U.D. Electronic Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of U.D. Electronic Corp. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Thus, U.D. Electronic Corp. and subsidiaries did not prepare a separate set of consolidated financial statements.

Very truly yours,

U.D. ELECTRONIC CORP.

By:

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GARY CHEN
Chairman

March 3, 2022

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of U.D. Electronic Corp. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

The Group transacts with a large number of customers. The total revenue of the export trade customers accounted for over 50% of the consolidated revenue. Due to the revenue growth of some significant export trade customers exceeded the average growth of all export trade customers, there are a significant impact on the financial performance of the Group. Therefore, the occurrence of sales transactions attribute to the revenue growth which exceeded the average growth among all the export trade customers is considered a key audit matter. Refer to Note 4 to the consolidated financial statements for detailed information on revenue recognition. For our overall opinion to the consolidated financial statements, refer to the opinion section.

The audit procedures are the followings:

1. We understood and tested the design and operating effectiveness of the key control over revenue recognition in order to confirm and evaluate the effectiveness of the inter control while conducting a sale transaction.

2. We sampled appropriately from the sales details the above mentioned customer, reviewed invoice, custom declarations and other relevant proof of delivery with signature, and examined the remittance senders and collection process or other alternative audit procedures, to verify the occurrence of sales transactions.

3. We compared the differences of the change in revenue and analyzed the differences of account receivables turnover and the credit condition of the above mentioned customers between the current and previous year, and verified it's rationality.

Other Matter

We have also audited the parent company only financial statements of U.D. Electronic Corp. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for 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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chuan Yu and Chung-Chen Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 21, 2022

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 356,284	6	$ 705,028	12
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4, 7 and 20)	4,221	-	6,686	-
Financial assets at amortized cost - current (Notes 4, 9, 10 and 33)	21,326	-	115,079	2
Notes receivable (Notes 4, 11 and 24)	52,333	1	83,957	1
Trade receivables (Notes 4, 11 and 24)	1,717,307	30	1,274,332	23
Other receivables (Notes 4 and 11)	84,376	2	48,914	1
Current tax assets (Notes 4 and 26)	8,662	-	-	-
Inventories (Notes 4 and 12)	1,481,224	26	1,165,489	21
Other current assets (Note 18)	124,929	2	110,168	2
Total current assets	3,850,662	67	3,509,653	62
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVIOCI) - non-current (Notes 4 and 8)	74,558	1	117,855	2
Property, plant and equipment (Notes 4, 14 and 33)	1,486,861	26	1,524,963	27
Right-of-use assets (Notes 4 and 15)	121,772	2	149,220	3
Other intangible assets (Notes 4 and 17)	37,600	1	37,782	1
Goodwill (Notes 4, 16 and 28)	12,219	-	12,233	-
Deferred tax assets (Notes 4 and 26)	88,837	2	93,196	2
Other non-current assets (Notes 4 and 18)	87,596	1	200,342	3
Total non-current assets	1,909,443	33	2,135,591	38
TOTAL	$ 5,760,105	100	$ 5,645,244	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	$ 964,320	17	$ 683,000	12
Financial liabilities at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	-	-	310	-
Contract liabilities - current (Notes 4 and 24)	40,757	1	25,188	-
Trade payables	636,372	11	550,047	10
Lease liabilities - current (Notes 4 and 15)	23,333	-	25,749	-
Other payables (Notes 21 and 29)	682,745	12	653,943	12
Current tax liabilities (Notes 4 and 26)	23,533	1	4,590	-
Current portion of long-term borrowings and bonds payable (Notes 4, 19, 20 and 33)	125,754	2	654,795	12
Other current liabilities	6,573	-	6,625	-
Total current liabilities	2,503,387	44	2,604,247	46
NON-CURRENT LIABILITIES				
Bond payables (Notes 4, 20 and 33)	-	-	284,778	5
Long-term borrowings (Notes 19 and 33)	234,000	4	-	-
Lease liabilities - non-current (Notes 4 and 15)	50,257	1	73,764	2
Deferred tax liabilities (Notes 4 and 26)	9,093	-	10,344	-
Guarantee deposits received	1,561	-	825	-
Total non-current liabilities	294,911	5	369,711	7
Total liabilities	2,798,298	49	2,973,958	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
Share capital				
Ordinary shares	742,418	13	696,758	12
Capital collected in advance	24,247	-	-	-
Total share capital	766,665	13	696,758	12
Capital surplus	905,040	15	749,592	13
Retained earnings				
Legal reserve	328,946	6	319,411	5
Special reserve	200,418	3	220,594	4
Unappropriated earnings	953,021	17	836,918	15
Total retained earnings	1,482,385	26	1,376,923	24
Other equity	(235,640)	(4)	(200,418)	(3)
Total equity attributable to owners of the Company	2,918,450	50	2,622,855	46
NON-CONTROLLING INTERESTS (Note 4, 23 and 28)	43,357	1	48,431	1
Total equity	2,961,807	51	2,671,286	47
TOTAL	$ 5,760,105	100	$ 5,645,244	100

