is no ultimate parent company or ownership interest. The consolidated financial statements of the Company and its subsidiaries (referred to collectively as “the Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 5, 2020.

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

- a. Initial application of the amendments to 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)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable 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, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basic of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 based on 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 an 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 an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired during the period are appropriately included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

See Note 11, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 2,255	\$ 2,359	\$ 1,892
Bank demand deposits	399,453	390,183	340,326
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>437,137</u>	<u>200,829</u>	<u>497,160</u>
	<u>\$ 838,845</u>	<u>\$ 593,371</u>	<u>\$ 839,378</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	<u>\$ 3,065</u>	<u>\$ 553</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Options of convertible bonds	\$ -	\$ 1,920	\$ 1,230
Forward exchange contracts	<u>299</u>	<u>1,845</u>	<u>-</u>
	<u>\$ 299</u>	<u>\$ 3,765</u>	<u>\$ 1,230</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>September 30, 2020</u>			
Sell	USD/RMB	2020.10.21-2020.12.23	USD13,500/RMB92,498
Sell	USD/RMB	2020.10.21	USD1,000/RMB6,923
<u>December 31, 2019</u>			
Sell	USD/RMB	2020.2.20-2020.3.23	USD3,000/RMB21,054
Sell	USD/RMB	2020.1.13-2020.3.23	USD11,000/RMB77,109

The Group entered into foreign exchange forward contracts to manage exposures to exchanges rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts 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

Investments in equity instruments at fair value through other comprehensive income

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Domestic investment			
Unlisted shares			
Fortune Rich Investment Corporation	\$ 6,528	\$ 10,652	\$ 13,062
Emerging Fortune Capital Inc.	16,550	16,391	16,014
Emerging Creation Capital Inc.	62,194	70,849	66,654
Dy-Precision Industrial Co., Ltd.	<u>3,959</u>	<u>3,958</u>	<u>3,130</u>
	<u>\$ 89,231</u>	<u>\$ 101,850</u>	<u>\$ 98,860</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In July 2020 and July 2019, the group received \$8,206 thousand and \$2,092 thousand from Fortune Rich Investment Corporation for its capital reduction, respectively.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount - operating	\$ 31,283	\$ 5,626	\$ 2,588
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
	<u>\$ 31,283</u>	<u>\$ 5,626</u>	<u>\$ 2,588</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,292,469	\$ 1,166,623	\$ 1,154,762
Less: Allowance for impairment loss	<u>(4,558)</u>	<u>(973)</u>	<u>(56)</u>
	1,287,911	1,165,650	1,154,706
At FVTOCI	<u>146,299</u>	<u>181,362</u>	<u>214,704</u>
	<u>\$ 1,434,210</u>	<u>\$ 1,347,012</u>	<u>\$ 1,369,410</u>
<u>Other receivables</u>			
Tax refund receivable	\$ 38,534	\$ 29,497	\$ 30,776
Factored trade receivables	5,588	11,649	10,952
Others	<u>1,546</u>	<u>2,990</u>	<u>2,043</u>
	<u>\$ 45,668</u>	<u>\$ 44,136</u>	<u>\$ 43,771</u>

a. Notes receivable and trade receivables

1) At amortized cost

The average credit period of sales of goods was 60 to 180 days.

In order to minimize credit risk, the management of the Company 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 measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlooks.

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

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

September 30, 2020

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 31,283
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 31,283</u>

December 31, 2019

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 5,626
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 5,626</u>

September 30, 2019

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 2,588
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 2,588</u>

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2020

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.0039%	0.0431%	3.4879%	28.9990%	100.0000%	
Gross carrying amount	\$ 1,145,548	\$ 134,681	\$ 2,437	\$ 7,652	\$ 2,151	\$ 1,292,469
Loss allowance (Lifetime ECLs)	<u>(45)</u>	<u>(58)</u>	<u>(85)</u>	<u>(2,219)</u>	<u>(2,151)</u>	<u>(4,558)</u>
Amortized cost	<u>\$ 1,145,503</u>	<u>\$ 134,623</u>	<u>\$ 2,352</u>	<u>\$ 5,433</u>	<u>\$ -</u>	<u>\$ 1,287,911</u>

December 31, 2019

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.00228%	0.0111%	0.4264%	23.78%	0.0000%	
Gross carrying amount	\$ 1,052,107	\$ 98,825	\$ 11,961	\$ 3,730	\$ -	\$ 1,166,623
Loss allowance (Lifetime ECLs)	<u>(24)</u>	<u>(11)</u>	<u>(51)</u>	<u>(887)</u>	<u>-</u>	<u>(973)</u>
Amortized cost	<u>\$ 1,052,083</u>	<u>\$ 98,814</u>	<u>\$ 11,910</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ 1,165,650</u>

September 30, 2019

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	8.0000%	0.0000%	
Gross carrying amount	\$ 1,072,904	\$ 69,846	\$ 11,312	\$ 700	\$ -	\$ 1,154,762
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>-</u>	<u>(56)</u>
Amortized cost	<u>\$ 1,072,904</u>	<u>\$ 69,846</u>	<u>\$ 11,312</u>	<u>\$ 644</u>	<u>\$ -</u>	<u>\$ 1,154,706</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	\$ 973	\$ 72
Add: Net remeasurement of loss allowance	3,721	368
Less: Amounts written off	(139)	(387)
Foreign exchange gains and losses	<u>3</u>	<u>3</u>
Balance at September 30	<u>\$ 4,558</u>	<u>\$ 56</u>

2) At FVTOCI

For trade receivables from a specific customer, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The following table details the loss allowance of trade receivables at FVTOCI based on the Group's provision matrix.

September 30, 2020

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 146,299	\$ -	\$ -	\$ -	\$ 146,299
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 146,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,299</u>

December 31, 2019

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 181,362	\$ -	\$ -	\$ -	\$ 181,362
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 181,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,362</u>

September 30, 2019

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 214,704	\$ -	\$ -	\$ -	\$ 214,704
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 214,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,704</u>

b. Other receivables

Other receivables mainly contain tax refunds receivable and retention of factored trade receivables. The policy that the Group adopted is to carry out a transaction only with company with good credit. The Group continuously tracks the overdue record of the past and analyzes its financial situation to evaluate if there is a significant increase in the credit risk and measure the expected credit loss. As of September 30, 2020, December 31, 2019 and September 30, 2019, the expected credit risk was considered 0% by the assessment of the Group.

10. INVENTORIES

	September 30, 2020	December 31, 2019	September 30, 2019
Finished goods	\$ 374,513	\$ 391,208	\$ 316,894
Work in progress	506,308	509,889	580,872
Raw materials and supplies	<u>243,883</u>	<u>163,685</u>	<u>186,359</u>
	<u>\$ 1,124,704</u>	<u>\$ 1,064,782</u>	<u>\$ 1,084,125</u>

The nature of the cost of goods sold is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Cost of inventories sold	\$ 1,091,428	\$ 1,010,695	\$ 3,022,812	\$ 2,813,975
Inventory write-downs (reversed)	<u>1,026</u>	<u>-</u>	<u>(70)</u>	<u>-</u>
	<u>\$ 1,092,454</u>	<u>\$ 1,010,695</u>	<u>\$ 3,022,742</u>	<u>\$ 2,813,975</u>

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Investee's Company Type/Main Business	% of Ownership			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
U.D. Electronic Corp.	CDE Corp.	Manufacturing and selling of electronic materials	50	50	50	Market risk is the major operational risk
U.D. Electronic Corp.	DYP Corp.	Selling of electronic components	51	51	51	Market risk is the major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	100	Foreign exchange and market risks are major operational risks
DYP Corp.	Ta Yang UDE Limited	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Sunderland Inc.	Dongguan Jian Guan P.E. Co., Ltd.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Sunderland Inc.	Dongguan U.D.E. Electronics Corp.	Researching and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp.	Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Dongguan TY U.D.E. Precision Co., Ltd.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Morning Paragon Limited	International trading	100	100	100	Foreign exchange and market risks are major operational risks
Ta Yang UDE Limited	Million Like Limited	International trading	-	-	-	Foreign exchange are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Development machinery and automatic equipment	(Note 1) 60	(Note 1) 60	(Note 1) 60	Political, foreign exchange, and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	70	70	70	Political, foreign exchange, and market risks are major operational risks

Note 1: Million Like Limited was set up in November 2017 and the Group acquired a 100% interest of Million Like Limited in January 2018. Since no plan for further operations, the Company was liquidated and its registration was canceled in April 2019.