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4, 24 and 37)	$ 6,164,749	100	$ 4,980,912	100
OPERATING COSTS				
Cost of goods sold (Notes 12 and 25)	(5,009,094)	(81)	(4,078,462)	(82)
GROSS PROFIT	1,155,655	19	902,450	18
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	(246,010)	(4)	(209,712)	(4)
General and administrative expenses	(425,145)	(7)	(369,615)	(8)
Research and development expenses	(253,982)	(4)	(239,691)	(5)
Expected credit gain (loss) (Notes 4 and 11)	12,826	-	(14,776)	-
Total operating expenses	(912,311)	(15)	(833,794)	(17)
PROFIT FROM OPERATIONS	243,344	4	68,656	1
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 25)				
Interest income	5,377	-	7,643	-
Other income	49,293	1	47,416	1
Other gains and losses	18,174	-	18,000	-
Finance costs (Note 20)	(21,021)	-	(28,130)	-
Total non-operating income and expenses	51,823	1	44,929	1
PROFIT BEFORE INCOME TAX	295,167	5	113,585	2
INCOME TAX EXPENSE (Notes 4 and 26)	(42,803)	(1)	(22,645)	-
NET PROFIT FOR THE YEAR	252,364	4	90,940	2
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(25,873)	(1)	24,211	-
Income tax related to items that would not be reclassified subsequently to profit or loss	4,927	-	(4,020)	-
	(20,946)	(1)	20,191	-

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	$ (21,761)	-	$ (1,863)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	4,353	-	377	-
	(17,408)	-	(1,486)	-
Other comprehensive (loss) income for the year, net of income tax	(38,354)	(1)	18,705	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 214,010	3	$ 109,645	2
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 240,191	4	$ 95,358	2
Non-controlling interests	12,173	-	(4,418)	-
	$ 252,364	4	$ 90,940	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 202,392	3	$ 115,534	2
Non-controlling interests	11,618	-	(5,889)	-
	$ 214,010	3	$ 109,645	2
EARNINGS PER SHARE (Note 27)				
From continuing operations				
Basic	$ 3.28		$ 1.37	
Diluted	$ 3.03		$ 1.29	

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
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company										
	Share Capital			Retained Earnings			Other Equity				
	Commercial Stock	Capital Received in Advance	Share Premium	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 696,758	$ -	$ 737,456	$ 314,074	$ 154,427	$ 847,902	$ (237,986)	$ 17,392	$ 2,530,023	$ 27,805	$ 2,557,828
Appropriation of 2019 earnings (Note 23)											
Legal reserve	-	-	-	5,337	-	(5,337)	-	-	-	-	-
Special reserve	-	-	-	-	66,167	(66,167)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(34,838)	-	-	(34,838)	-	(34,838)
Other changes in capital surplus											
Equity component of convertible bonds issued and redeemed by the Company (Note 20)	-	-	12,136	-	-	-	-	-	12,136	-	12,136
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	26,515	26,515
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	95,358	-	-	95,358	(4,418)	90,940
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax (Note 23)	-	-	-	-	-	-	(15)	20,191	20,176	(1,471)	18,705
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	95,358	(15)	20,191	115,534	(5,889)	109,645
BALANCE AT DECEMBER 31, 2020	696,758	-	749,592	319,411	220,594	836,918	(238,001)	37,583	2,622,855	48,431	2,671,286
Appropriation of 2020 earnings (Note 23)											
Legal reserve	-	-	-	9,535	-	(9,535)	-	-	-	-	-
Special reserve	-	-	-	-	(20,176)	20,176	-	-	-	-	-
Cash dividends	-	-	-	-	-	(90,579)	-	-	(90,579)	-	(90,579)
Convertible bonds converted to ordinary shares (Note 20)	45,660	24,247	155,448	-	-	-	-	-	225,355	-	225,355
Net profit for the year ended December 31, 2021	-	-	-	-	-	240,191	-	-	240,191	12,173	252,364
Other comprehensive loss for the year ended December 31, 2021, net of income tax (Note 23)	-	-	-	-	-	-	(16,853)	(20,946)	(37,799)	(555)	(38,354)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	240,191	(16,853)	(20,946)	202,392	11,618	214,010
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 23)	-	-	-	-	-	(2,577)	-	2,577	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 28)	-	-	-	-	-	(41,573)	-	-	(41,573)	(17,467)	(59,040)
Non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	775	775
BALANCE AT DECEMBER 31, 2021	$ 742,418	$ 24,247	$ 905,040	$ 328,946	$ 200,418	$ 953,021	$ (254,854)	$ 19,214	$ 2,918,450	$ 43,357	$ 2,961,807