Note 2: The Group acquired a 70% interest in Dongguan Han Lian Technology Co., Ltd. via Dongguan Jian Guan P.E. Co., Ltd. in March 2019.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2020	\$ 159,538	\$ 318,617	\$ 1,705,250	\$ 20,659	\$ 24,251	\$ 333,309	\$ 81,427	\$ 294,343	\$ 6,520	\$ 2,944,494
Additions	-	3,029	83,838	1,277	1,849	45,496	11,115	41,658	-	188,262
Disposals	-	(9,482)	(82,362)	-	(9,693)	(47,329)	-	(45,381)	-	(194,247)
Other - transfer from prepayments	-	-	43,637	-	-	11,079	-	15,873	-	70,589
Reclassification	-	6,520	-	-	-	-	-	-	(6,520)	-
Effect of exchange rate differences	-	(1,120)	(5,931)	(117)	(82)	(1,867)	(439)	(1,647)	-	(11,202)
Balance at September 30, 2020	\$ 159,538	\$ 317,564	\$ 1,744,732	\$ 21,819	\$ 16,605	\$ 340,688	\$ 92,103	\$ 304,846	\$ -	\$ 2,997,895

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>										
Balance at January 1, 2020	\$ -	\$ 83,352	\$ 766,360	\$ 18,343	\$ 20,916	\$ 226,813	\$ 64,338	\$ 211,697	\$ -	\$ 1,391,819
Disposals	-	(9,482)	(82,026)	-	(9,693)	(42,264)	-	(45,233)	-	(188,998)
Depreciation	-	22,040	132,340	721	2,640	47,708	13,057	50,364	-	268,870
Effect of exchange rate differences	-	(356)	(3,697)	(105)	(64)	(1,280)	(339)	(1,207)	-	(7,048)
Balance at September 30, 2020	\$ -	\$ 95,554	\$ 812,977	\$ 18,959	\$ 13,799	\$ 230,677	\$ 77,056	\$ 215,621	\$ -	\$ 1,464,643
Carrying amounts at December 31, 2019 and January 1, 2020										
Carrying amounts at September 30, 2020	\$ 159,538	\$ 235,265	\$ 939,190	\$ 2,316	\$ 3,615	\$ 106,496	\$ 17,089	\$ 82,646	\$ 6,520	\$ 1,552,675
Carrying amounts at September 30, 2020	\$ 159,538	\$ 222,010	\$ 931,755	\$ 2,860	\$ 2,806	\$ 110,011	\$ 15,047	\$ 89,225	\$ -	\$ 1,533,252
<u>Cost</u>										
Balance at January 1, 2019	\$ 159,538	\$ 311,041	\$ 1,175,132	\$ 21,251	\$ 24,858	\$ 278,704	\$ 65,810	\$ 259,778	\$ 22,477	\$ 2,318,589
Additions	-	5,577	138,479	-	582	40,000	14,827	20,332	-	219,797
Disposals	-	-	(24,028)	(1,321)	(422)	(15,832)	-	(6,147)	-	(47,750)
Other - transfer from prepayments	-	5,183	416,430	-	-	20,115	2,249	11,627	(15,687)	439,917
Effects of foreign currency exchange differences	-	(4,000)	(22,238)	(371)	(292)	(6,810)	(1,813)	(5,841)	(132)	(41,497)
Balance at September 30, 2019	\$ 159,538	\$ 317,801	\$ 1,683,775	\$ 19,559	\$ 24,726	\$ 316,177	\$ 81,073	\$ 279,749	\$ 6,658	\$ 2,889,056
<u>Accumulated depreciation</u>										
Balance at January 1, 2019	\$ -	\$ 55,842	\$ 654,347	\$ 19,545	\$ 16,630	\$ 192,458	\$ 53,642	\$ 163,367	\$ -	\$ 1,155,831
Disposals	-	-	(21,246)	(1,321)	(422)	(15,432)	-	(5,564)	-	(43,985)
Depreciation	-	22,823	119,480	657	3,970	39,135	9,474	46,348	-	241,887
Effects of foreign currency exchange differences	-	(1,417)	(13,426)	(358)	(253)	(4,484)	(1,340)	(4,452)	-	(25,730)
Balance at September 30, 2019	\$ -	\$ 77,248	\$ 739,155	\$ 18,523	\$ 19,925	\$ 211,677	\$ 61,776	\$ 199,699	\$ -	\$ 1,328,003
Carrying amounts at September 30, 2019										
Carrying amounts at September 30, 2019	\$ 159,538	\$ 240,553	\$ 944,620	\$ 1,036	\$ 4,801	\$ 104,500	\$ 19,297	\$ 80,050	\$ 6,658	\$ 1,561,053

(Concluded)

There was no impairment loss after performing impaired assessment for the nine months ended September 30, 2020 and 2019.

The above items of property, plant and equipment were depreciated on a straight-line basis over their useful lives estimated as follows:

Buildings	
Main buildings	10-50 years
Others	2-8 years
Machinery and equipment	2-10 years
Transportation equipment	3-6 years
Office equipment	3-5 years
Mold equipment	2-4 years
Leasehold improvements	2-3 years
Other equipment	3-8 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Land use right	\$ 53,861	\$ 55,171	\$ 56,683
Buildings	<u>99,127</u>	<u>108,706</u>	<u>116,837</u>
	<u>\$ 152,988</u>	<u>\$ 163,877</u>	<u>\$ 173,520</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Additions to right-of-use assets	\$ <u>-</u>	\$ <u>10,012</u>	\$ <u>10,073</u>	\$ <u>21,194</u>
Depreciation charge for right-of-use assets				
Land use right	\$ <u>332</u>	\$ <u>347</u>	\$ <u>996</u>	\$ <u>1,058</u>
Buildings	<u>6,301</u>	<u>5,209</u>	<u>18,937</u>	<u>15,302</u>
	\$ <u>6,633</u>	\$ <u>5,556</u>	\$ <u>19,933</u>	\$ <u>16,360</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2020 and 2019.

b. Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Current	\$ <u>24,837</u>	\$ <u>20,352</u>	\$ <u>20,591</u>
Non-current	\$ <u>78,807</u>	\$ <u>90,682</u>	\$ <u>97,897</u>

Discount rate for lease liabilities was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Buildings	1.38%-1.7895%	1.38%-1.7895%	1.38%-1.7895%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use as plants and offices with lease terms of 5 to 10 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ <u>602</u>	\$ <u>599</u>	\$ <u>1,757</u>	\$ <u>1,454</u>
Expenses relating to low-value asset leases	\$ <u>59</u>	\$ <u>233</u>	\$ <u>166</u>	\$ <u>401</u>
Total cash outflow for leases	\$ <u>(7,048)</u>	\$ <u>(6,003)</u>	\$ <u>(19,965)</u>	\$ <u>(17,014)</u>

14. GOODWILL

	For the Nine Months Ended September 30	
	2020	2019
<u>Cost</u>		
Balance, beginning of period	\$ 12,150	\$ 12,322
Additional amounts recognized from business combinations that occurred during the period (Note 26)	-	79
Effect of foreign currency exchange differences	<u>(36)</u>	<u>(124)</u>
Balance, end of period	<u>\$ 12,114</u>	<u>\$ 12,277</u>

In February 2013, November 2018 and March 2019, the Company acquired a 50% interest in CDE Corp, a 60% interest in Dongguan Ai Te Chieh Intellectual Technology Co., Ltd., and a 70% interest in Dongguan Han Lian Technology Co., Ltd., respectively. The value of goodwill was recognized when the cost of acquisition is higher than the net fair value of the identifiable assets and liabilities recognized at the date of acquisition. Based on the estimation of discounted cash flows of CDE Corp., Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd., there was no impairment loss recognized for the nine months ended September 30, 2020 and 2019, respectively.

15. OTHER INTANGIBLE ASSETS

	Computer Software	Trademarks	Patents	Total
<u>Cost</u>				
Balance at January 1, 2020	\$ 38,296	\$ 29,286	\$ -	\$ 67,582
Transfer from other non-current assets	-	-	7,000	7,000
Additions	960	-	-	960
Disposals	(7,365)	-	-	(7,365)
Effect of foreign currency exchange differences	<u>(177)</u>	<u>-</u>	<u>-</u>	<u>(177)</u>
Balance at September 30, 2020	<u>\$ 31,714</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 68,000</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ (31,665)	\$ (2,334)	\$ -	\$ (33,999)
Amortization expenses	(3,269)	(1,910)	(408)	(5,587)
Disposals	7,365	-	-	7,365
Effect of foreign currency exchange differences	<u>164</u>	<u>-</u>	<u>-</u>	<u>164</u>
Balance at September 30, 2020	<u>\$ (27,405)</u>	<u>\$ (4,244)</u>	<u>\$ (408)</u>	<u>\$ (32,057)</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 6,631</u>	<u>\$ 26,952</u>	<u>\$ -</u>	<u>\$ 33,583</u>
Carrying amounts at September 30, 2020	<u>\$ 4,309</u>	<u>\$ 25,042</u>	<u>\$ 6,592</u>	<u>\$ 35,943</u>

(Continued)

	Computer Software	Trademarks	Patents	Total
<u>Cost</u>				
Balance at January 1, 2019	\$ 41,192	\$ -	\$ -	\$ 41,192
Additions	692	9,762	-	10,454
Transfer from other non-current assets	-	19,524	-	19,524
Disposals	(5,341)	-	-	(5,341)
Effect of foreign currency exchange differences	<u>(561)</u>	<u>-</u>	<u>-</u>	<u>(561)</u>
Balance at September 30, 2019	<u>\$ 35,982</u>	<u>\$ 29,286</u>	<u>\$ -</u>	<u>\$ 65,268</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2019	\$ (32,677)	\$ -	\$ -	\$ (32,677)
Amortization expenses	(4,251)	(1,698)	-	(5,949)
Disposals	5,341	-	-	5,341
Effect of foreign currency exchange differences	<u>568</u>	<u>-</u>	<u>-</u>	<u>568</u>
Balance at September 30, 2019	<u>\$ (31,019)</u>	<u>\$ (1,698)</u>	<u>\$ -</u>	<u>\$ (32,717)</u>
Carrying amounts at September 30, 2019	<u>\$ 4,963</u>	<u>\$ 27,588</u>	<u>\$ -</u>	<u>\$ 32,551</u> (Concluded)

Except for amortization recognized, the Group did not have significant impairment of other intangible assets during the nine months ended September 30, 2020 and 2019. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2-5 years
Trademarks	10-12 years
Patents	10 years

16. OTHER ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Prepaid sales tax	\$ 61,980	\$ 79,936	\$ 74,223
Other financial assets - limited assets - restricted time deposits (Note)	62,319	61,962	61,862
Prepayments	48,636	48,929	66,616
Overpaid sales tax	17,630	17,853	18,914
Others	<u>4,655</u>	<u>5,262</u>	<u>4,382</u>
	<u>\$ 195,220</u>	<u>\$ 213,942</u>	<u>\$ 225,997</u> (Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Prepayments for equipment	\$ 178,998	\$ 149,886	\$ 174,396
Prepayments - non-current	18,902	28,236	31,548
Refundable deposits	6,311	13,910	5,422
Others	<u>-</u>	<u>7,000</u>	<u>7,000</u>
	<u>\$ 204,211</u>	<u>\$ 199,032</u>	<u>\$ 218,366</u> (Concluded)

Note: The Group's other financial assets - limited assets are pledged for contract transactions and issuing of convertible bonds. Please refer to Note 30.

17. BORROWINGS

a. Short-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 1,162,500</u>	<u>\$ 904,780</u>	<u>\$ 1,119,240</u>

The range of interest rates for bank loans was 0.60%-1.53%, 1.00%-2.80% and 0.99%-2.75%, per annum as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

b. Long-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Secured borrowings</u>			
Bank loans	\$ 364,000	\$ 468,000	\$ 520,000
Less: Current portions	<u>(364,000)</u>	<u>(104,000)</u>	<u>(156,000)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 364,000</u>	<u>\$ 364,000</u>

The Group acquired bank borrowing facilities in the amount of \$1,400,000 thousand secured by the Group's freehold land, building, machinery and equipment (see Note 30) and will be repayable in September 30, 2021. As of September 30, 2020, December 31, 2019 and September 30, 2019, the interest rate was the same of 1.7895% per annum. Interest is paid monthly. The Group started repaying the principal on September 30, 2019 with five semi-annual instalments, consist of first four instalments with an amount of 10% of the borrowing and the fifth one on September 30, 2021 with an amount of the remaining portion of the principal and interests.

18. BONDS PAYABLE

	September 30, 2020	December 31, 2019	September 30, 2019
Second secured domestic convertible bonds	\$ 289,285	\$ 293,309	\$ 291,786
Less: Current portion	<u>(289,285)</u>	<u>(293,309)</u>	<u>(291,786)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Second Secured Domestic Convertible Bonds

On February 5, 2018, the Company issued the second three-year secured, zero-coupon domestic convertible bonds with a \$100 thousand par value, in an aggregate principal amounting \$300,000 thousand.

The following items are the primary clauses in the prospectus:

a. Term

From February 5, 2018 to February 5, 2021.

b. Redemption

The Company may redeem the whole bonds, after 3 months of the issuance and prior to the maturity date, at the principal amount of the bonds if the closing price of the ordinary shares of the Company, for a period of 30 consecutive trading days, is at least 30% of the conversion price.

The Company may redeem the whole bonds, after 3 months of the issuance and prior to the maturity date, at the early redemption amount if at least 90% of the bonds' principal amount has already been converted, redeemed or repurchased and cancelled.

c. Conversion

Conversion period

Bondholders may request the Company to convert the bonds into the Company's ordinary shares between May 6, 2018 and February 5, 2021, barring the year in which the registration of share transfer is suspended.

Conversion price and adjustments

The price used by the Company in determining the number of ordinary shares to be issued upon conversion is initially NT\$51.45 per share. The conversion price will be subject to adjustment, according to a formula stated in the prospectus, due to any change in the issuance of the ordinary shares. The conversion price has been adjusted to NT\$45.75 per share since July 30, 2019 due to the distribution of cash dividends.

d. Security provided for the bonds (see Note 30)

e. Bondholders' put rights

On February 5, 2020 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Company to redeem in whole or in part the principal amount of such holder's bonds in cash by filing an application with the original brokerage before 40 days prior to the base date. For the relevant changes please refer to Note 28.

f. Bond components

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 2.0838% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$12,110 thousand)	\$ 287,890
Equity component	(8,999)
Financial assets at FVTPL	522
Deferred tax assets	<u>2,422</u>
Liability component at the date of issuance	281,835
Interest charged at an effective interest rate of 2.0838% - for the year ended December 31, 2018	5,430
Interest charged at an effective interest rate of 2.0838% - for the nine months ended September 30, 2019	<u>4,521</u>
Liability component at September 30, 2019	<u>\$ 291,786</u>
Liability component at January 1, 2020	\$ 293,309
Redeemed convertible bonds	(8,536)
Interest charged at an effective interest rate of 2.0838%	<u>4,512</u>
Liability component at September 30, 2020	<u>\$ 289,285</u>

The Company redeemed convertible bonds at the amount of \$8,700 thousands for the nine months ended September 30, 2020. Consequently, the bonds payable decreased \$8,700 thousands, the discount of bonds payable decreased \$164 thousands, capital surplus - options decreased \$261 thousands, capital surplus - treasury shares increased \$190 thousands and recognized loss of the redemption of convertible bonds \$93 thousands.

19. OTHER LIABILITIES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Other payables			
Processing fees	\$ 201,250	\$ 167,656	\$ 182,611
Payable for purchases of equipment (Note 27)	113,783	122,657	133,007
Salaries and bonuses	134,539	123,055	124,224
Consumable supplies expenses	31,559	42,978	36,826
Payable for labor and health insurance, social security and pension	39,614	36,839	34,841
Professional service fees	27,304	36,258	33,731
Human dispatch payable	10,499	5,989	5,756
Commission	17,182	8,787	9,769
Import/export (customs) expense	8,445	3,405	3,622
Interest payable	608	741	-
Others	<u>75,114</u>	<u>53,834</u>	<u>65,009</u>
	<u>\$ 659,897</u>	<u>\$ 602,199</u>	<u>\$ 629,396</u>

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company, CDE Corp. and DYP Corp. have a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company, CDE Corp. and DYP Corp. make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group in China are members of state-managed retirement benefit plans operated by the government of China. The subsidiaries in China are required to contribute amounts calculated at a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

21. EQUITY

a. Share capital

Ordinary shares

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Share capital authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>69,676</u>	<u>69,676</u>	<u>69,676</u>
Share capital issued	<u>\$ 696,758</u>	<u>\$ 696,758</u>	<u>\$ 696,758</u>

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

The Company retains 1,000 thousand ordinary shares for employee share options purpose.

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of ordinary shares	\$ 568,037	\$ 568,037	\$ 568,037
Arising from conversion of bonds	152,962	152,962	152,962
<u>May be used to offset a deficit only</u>			
Redemption or repayment of convertible bonds (2) (Note 18)	5,742	5,552	5,552
Changes in percentage of ownership interests in subsidiaries (3)	1,906	1,906	1,906
<u>May not be used for any purpose</u>			
Share warrants (Note 18)	<u>8,738</u>	<u>8,999</u>	<u>8,999</u>
	<u>\$ 737,385</u>	<u>\$ 737,456</u>	<u>\$ 737,456</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
 - 2) Redemption or repayment of convertible bonds may only be utilized to offset deficits.
 - 3) Such capital surplus arises from the effects of changes in ownership interests in a subsidiary resulting from equity transactions other than an actual disposal or acquisition or from changes in capital surplus of subsidiaries accounted for by using the equity method.
- c. Retained earnings and dividend policy

The shareholders of the Company held a regular meeting on June 18, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth 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, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders by issuing new shares. In addition, the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, please refer to Note 23(g).

The Company's board of directors shall, considering the current investment environment, capital needs for future expansions, long term financial plans, and stockholders' needs for cash basis dividends, distribute no less than 10% of unappropriated earnings to stockholders as dividends and bonuses, by way of cash dividend or stock dividend, while cash dividend should not be lower than 10% of total bonuses to shareholders.

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

Under Rule No. 1010012865 issued by the FSC and the directive entitled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs," the Company should appropriate or reverse a special reserve.

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings on June 18, 2020 and June 18, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	\$ 5,337	\$ 12,019
Special reserve	66,167	7,296
Cash dividends	34,838	83,611
Cash dividends per share (NT\$)	0.5	1.2

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended	
	September 30	
	2020	2019
Balance at January 1	\$ (237,986)	\$ (160,570)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(27,532)	(36,517)
Related income tax	<u>5,389</u>	<u>7,304</u>
Other comprehensive income recognized for the period	<u>(22,143)</u>	<u>(29,213)</u>
Balance at September 30	<u>\$ (260,129)</u>	<u>\$ (189,783)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Nine Months Ended	
	September 30	
	2020	2019
Balance at January 1	\$ 17,392	\$ 6,143
Recognized for the period		
Unrealized gain (loss) - equity instruments	(4,413)	11,607
Related income tax	<u>1,731</u>	<u>(2,344)</u>
Other comprehensive income recognized for the period	<u>(2,682)</u>	<u>9,263</u>
Balance at September 30	<u>\$ 14,710</u>	<u>\$ 15,406</u>

e. Non-controlling interests

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	\$ 27,805	\$ 78,568
Share in loss for the period	(15,920)	(44,628)
Other comprehensive income (loss) during the period		
Exchange differences on translating the financial statements of foreign entities	(709)	641
Related income tax	<u>141</u>	<u>(146)</u>
	(568)	495
Increase of non-controlling interest in DYP Corp. and Dongguan Han Lian Technology Co., Ltd through issuing ordinary shares for cash	26,515	-
Non-controlling interests arising from acquisition of Dongguan Han Lian Technology Co., Ltd. (Note 26)	<u>-</u>	<u>2,712</u>
Balance at September 30	<u>\$ 37,832</u>	<u>\$ 37,147</u>

22. REVENUE

a. Description of customer contract

Revenue from sales of goods

Main operating revenue of the Group was from manufacturing and sales electronic connectors for telecommunications, data communications and computers, by fixed contract price.

b. Contract balance

	September 30, 2020	December 31, 2019	September 30, 2019	January 1, 2019
Notes and trade receivables (Note 9)	<u>\$ 1,465,493</u>	<u>\$ 1,352,638</u>	<u>\$ 1,371,998</u>	<u>\$ 1,359,437</u>
Contract liabilities Sale of goods	<u>\$ 34,782</u>	<u>\$ 13,800</u>	<u>\$ 16,999</u>	<u>\$ 14,429</u>

c. Disaggregation of revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Type of goods</u>				
Integrated signal connector	<u>\$ 1,341,820</u>	<u>\$ 1,251,286</u>	<u>\$ 3,732,375</u>	<u>\$ 3,434,575</u>

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Bank deposits	\$ <u>2,432</u>	\$ <u>2,639</u>	\$ <u>5,544</u>	\$ <u>9,569</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Dividend income	\$ -	\$ -	\$ -	\$ 1,866
Government grants	7,880	4,750	16,937	8,450
Others	<u>8,509</u>	<u>7,898</u>	<u>20,991</u>	<u>20,496</u>
	\$ <u>16,389</u>	\$ <u>12,648</u>	\$ <u>37,928</u>	\$ <u>30,812</u>

c. Other gains

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Loss on disposal of property, plant and equipment	\$ (96)	\$ 449	\$ (180)	\$ (278)
Fair value changes of financial assets/liabilities				
Financial assets mandatorily classified as at FVTPL	9,677	5,881	23,718	10,300
Financial liabilities held for trading	<u>(3,392)</u>	<u>84</u>	<u>(5,632)</u>	<u>(273)</u>
	6,285	5,965	18,086	10,027
Loss on redemption of convertible bonds	-	-	(93)	-
Net foreign exchange gain (losses)	(3,700)	5,167	(5,388)	11,723
Others	<u>(47)</u>	<u>(99)</u>	<u>15</u>	<u>(701)</u>
	\$ <u>2,442</u>	\$ <u>11,482</u>	\$ <u>12,440</u>	\$ <u>20,771</u>

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest on bank loans	\$ 4,757	\$ 7,641	\$ 15,784	\$ 24,885
Interest on convertible bonds (Note 18)	1,502	1,514	4,512	4,521
Interest on lease liabilities	<u>460</u>	<u>508</u>	<u>1,422</u>	<u>1,561</u>
	<u>\$ 6,719</u>	<u>\$ 9,663</u>	<u>\$ 21,718</u>	<u>\$ 30,967</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
An analysis of deprecation by function				
Operating costs	\$ 73,427	\$ 61,744	\$ 204,439	\$ 182,537
Operating expenses	<u>28,020</u>	<u>25,042</u>	<u>84,364</u>	<u>75,710</u>
	<u>\$ 101,447</u>	<u>\$ 86,786</u>	<u>\$ 288,803</u>	<u>\$ 258,247</u>
An analysis of amortization by function				
Operating costs	\$ 175	\$ -	\$ 408	\$ -
Selling and marketing expense	881	865	2,563	2,513
General and administrative expense	739	710	2,233	2,846
Research and development expenses	<u>128</u>	<u>160</u>	<u>383</u>	<u>590</u>
	<u>\$ 1,923</u>	<u>\$ 1,735</u>	<u>\$ 5,587</u>	<u>\$ 5,949</u>

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Post-employment benefits				
Defined contribution plans	\$ 7,666	\$ 16,780	\$ 26,094	\$ 52,063
Other employee benefits	<u>264,990</u>	<u>297,580</u>	<u>790,016</u>	<u>827,312</u>
Total employee benefits expense	<u>\$ 272,656</u>	<u>\$ 314,360</u>	<u>\$ 816,110</u>	<u>\$ 879,375</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 174,493	\$ 199,401	\$ 518,333	\$ 556,222
Operating expenses	<u>98,163</u>	<u>114,959</u>	<u>297,777</u>	<u>323,153</u>
	<u>\$ 272,656</u>	<u>\$ 314,360</u>	<u>\$ 816,110</u>	<u>\$ 879,375</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration to directors and supervisors at the rates 3%-15% and not higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the employees' compensation and the remuneration of directors and supervisors were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2020	2019
Employees' compensation	5.66%	11.77%
Remuneration of directors and supervisors	1.70%	3.00%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Employees' compensation	\$ 1,972	\$ 4,505	\$ 8,362	\$ 4,505
Remuneration of directors and supervisors	\$ 592	\$ 1,148	\$ 2,509	\$ 1,148

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2019 and 2018 that were resolved by the Company's board of directors on March 5, 2020 and March 7, 2019, respectively, were as below:

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	\$ 4,500	\$ 9,570
Remuneration of directors and supervisors	1,300	2,870

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 years ended December 31, 2019 and 2018.

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

h. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Foreign exchange gains	\$ 35,997	\$ 37,659	\$ 66,570	\$ 83,528
Foreign exchange losses	<u>(39,697)</u>	<u>(32,492)</u>	<u>(71,958)</u>	<u>(71,805)</u>
	<u>\$ (3,700)</u>	<u>\$ 5,167</u>	<u>\$ (5,388)</u>	<u>\$ 11,723</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	\$ 11,153	\$ 9,535	\$ 30,960	\$ 21,989
Adjustment for prior periods	-	-	(2,959)	468
Loss carryforward deduction	<u>(3,002)</u>	<u>-</u>	<u>(3,002)</u>	<u>-</u>
	8,151	9,535	24,999	22,457
Deferred tax				
In respect of the current period	<u>524</u>	<u>6,251</u>	<u>849</u>	<u>(9,443)</u>
Income tax expense recognized in profit or loss	<u>\$ 8,675</u>	<u>\$ 15,786</u>	<u>\$ 25,848</u>	<u>\$ 13,014</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	\$ 6,245	\$ (12,306)	\$ (5,530)	\$ (7,158)
Fair value changes of financial assets at FVTOCI	<u>214</u>	<u>761</u>	<u>(1,731)</u>	<u>2,344</u>
Total income tax recognized in other comprehensive income	<u>\$ 6,459</u>	<u>\$ (11,545)</u>	<u>\$ (7,261)</u>	<u>\$ (4,814)</u>

c. Income tax assessments

The income tax returns of the Company, CDE Corp. and DYP Corp. through 2018, have been assessed by the tax authorities, and there is no litigation or dispute with tax authorities in the Company and its subsidiaries.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Basic earnings per share	<u>\$ 0.49</u>	<u>\$ 0.59</u>	<u>\$ 1.80</u>	<u>\$ 0.56</u>
Diluted earnings per share	<u>\$ 0.47</u>	<u>\$ 0.56</u>	<u>\$ 1.67</u>	<u>\$ 0.56</u>

The earnings and weighted average number of ordinary shares outstanding (in thousand shares) that were used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Profit for the period attributable to owners of the Company	<u>\$ 34,377</u>	<u>\$ 41,406</u>	<u>\$ 125,203</u>	<u>\$ 39,118</u>
Effect of potentially dilutive ordinary shares	\$ 34,377	\$ 41,406	\$ 125,203	\$ 39,118
Interest on convertible bonds (after tax) and gain on valuation	<u>1,201</u>	<u>1,140</u>	<u>2,073</u>	<u>3,569</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 35,578</u>	<u>\$ 42,546</u>	<u>\$ 127,276</u>	<u>\$ 42,687</u>

Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares in computation of basic earnings per share	69,676	69,676	69,676	69,676
Effect of potentially dilutive ordinary shares:				
Convertible bonds	6,367	6,460	6,396	6,326
Employee compensation	<u>65</u>	<u>169</u>	<u>319</u>	<u>250</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>76,108</u>	<u>76,305</u>	<u>76,391</u>	<u>76,252</u>

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

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Dongguan Han Lian Technology Co., Ltd.	Manufacture and sales of electronic connectors and electronic products	March 8, 2019	70	<u>\$ 6,408</u>

On March 8, 2019, Dongguan Han Lian Technology Co., Ltd. was acquired in order to enhance the Group's manufacturing capacity in electronic connectors and electronic components, and to reduce the manufacturing costs.

b. Consideration transferred

	Dongguan Han Lian Technology Co., Ltd.
Cash	<u>\$ 6,408</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Dongguan Han Lian Technology Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 8,048
Trade and other receivables	1,567
Inventories	348
Current liabilities	
Trade and other payables	<u>(922)</u>
	<u>\$ 9,041</u>

d. Non-controlling interests

Non-controlling interests amounted to \$2,712 thousand that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation was measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

e. Goodwill recognized on acquisitions

	Dongguan Han Lian Technology Co., Ltd.
Consideration transferred	\$ 6,408
Plus: Non-controlling interests	2,712
Less: Fair value of identifiable net assets acquired	<u>(9,041)</u>
Goodwill recognized on acquisitions	<u>\$ 79</u>

The goodwill recognized in the acquisitions of Dongguan Han Lian Technology Co., Ltd. mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations included amounts attributed to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill derived from combination.

f. Net cash inflow on the acquisition of subsidiaries

	Dongguan Han Lian Technology Co., Ltd.
Consideration paid in cash	\$ 6,408
Less: Cash and cash equivalent balances acquired	<u>(8,048)</u>
	<u>\$ (1,640)</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates (from March 8, 2019 to September 30, 2019), which are included in the consolidated statements of comprehensive income, are as follows:

	Dongguan Han Lian Technology Co., Ltd.
Revenue	<u>\$ 16,132</u>
Loss	<u>\$ (8,853)</u>

Had these business combinations been in effect at the beginning of the financial year, the Group's revenue would have been \$1,251,286 thousand and \$3,434,575 thousand, and the profit (loss) would have been \$28,740 thousand and \$(5,723) thousand for the three months ended September 30, 2019, and nine months ended September 30, 2019, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2019, nor is it intended to be a projection of future results.

27. CASH INFORMATIONS

a. Non-cash transaction

For the nine months ended September 30, 2020 and 2019, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statement of cash flows:

- 1) As of September 30, 2020, December 31, 2019 and September 30, 2019, the amounts unpaid for acquiring property, plant and equipment were \$110,267 thousand, \$122,657 thousand and \$51,755 thousand, respectively, which were included in other payables.
- 2) As of September 30, 2020, December 31, 2019 and September 30, 2019, the amounts unpaid for prepayment for acquiring property, plant and equipment were \$3,516 thousand, \$0 thousand and \$81,252 thousand, respectively, which were included in other payables.

b. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2020

	Balance at January 1, 2020	Cash Flows	Non-cash Changes				Balance at September 30, 2020
			Additions	Interest Expenses	Exchange Differences on Translating the Financial Statements	Others (Note 18)	
Short-term borrowings	\$ 904,780	\$ 266,467	\$ -	\$ -	\$ (8,747)	\$ -	\$ 1,162,500
Lease liabilities	111,034	(16,620)	10,073	-	(843)	-	103,644
Bonds payable (including current portion)	293,309	(8,700)	-	4,512	-	164	289,285
Long-term borrowings (including current portion)	468,000	(104,000)	-	-	-	-	364,000
Guarantee deposits received	813	(39)	-	-	(6)	-	768
	<u>\$ 1,777,936</u>	<u>\$ 137,108</u>	<u>\$ 10,073</u>	<u>\$ 4,512</u>	<u>\$ (9,596)</u>	<u>\$ 164</u>	<u>\$ 1,920,197</u>

For the nine months ended September 30, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes				Balance at September 30, 2019
			Additions	Interest Expenses	Exchange Differences on Translating the Financial Statements		
Short-term borrowings	\$ 1,047,834	\$ 70,147	\$ -	\$ -	\$ 1,259	\$ -	\$ 1,119,240
Lease liabilities	113,421	(13,598)	21,194	-	(2,529)	-	118,488
Bonds payable (including current portion)	287,265	-	-	4,521	-	-	291,786
Long-term borrowings (including current portion)	294,500	225,500	-	-	-	-	520,000
Guarantee deposits received	740	18	-	-	(16)	-	742
	<u>\$ 1,743,760</u>	<u>\$ 282,067</u>	<u>\$ 21,194</u>	<u>\$ 4,521</u>	<u>\$ (1,286)</u>		<u>\$ 2,050,256</u>

28. FINANCIAL INSTRUMENTS

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

September 30, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 289,285	\$ 300,942	\$ -	\$ -	\$ 300,942

December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 293,309	\$ 300,840	\$ -	\$ -	\$ 300,840

September 30, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 291,786	\$ 303,600	\$ -	\$ -	\$ 303,600

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

1) Fair value hierarchy

September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 3,065	\$ -	\$ 3,065
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 89,231	\$ 89,231

(Continued)

	Level 1	Level 2	Level 3	Total
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ _____ -	\$ _____ -	\$ 146,299	\$ 146,299

Financial liabilities at FVTPL

Derivatives				
Foreign exchange forward contracts	\$ _____ -	\$ 299	\$ _____ -	\$ 299 (Concluded)

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ _____ -	\$ 553	\$ _____ -	\$ 553

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ 101,850	\$ 101,850

Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ _____ -	\$ _____ -	\$ 181,362	\$ 181,362

Financial liabilities at FVTPL

Derivatives				
Convertible bond options	\$ _____ -	\$ _____ -	\$ 1,920	\$ 1,920
Foreign exchange forward contracts	\$ _____ -	\$ 1,845	\$ _____ -	\$ 1,845

September 30, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ 98,860	\$ 98,860
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ _____ -	\$ _____ -	\$ 214,704	\$ 214,704

Financial liabilities at FVTPL

Derivatives				
Convertible bond options	\$ _____ -	\$ _____ -	\$ 1,230	\$ 1,230

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2020

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2020	\$ 101,850	\$ 181,362	\$ 283,212
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	(4,413)	-	(4,413)
Capital reduction and refund	(8,206)	-	(8,206)
Settlements	-	(35,063)	(35,063)
Balance at September 30, 2020	<u>\$ 89,231</u>	<u>\$ 146,299</u>	<u>\$ 235,530</u>

Derivatives

Financial liabilities at fair value through profit or loss

Balance at January 1, 2020	\$ (1,920)
Recognized in profit or loss (included in other gains and losses)	<u>1,920</u>
Balance at September 30, 2020	<u>\$ -</u>

For the nine months ended September 30, 2019

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2019	\$ 89,345	\$ 317,747	\$ 407,092
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	11,607	-	11,607
Capital reduction and refund	(2,092)	-	(2,092)
Settlements	-	(103,043)	(103,043)
Balance at September 30, 2019	<u>\$ 98,860</u>	<u>\$ 214,704</u>	<u>\$ 313,564</u>

Derivatives

Financial liabilities at fair value through profit or loss

Balance at January 1, 2019	\$ (1,290)
Recognized in profit or loss (included in other gains and losses)	<u>60</u>
Balance at September 30, 2019	<u>\$ (1,230)</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows 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.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bond options	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors.
Unlisted debt securities - ROC	Discounted cash flow. Consideration of long-term revenue growth rate, long-term pretax operation profit margin, weighted capital cost rate and liquidity discount, when calculating the present value of expected gain holding such investments.
Factored trade receivables to banks without recourse	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.

c. Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 3,065	\$ 553	\$ -
Financial asset at amortized cost (Note 1)	2,233,803	1,855,158	2,076,951
Financial assets at FVTOCI			
Equity instruments	89,231	101,850	98,860
Factored trade receivables to banks without recourse	146,299	181,362	214,704
<u>Financial liabilities</u>			
FVTPL			
Held for trading	299	3,765	1,230
Amortized cost (Note 2)	2,825,928	2,552,064	2,827,406

- 1) The balances included cash and cash equivalents, notes receivable, trade receivables (excluding debt instruments), other receivables (excluding tax refund receivable), other financial assets and refundable deposits that are measured at amortized cost.
- 2) The balances included short-term loans, trade payables, other payables (excluding salaries, bonuses and social security), bonds payable, long-term loans (including current portion of long-term loans payable) and guarantee deposits received that are measured at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets measured at fair value through profit or loss, notes receivable, trade receivables, trade payables, lease liabilities, borrowings and convertible bonds.

Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

1) Market risk

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

a) Foreign currency risk

The Group has foreign currency sales and purchases, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD, RMB, and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the each functional currency against the relevant foreign currencies. The 1% sensitivity rate is used in reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Sensitivity analysis includes trade receivables and payables to entities outside of the Group, and trade receivables and payables to its foreign operations. A positive number below indicates an increase in pretax profit and other equity associated with a 1% weakening of the each functional currency against the relevant currency. For a 1% strengthening of the each functional currency against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	<u>U.S. Dollar Impact</u>		<u>RMB Impact</u>		<u>JPY Impact</u>	
	<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss*	\$ (1,216)	\$ 2,108	\$ 1,234	\$ 646	\$ (817)	\$ (853)

* This was mainly attributable to the exposure on outstanding accounts receivable and payable in both USD, RMB and JPY, which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly due to the decreased of USD denominated net assets.

The Group's sensitivity to the RMB increased during the current period mainly due to the increased of RMB denominated trade receivables.

The Group's sensitivity to the JPY has not changed significantly.

b) Interest rate risk

The Group was exposed to interest rate related to its deposits, other financial assets, bank loans, convertible bonds and lease liabilities at both fixed and floating interest rates.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Fair value interest rate risk			
Financial assets	\$ 499,456	\$ 262,791	\$ 559,022
Financial liabilities	1,555,429	1,309,123	1,529,514
Cash flow interest rate risk			
Financial assets	399,453	390,183	340,326
Financial liabilities	364,000	468,000	520,000

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been increased 1% and all other variables held constant, the Group's pretax profits for the nine months ended September 30, 2020 and 2019 would have increased by \$266 thousand and decreased by \$1,348 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings and bank deposits.

The Group's sensitivity to interest rates decreased during the current year mainly due to the increased of net assets with floating rate.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for medium- to long-term strategic purposes rather than for trading.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax other comprehensive income for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$892 thousand and \$989 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

The Group's sensitivity to equity prices decreased due to the decrease of fair value in debt instrument investment.

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. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group established a complete customer credit record through its customer credit management policy and uses other publicly available financial information and its own trading records to rate its major customers. The Group continues to monitor its credit exposure and the credit ratings of its counterparties. Credit exposure is controlled by setting a counterparty credit limit, which is approved and periodically reviewed by the risk management committee.

To minimize credit risk, management of the Group has delegated a team to be 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 allowances are made for irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of negative fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity. Refer to section (C) below for more information about unused amounts of financing facilities at September 30, 2020, December 31, 2019 and September 30, 2019.

a) Liquidity tables for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up on the basis of 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 bank 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.

September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 753,429	\$ 409,859	\$ -	\$ -	\$ -
Long-term borrowings	543	1,086	368,420	-	-
Lease liabilities	2,165	4,330	19,932	59,160	23,309
Trade payables	9,872	430,033	83,726	-	-
Other payables	35,250	340,865	27,568	82,061	-
Bonds payables	-	-	291,300	-	-
Guarantee deposits received	-	-	-	768	-
	<u>\$ 801,259</u>	<u>\$ 1,186,173</u>	<u>\$ 790,946</u>	<u>\$ 141,989</u>	<u>\$ 23,309</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year 1-5 Years	5-10 Years Less than 1 Year	5-10 Years
Lease liabilities	<u>\$ 26,427</u>	<u>\$ 59,160</u>	<u>\$ 23,309</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 570,894	\$ 335,460	\$ -	\$ -	\$ -
Long-term borrowings	698	54,094	109,351	316,885	-
Lease liabilities	1,835	5,504	14,796	74,166	21,258
Trade payables	183,504	258,772	-	-	-
Other payables	208,603	234,283	-	-	-
Bonds payables	-	-	-	300,000	-
Guarantee deposits received	-	-	-	813	-
	<u>\$ 965,534</u>	<u>\$ 888,113</u>	<u>\$ 124,147</u>	<u>\$ 691,864</u>	<u>\$ 21,258</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year 1-5 Years	5-10 Years Less than 1 Year	5-10 Years
Lease liabilities	<u>\$ 22,135</u>	<u>\$ 74,166</u>	<u>\$ 21,258</u>

September 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 1,104,945	\$ 15,025	\$ -	\$ -	\$ -
Long-term borrowings	52,775	2,094	109,816	370,049	-
Lease liabilities	1,874	5,621	14,648	79,590	23,939
Trade payables	297,715	127,592	-	-	-
Other payables	329,232	141,099	-	-	-
Bonds payables	-	-	300,000	-	-
Guarantee deposits received	-	-	-	742	-
	<u>\$ 1,786,541</u>	<u>\$ 291,431</u>	<u>\$ 424,464</u>	<u>\$ 450,381</u>	<u>\$ 23,939</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 22,143</u>	<u>\$ 79,590</u>	<u>\$ 23,939</u>

b) Liquidity risk table for derivative financial liabilities

The table is based on the undiscounted contractual gross cash inflows and outflows on derivative instruments that require gross settlement.

September 30, 2020

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ -	\$ 116,101	\$ -	\$ -
Outflows	-	(116,400)	-	-
	<u>\$ -</u>	<u>\$ (299)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
<u>Gross settled</u>				
Forward exchange contracts				
Inflows	\$ -	\$ 329,780	\$ -	\$ -
Outflows	-	(331,625)	-	-
	<u>\$ -</u>	<u>\$ (1,845)</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank facilities (reviewed annually)			
Amount used	\$ 1,162,500	\$ 904,780	\$ 1,119,240
Amount unused	<u>312,650</u>	<u>614,890</u>	<u>317,920</u>
	<u>\$ 1,475,150</u>	<u>\$ 1,519,670</u>	<u>\$ 1,437,160</u>
Secured bank facilities			
Amount used	\$ 364,000	\$ 468,000	\$ 520,000
Amount unused	<u>200,000</u>	<u>225,000</u>	<u>225,000</u>
	<u>\$ 564,000</u>	<u>\$ 693,000</u>	<u>\$ 745,000</u>

On February 5, 2018, the Company issued second secured domestic convertible bonds, in an aggregate principal amount of \$300,000 thousand, and the bonds are secured by the bank.

e. Transfers of financial assets

Factored trade receivables for the nine months ended September 30, 2020 and 2019 were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - used	Annual Interest Rates on Advances Received (Used) (%)
<u>For the nine months ended September 30, 2020</u>					
Taipei Fubon Commercial Bank	\$ 55,877	\$ 5,588	\$ 176,923	\$ 50,289	0.6070-0.7717
Yuanta Commercial Bank	<u>-</u>	<u>-</u>	<u>174,600</u>	<u>-</u>	
	<u>\$ 55,877</u>	<u>\$ 5,588</u>	<u>\$ 351,523</u>	<u>\$ 50,289</u>	
<u>For the December 31, 2019</u>					
Taipei Fubon Commercial Bank	\$ 116,494	\$ 11,649	\$ 123,346	\$ 104,845	2.8541-3.1607
Yuanta Commercial Bank	<u>-</u>	<u>-</u>	<u>179,880</u>	<u>-</u>	-
	<u>\$ 116,494</u>	<u>\$ 11,649</u>	<u>\$ 303,226</u>	<u>\$ 104,845</u>	
<u>For the nine months ended September 30, 2019</u>					
Taipei Fubon Commercial Bank	\$ 354,866	\$ 10,952	\$ 242,870	\$ 98,570	2.8330-3.1607
Yuanta Commercial Bank	<u>-</u>	<u>-</u>	<u>186,240</u>	<u>-</u>	-
	<u>\$ 354,866</u>	<u>\$ 10,952</u>	<u>\$ 429,110</u>	<u>\$ 98,570</u>	

Under the Group's factoring agreements, losses from commercial disputes (such as sales returns or allowances) were borne by the Group, while losses from the credit risks were borne by the banks. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group had issued promissory notes consisting of checks of US\$14,000 thousand, US\$14,000 thousand, and US\$17,000 thousand as collateral to the banks.

29. TRANSACTIONS WITH RELATED PARTIES

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

Compensation of Key Management Personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 7,241	\$ 7,701	\$ 28,764	\$ 29,224
Post-employment benefits	<u>108</u>	<u>108</u>	<u>326</u>	<u>326</u>
	<u>\$ 7,349</u>	<u>\$ 7,809</u>	<u>\$ 29,090</u>	<u>\$ 29,550</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been provided as collateral for bank borrowings and issuance of bonds payable:

	September 30, 2020	December 31, 2019	September 30, 2019
Freehold land	\$ 159,538	\$ 159,538	\$ 159,538
Building	97,302	103,229	102,088
Machinery and equipment	442,430	485,585	493,603
Other financial assets			
Restricted time deposits	<u>62,319</u>	<u>61,962</u>	<u>61,862</u>
	<u>\$ 761,589</u>	<u>\$ 810,314</u>	<u>\$ 817,091</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

Unrecognized commitments were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Acquisition of property, plant and equipment			
RMB	<u>\$ 10,448</u>	<u>\$ 6,622</u>	<u>\$ 7,513</u>
NTD	<u>\$ -</u>	<u>\$ 798</u>	<u>\$ -</u>

b. Contingents liabilities

On March 19, 2018, Pulse Electronics, Inc. (plaintiff) filed a lawsuit against the Group for patent infringement through the US District Court at the Southern District of California. After a patent search in the public citation document, the Group identified multiple public patent information and an inter parties review (IPR) was filed through the Patent Trial and Appeal Board, and its assertion of a void patent to the judge of the US District Court of the Southern District of California caused the trial to be suspended. However, based on the recent result of IPR, the plaintiff raised a retrial motion, and the judge ruled to proceed the administrative trial procedure of the case on January 16, 2020.

In August 2020, the group received the plaintiff's re-submission of the complaint to the United States District Court for the southern District of California. The Plaintiff's filed a lawsuit against us for infringement of U.S patent No.US6773302 in the United States District Court for the southern District of California. The case has not been decided by the court as of the date of the consolidated financial statement.

As of the date of the consolidated financial statements, the plaintiff can neither prove that the Group's disputed products infringed the scope of its claimed patents nor can provide specific evidence to prove that the Group infringed its patent indirectly. Thus, there was no conclusion on whether there was patent infringement on the disputed products. In addition, patents are territorial rights. As of the date of the financial statements, the plaintiff failed to submit infringement evidence indicating that the Group directly sold the disputed products to the United States in the court proceedings. Therefore, the Group's advisory lawyer considered that the Group is free from infringement litigation; as a result, there was no significant impact on the Group's financial performance and the business.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The group was approved by the board of directors in August 2020 to issue the third convertible bond in November 2020. The proposed issue amount is \$300,000 thousand, and the issuance period is three years.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 47,472	29.1000 (USD:NTD)	\$ 1,381,447
USD	8,114	6.8101 (USD:RMB)	236,132
RMB	22,484	4.2730 (RMB:NTD)	96,073
RMB	6,403	0.1468 (RMB:USD)	27,359
Non-monetary items			
Derivative instruments			
USD	10,500	Note	3,065

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 40,280	29.1000 (USD:NTD)	\$ 1,172,148
USD	4,987	6.8101 (USD:RMB)	145,125
JPY	296,073	0.2760 (JPY:NTD)	81,716
Non-monetary items			
Derivative instruments			
USD	4,000	Note	299 (Concluded)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,565	29.9800 (USD:NTD)	\$ 1,396,028
USD	16,997	6.9762 (USD:RMB)	509,583
RMB	15,771	4.2975 (RMB:NTD)	67,776
RMB	10,830	0.1433 (RMB:USD)	46,541
Non-monetary items			
Derivative instruments			
USD	3,000	Note	553

Financial liabilities

Monetary items			
USD	42,395	29.9800 (USD:NTD)	1,271,010
USD	3,729	6.9762 (USD:RMB)	111,793
JPY	296,073	0.2760 (JPY:NTD)	81,716
Non-monetary items			
Derivative instruments			
USD	11,000	Note	1,845

September 30, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 43,761	31.0400 (USD:NTD)	\$ 1,358,333
USD	9,034	7.0729 (USD:RMB)	280,409
RMB	14,716	4.3886 (RMB:NTD)	64,581
(Continued)			

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 42,415	31.0400 (USD:NTD)	\$ 1,316,550
USD	3,588	7.0729 (USD:RMB)	111,380
JPY	296,073	0.2880 (JPY:NTD)	85,269
			(Concluded)

Note: Fair value of the forward exchange contract using discounted cash flow valuation method.

For the three months ended September 30, 2020 and 2019, and the nine months ended September 30, 2020 and 2019, (realized and unrealized) net foreign exchange gains were \$(3,700) thousand, \$5,167 thousand, \$(5,388) thousand and \$11,723 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 entities.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and (b.) investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (none)
- 5) Acquisition of individual real estate at costs 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 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 6)

b. Information on investees (Table 7)

- c. Information on investments in mainland China
- 1) 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 area (Table 8)
 - 2) Any of the following 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 (Table 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
 - d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (none)

35. SEGMENT INFORMATION

The connector manufacturing segment includes a number of direct sales operations in various cities, each of which is considered separate operating segment by the chief operating decision maker. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- a. The nature of the products and production processes are similar;
- b. The pricing strategy of the products are similar;
- c. The methods used to distribute the products to the customers are similar.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	U.D. Electronic Corp.	CDE Corp.	Other receivables from related party	Yes	\$ 20,000	\$ 10,000	\$ -	3	Demand of short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 259,549	\$ 519,098
1	Ta Yang UDE Limited	Dongguan TY U.D.E. Precision Co., Ltd.	Other receivables from related party	Yes	12,659	-	-	2-3	Demand of short-term financing	-	Operating capital	-	-	-	(Note 4)	(Note 4)
2	Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Han Lian Technology Co., Ltd.	Other receivables from related party	Yes	17,742	8,546	8,546	2-3	Demand of short-term financing	-	Operating capital	-	-	-	40,986	81,972
3	Zhong Jiang U.D.E. Electronics Corp.	Dongguan TY U.D.E. Precision Co., Ltd. Dongguan Han Lian Technology Co., Ltd.	Other receivables from related party	Yes	185,215	155,967	155,967	2	Demand of short-term financing	-	Operating capital	-	-	-	164,145	328,291
			Other receivables from related party	Yes	17,092	17,092	8,546	-	Demand of short-term financing	-	Operating capital	-	-	-	164,145	328,291
4	Morning Paragon Limited	Dongguan TY U.D.E. Precision Co., Ltd.	Other receivables from related party	Yes	24,934	15,132	14,956	2	Demand of short-term financing	-	Operating capital	-	-	-	16,085 (Note 4)	16,085 (Note 4)

Note 1: Intercompany relationships should be notified in the No. Column, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's most recent year's predictable purchases or sells with such company and shall not exceed 10% of the net worth of the Company.

b. The total or individually amount available for lending are as follow:

- 1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the lending company, shall not exceed 40% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company based on its most recent audited or reviewed financial statements.
- 2) The total amount available for lending to the subsidiaries, whose voting shares are not 100% owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recent audited or reviewed financial statements.

c. The lending between foreign company whose voting shares are 100% owned directly or indirectly by the Company or the between the Company and the foreign company whose voting shares are 100% owned directly or indirectly by the Company still restricted to (b.) only the calculation of net worth is still based on the net worth of lending company.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation, and translated into NTD with the exchange rate on the reporting date.

Note 4: Ta Yang U.D.E Limited and Morning Paragon Limited has proposed an improvement plan in accordance with Article 16 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies and report to the board of directors and shareholders. The other subsidiary Zhong Jiang U.D.E Electronics Corp. will provide operating capital to Dongguan TY U.D.E. Precision Co., Ltd. And Dongguan TY U.D.E. Precision Co., Ltd. will use the fund to pay off the debt to Morning Paragon Limited and Ta Yang U.D.E Limited.

Note 5: The interest expenses due to financing for the three months ended September 30, 2020 are specified as follows:

Dongguan TY U.D.E. Precision Co., Ltd.: The sum of interest expenses is \$2,567 thousand.
Dongguan Han Lian Technology Co., Ltd.: The sum of interest expenses is \$334 thousand.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount (Note 5)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	U.D. Electronic Corp.	All First International Co., Ltd.	b	Net value 100% \$ 2,595,492	\$ 1,224,290	\$ 843,900	\$ 189,150	\$ -	32.51	Net value 100% \$ 2,595,492	Yes	-	-
		Morning Paragon Limited and DYP Corp.	b	Net value 20% 519,098	50,000	50,000 (Note 3)	-	-	1.93	Net value 40% 1,038,197	Yes	-	-
		CDE Corp.	a	Net value 20% 519,098	30,000	30,000	26,300	-	1.16	Net value 40% 1,038,197	Yes	-	-

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: a. The total amount of the guarantee to a company with business transactions shall not exceed 40% of U.D.E.'s net worth based on its most recent financial statements and 20% of that to an individual company.

b. Subsidiaries whose voting shares are 50% above owned directly or indirectly by U.D.E.

- 1) The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 100% owned directly or indirectly by U.D.E. shall not exceed 100% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 100% of U.D.E.'s net worth.
- 2) The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 50% above but not 100% owned directly or indirectly by U.D.E. shall not exceed 40% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 20% of U.D.E.'s net worth.
- 3) Between the subsidiaries whose voting shares are owned directly or indirectly by U.D.E.
 - a) The total amount of the guarantee provided by subsidiaries to subsidiaries whose voting shares are 100% owned directly or indirectly by each other shall not exceed 100% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 100% of U.D.E.'s net worth.
 - b) The total amount of the guarantee provided by its subsidiaries to another subsidiaries whose voting shares are 90% above but not 100% owned directly or indirectly by each other shall not exceed 10% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 10% of U.D.E.'s net worth.

c. The total amount of the guarantee provided by U.D.E. to its subsidiaries whose voting shares are 50% above owned directly or indirectly by U.D.E. shall not exceed 40% of U.D.E.'s net worth based on its most recent financial statements. The total amount of the guarantee provided by U.D.E. to its individual subsidiary shall not exceed 20% of U.D.E.'s net worth.

Note 3: Sharing credit line.

Note 4: The Company held over 50% of voting shares directly and indirectly.

Note 5: Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2020

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
U.D. Electronic Corp.	Fortune Rich Investment Corporation	The Company's director as the investee's legal director representative	Financial assets at FVTOCI - non-current	713	\$ 6,528	10.35	\$ 6,528	Note
	Emerging Fortune Capital Inc.	The Company's supervisor as the investee's legal director representative	"	2,000	16,550	10.64	16,550	"
	Emerging Creation Capital Inc.	The Company's supervisor as the investee's legal director representative	"	4,000	62,194	10.13	62,194	"
	Dy-Precision Industrial Co., Ltd.	The Company's supervisor as the investee's legal director representative	"	725	3,959	16.22	3,959	"

Note: Marketable securities mentioned above are not pledged as collateral or for security.

U.D. ELECTRONIC CORP. 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, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
U.D. Electronic Corp.	All First International Co., Ltd.	Affiliated company	Purchase	\$ 3,008,205	95	O/A 75 days	Note 2	Note 2	\$ (876,928)	(96)	Note 1
	All First International Co., Ltd.	Affiliated company	Sale	(156,467)	(4)	O/A 75 days	"	"	73,036	5	"
	CDE Corp.	Affiliated company	Purchase	156,821	5	O/A 75 days	"	"	(32,814)	(4)	"
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Sale	(3,008,205)	(90)	O/A 75 days	"	"	876,928	85	"
	U.D. Electronic Corp.	Parent company	Purchase	156,467	5	O/A 75 days	"	"	(73,036)	(24)	"
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Purchase	2,719,272	82	O/A 120 days	"	"	(196,937)	(64)	"
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Sale	(215,881)	(6)	O/A 120 days	"	"	134,761	13	"
	Dongguan Jian Guan P.E. Co., Ltd.	Affiliated company	Purchase	375,530	11	O/A 120 days	"	"	(22,597)	(7)	"
	Zhong Jiang U.D.E. Networking Electronics Corp.	Affiliated company	Sale	(105,407)	(3)	O/A 180 days	"	"	14,825	1	"
Dongguan Jian Guan P.E. Co., Ltd.	All First International Co., Ltd.	Affiliated company	Sale	(375,530)	(79)	O/A 120 days	"	"	22,597	43	"
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	Sale	(2,719,272)	(96)	O/A 120 days	"	"	196,937	79	"
	All First International Co., Ltd.	Affiliated company	Purchase	215,881	11	O/A 120 days	"	"	(134,761)	(26)	"
CDE Corp.	U.D. Electronic Corp.	Parent company	Sale	(156,821)	(100)	O/A 75 days	"	"	32,814	100	"

Note 1: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The prices and payment terms to related parties were not significantly different from those of sales to third parties.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2020

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
All First International Co., Ltd.	U.D. Electronic Corp. Zhong Jiang U.D.E. Electronics Corp.	Parent company Affiliated company	Trade receivables \$ 876,928	3.92	\$ -	-	\$ 362,285	\$ -
			134,761	2.35	-	-	19,482	-
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd. Dongguan TY U.D.E. Precision Co., Ltd.	Affiliated company Affiliated company	196,937	11.70	-	-	40,208	-
			Other receivables 160,004 (including interest receivables)	-	-	-	110,076	-

Note 1: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The amount recovered from October 1, 2020 to November 5, 2020.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
0	U.D. Electronic Corp.	All First International Co., Ltd. All First International Co., Ltd.	a.	Endorsements/guarantees provided	\$ 843,900	-	15
			a.	Revenue	156,467	Negotiated case by case. O/A 75 days	4
		Morning Paragon Limited and DYP Corp. DYP Corp	a.	Trade receivables	73,036	-	1
			a.	Endorsements/guarantees provided	50,000	-	1
		a.	Investment accounted for using the equity method (capital increase)	25,500	Issuance of ordinary shares for cash	-	
CDE Corp.	a.	Endorsements/guarantees provided	30,000	-	1		
1	All First International Co., Ltd.	U.D. Electronic Corp.	b.	Revenue	3,008,205	Negotiated case by case. O/A 75 days	81
			b.	Trade receivables	876,928		15
		Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	215,881	Negotiated case by case. O/A 120 days	6
			c.	Trade receivables	134,761		2
		Zhong Jiang U.D.E. Networking Electronics Corp.	c.	Revenue	105,407	Negotiated case by case. O/A 180 days	3
			c.	Trade receivables	14,825		-
2	Dongguan Jian Guan P.E. Co., Ltd.	All First International Co., Ltd.	c.	Revenue	375,530	Negotiated case by case. O/A 120 days	10
			c.	Trade receivables	22,597		-
		Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	37,231	Negotiated case by case. O/A 120 days	1
			c.	Trade receivables	17,940		-
3	Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	c.	Revenue	2,719,272	Negotiated case by case. O/A 120 days	73
			c.	Trade receivables	196,937		3
		Dongguan Jian Guan P.E. Co., Ltd.	c.	Revenue	62,344	Negotiated case by case. O/A 120 days	2
			c.	Trade receivables	35,411		1
		Dongguan TY U.D.E. Precision Co., Ltd.	c.	Other receivables	160,004	Financing (including interest receivables)	3
4	Dongguan U.D.E. Electronics Corp.	Dongguan Jian Guan P.E. Co., Ltd. Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	32,109	Negotiated case by case. O/A 120 days	1
			c.	Revenue	79,084	Negotiated case by case. O/A 120 days	2
5	Morning Paragon Limited	DYP Corp. Dongguan TY U.D.E. Precision Co., Ltd.	c.	Revenue	51,091	Negotiated case by case. O/A 75 days	1
			c.	Other receivables	15,224	Financing (including interest receivables)	-
6	CDE Corp.	U.D. Electronic Corp.	b.	Revenue	156,821	Negotiated case by case. O/A 75 days	4
			b.	Trade receivables	32,814		1
7	Dongguan TY U.D.E. Precision Co., Ltd.	Morning Paragon Limited	c.	Revenue	50,051	Negotiated case by case. O/A 120 days	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% of Total Sales or Assets (Note 4)
8	Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	\$ 29,956	Negotiated case by case. O/A 75 days	1
9	Dongguan Han Lian Technology Co., Ltd.	All First International Co., Ltd.	c.	Revenue	14,157	Negotiated case by case. O/A 120 days	-

Intercompany relationships:

U.D. Electronic Corp., DYP Corp. and CDE Corp. mainly engages in electronic material trading and international trading; Dongguan Jian Guan P.E. Co., Ltd., Zhong Jiang U.D.E. Electronics Corp. and Dongguan TY U.D.E. Precision Co., Ltd. mainly engage in electronic components manufacturing; Zhong Jiang U.D.E. Networking Electronics Corp. mainly engages in electronic components trading, while Global Connection (Samoa) Holding Inc., Sunderland Inc., San Francisco Inc., Morning Paragon Limited and Ta Yang UDE Limited are holding companies; All First International Co., Ltd. is an international trading company; Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. mainly engages in components processing and automatic equipment development; Dongguan U.D.E. Electronics Corp. mainly engages in development and sales of electronic components; and Dongguan Han Lian Technology Co., Ltd. mainly engages in manufacturing and sales of electronic connectors and electronic products.

Note 1: Intercompany relationships should be notified in the No. Colum, the coding method is as follow:

- a. 0 for parent company.
- b. The rest subsidiaries coding from 1.

Note 2: The Intercompany relationships are as follow (If the transaction is the same between the parent company and subsidiaries or between subsidiaries, there is no need to redisclose. For example, transactions between parent company and subsidiaries, if the parent company has disclosed, the subsidiaries will not need to disclose; transactions between subsidiaries, if one of them has disclosed, the other will not need to disclose.

- a. Parent company to subsidiaries.
- b. Subsidiaries to parent company.
- c. Subsidiaries to subsidiaries.

Note 3: This table only reveals one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities subject, they are calculated by the ending balance divided by the consolidated total assets. For the revenue and expense subjects, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 3)		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Samoa	Holding company	\$ 1,513,766 (US\$ 51,089)	\$ 1,531,648 (US\$ 51,089)	51,089	100	\$ 2,586,000	\$ 77,501	\$ 77,501	Notes 1 and 2
	CDE Corp.	Taiwan	Manufacturing and selling of electronic materials	75,000	75,000	7,500	50	7,791	14,383	7,395	Notes 1 and 2
	DYP Corp.	Taiwan	Selling of electronic components	112,200	86,700	11,220	51	36,224	(36,109)	(18,416)	Notes 1 and 2
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Republic of Mauritius	Holding company	409,262 (US\$ 14,064)	421,639 (US\$ 14,064)	14,064	100	427,435	(47,482)	(47,482)	Notes 1 and 2
	San Francisco Inc.	Republic of Mauritius	Holding company	801,298 (US\$ 27,536)	825,529 (US\$ 27,536)	27,536	100	1,629,614	85,490	85,490	Notes 1 and 2
	All First International Co., Ltd.	Samoa	International trading	291,000 (US\$ 10,000)	299,800 (US\$ 10,000)	10,000	100	528,935	39,976	39,492	Notes 1 and 2
DYP Corp.	Ta Yang UDE Limited	Samoa	Holding company	107,990 (US\$ 3,711)	111,256 (US\$ 3,711)	4,438	100	(17,594)	(31,520)	(31,520)	Notes 1 and 2
Ta Yang UDE Limited	Morning Paragon Limited	Samoa	International trading	43,650 (US\$ 1,500)	44,970 (US\$ 1,500)	1,500	100	40,211	1,055	1,055	Notes 1 and 2

Note 1: No market price for reference. The book value on the reporting date is used as the fair value instead.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 3: The amount of foreign currency investment was translated with the exchange rate on the reporting date.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2 b.(2), 6 and 7)	Carrying Amount as of September 30, 2020 (Notes 5 and 7)	Accumulated Repatriation of Investment Income as of September 30, 2020
					Outward	Inward						
Dongguan Jian Guan P.E. Co., Ltd.	Manufacturing and selling of electronic components	\$ 463,399 (HK\$ 116,432)	b. (1)	\$ 405,981 (HK\$ 12,647 and US\$ 12,000)	\$ -	\$ -	\$ 405,981 (HK\$ 12,647 and US\$ 12,000)	100	\$ (50,279)	\$ (50,172)	\$ 409,863	\$ -
Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	935,975 (US\$ 29,000)	b. (2)	833,835 (US\$ 27,603)	-	-	833,835 (US\$ 27,603)	100	84,936	85,490	1,629,577	-
Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	2,476 (RMB 500)	b. (3)	- Note 3	-	-	-	100	5,488	5,488	36,656	-
Dongguan TY U.D.E. Precision Co., Ltd.	Manufacturing and selling of electronic components	76,252 (US\$ 2,500)	b. (4)	70,734 (US\$ 2,342)	-	-	70,734 (US\$ 2,342)	51	(32,407)	(16,528)	(35,852)	-
Dongguan U.D.E. Electronics Corp.	Researching and selling of electronic	16,125 (US\$ 500)	b. (1)	15,871 (US\$ 502)	-	-	15,871 (US\$ 502)	100	2,690	2,690	17,552	-
Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	44,753 (RMB 10,000)	b. (5)	- Note 4	-	-	-	60	(11,632)	(6,994)	7,129	-
Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	15,871 (RMB 3,600)	b. (5)	- Note 4	-	-	-	70	(2,549)	(1,788)	1,817	-

Note 1: Three methods of investing in mainland China are as follows:

- a. Directly invests in mainland China.
- b. Investments in mainland China through an existing company established in a third region
 - 1) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in Sunderland Inc.)
 - 2) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in San Francisco Inc.)

(Continued)

- 3) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in San Francisco Inc. and re-invested in Zhong Jiang U.D.E. Electronics Corp.)
- 4) Investments in mainland China through an existing company established in a third region (Ta Yang U.D.E Limited)
- 5) Investments in mainland China through an existing company established in a third region (Global Connection (Samoa) Holding Inc. invested in Sunderland Inc. and re-invested in Dongguan Jian Guan P.E. Co, Ltd.)

c. Other methods.

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

- 1) The financial statement reviewed by the attesting CPA of international accounting firm in cooperation with an accounting firm in the ROC.
- 2) The financial statement reviewed by the attesting CPA of parent company in Taiwan.
- 3) Other.

Note 3: Zhong Jiang U.D.E. Networking Electronics Corp. is invested directly by Zhong Jiang U.D.E. Electronics Corp. No outward remittance for investment from Taiwan.

Note 4: Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd. are invested directly by Dongguan Jian Guan P.E. Co., Ltd. No outward remittance for investment from Taiwan.

Note 5: Includes the differences between the cost of investment and the net value of the equity.

Note 6: Unrealized gross profit of up-stream and side-stream transactions were considered.

Note 7: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Upper Limit on the amount of investment in mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$1,326,421	\$1,418,521	\$1,579,994

(Continued)

Significant transactions with investee companies in the Mainland Area, either directly or indirectly through a third area:

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period and
2. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period:

In Thousands of New Taiwan Dollars

Related Party	Relationship	Purchase/ Sale	Amount	% of Total	Transaction Detail			Notes/Accounts Receivable (Payable)		Unrealized Gain	Notes
					Price	Payment Terms	Compare to Normal Transactions	Ending Balance	% of Total		
Zhong Jiang U.D.E. Electronics Corp.	Subsidiaries of U.D. Electronic Corp.	Sale	\$ (215,881)	(6)	Negotiated case by case	O/A 120 days	Note 5	\$ 134,761	13	\$ -	Notes 1 and 4
Dongguan Jian Guan P.E. Co., Ltd.	Subsidiaries of U.D. Electronic Corp.	Purchase	375,530	12	Negotiated case by case	O/A 120 days	Note 5	(22,597)	(7)	-	Notes 2 and 4
Zhong Jiang U.D.E. Electronics Corp.	Subsidiaries of U.D. Electronic Corp.	Purchase	2,719,272	82	Negotiated case by case	O/A 120 days	Note 5	(196,937)	(64)	12,186	Notes 3 and 4

Note 1: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Electronics Corp.

Note 2: The transaction of All First International Co., Ltd. purchase from Dongguan Jian Guan P.E. Co., Ltd.

Note 3: The transaction of All First International Co., Ltd. purchase from Zhong Jiang U.D.E. Electronics Corp.

Note 4: Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 5: The payment terms of non-related party are negotiated case by case, and payment is received in advance or from O/A 60 days to O/A 120 days.

3. The amount of property transactions and the amount of the resultant gains or losses: None.
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 rate 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: None.

(Concluded)