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 295,167	$ 113,585
Adjustments for:		
Expected credit (gain) loss recognized on trade receivables	(12,826)	14,776
Depreciation expenses	425,890	389,551
Amortization expenses	9,024	7,775
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(12,384)	(32,442)
Finance costs	21,021	28,130
Interest income	(5,377)	(7,643)
Dividend income	(1,725)	-
Write-downs of inventories	1,139	2,652
Loss on disposal of property, plant and equipment	867	565
Net loss on foreign currency exchange	5,150	30,805
Net loss on redeemed bond payables	-	93
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	22,276	34,267
Notes receivable	31,384	(76,409)
Trade receivables	(435,114)	45,328
Other receivables	(34,796)	(5,146)
Inventories	(319,472)	(88,930)
Other current assets	(14,991)	42,716
Financial liabilities held for trade	(8,077)	(9,523)
Contract liabilities	15,636	11,256
Trade payables	87,820	100,962
Other payables	32,040	53,736
Other current liabilities	(37)	37
Cash generated from operations	102,615	656,141
Interest received	5,439	7,651
Dividend received	1,725	-
Interest paid	(16,302)	(22,081)
Income tax paid	(20,128)	(30,477)
Net cash generated from operating activities	73,349	611,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	24	-
Return of funds from financial assets at fair value through other comprehensive income	17,400	8,206
Purchase of financial assets at amortized cost	(1,305)	(53,117)
Proceeds from sale of financial assets at amortized cost	95,058	-
Payments for property, plant and equipment	(247,027)	(273,179)
Payments for intangible assets	(8,850)	(4,893)

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Proceeds from disposal of property, plant and equipment	$ 6,879	$ 12,179
Decrease in other non-current assets	6,421	11,626
Decrease in refundable deposits	391	7,277
Increase in prepayments for equipment	(18,008)	(99,980)
Net cash used in investing activities	(149,017)	(391,881)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment for the issuance of convertible bonds	(291,300)	(8,700)
Proceeds from issue of convertible bonds	-	306,000
Proceeds from short-term borrowings	529,593	65,960
Repayments of short-term borrowings	(246,000)	(284,941)
Proceeds from long-term borrowings	312,000	-
Repayments of long-term borrowings	(379,600)	(104,000)
Repayment of the principal portion of lease liabilities	(25,656)	(22,761)
Change in non-controlling interests	775	26,515
Proceeds from guarantee deposits received	737	4
Acquisition of additional interests in subsidiary	(59,040)	-
Dividends paid to owners of the Company	(90,579)	(34,838)
Repayment for the issuance of convertible bonds	(1,813)	(5,985)
Net cash used in financing activities	(250,883)	(62,746)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(22,193)	(44,950)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(348,744)	111,657
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	705,028	593,371
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 356,284	$ 705,028

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

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

1. GENERAL INFORMATION

U.D. Electronic Corp. (the "Company") was incorporated in the Republic of China (ROC) on March 18, 2005 with a share capital of $10,000 thousand, and the accumulated share capital was $742,418 thousand as of December 31, 2021. The Company is a trading enterprise and mainly engages in selling electronic connectors for telecommunications, data communications and computers.

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 (collectively referred to 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 March 3, 2022.

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. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be 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" will be 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" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed the possible effect that the application of other standards and interpretations wound not have significant impact on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) 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.

2) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., 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 appropriately. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. 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 even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjust to the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

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

1) Financial assets

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

Measurement categories

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

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

b) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, financial assets at amortized cost - current and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Despite the immaterial of the recognition of interest of short term trade receivables, other exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such the financial assets; and

ii. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to such amortized cost of such financial assets.

A financial asset is credit impaired when one or more of the following events have occurred:

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

c) Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

d) Investments in equity instruments at FVTOCI

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

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

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

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default:

a) Internal or external information show that the debtor is unlikely to pay its creditors.

b) When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at FVTPL

  Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

  Financial liabilities held for trading are stated at fair value, and any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option which is classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group's derivative financial instruments are foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

l. Revenue recognition

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

Revenue comes from the sales of electronic connectors. Sales of electronic materials are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered or shipped to the customer.

m. Leases

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

- The Group as lessee

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

  Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

  Lease liabilities are initially measured at the present value of the lease payments. The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable.

  Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments. Lease liabilities are presented on a separate line in the consolidated balance sheets

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implication when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 2,699	$ 3,819
Demand deposits	303,650	550,796
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	49,935	150,413
	$ 356,284	$ 705,028

The market rate intervals of cash in the bank at the end of the reporting period is as follows:

	December 31	
	2021	**2020**
Bank balance	0.001%-1.400%	0.001%-1.035%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Options of convertible bonds	$ 374	$ -
Foreign exchange forward contracts	3,847	6,686
	$ 4,221	$ 6,686
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Options of convertible bonds	$ -	$ 30
Foreign exchange forward contracts	-	280
	$ -	$ 310

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

	Currency	Maturity Period	Notional Amount (In Thousands)
December 31, 2021			
Sell	USD/RMB	2022.02.11-2022.03.11	USD3,000/RMB19,239
Sell	USD/RMB	2022.01.12-2022.02.23	USD9,000/RMB57,794
Sell	USD/RMB	2022.01.12-2022.03.11	USD5,500/RMB35,278
Sell	USD/RMB	2022.01.28	USD900/RMB5,736
Sell	USD/NTD	2022.01.04-2022.01.14	USD2,000/NTD55,518
Sell	USD/NTD	2022.01.12-2022.02.11	USD900/NTD24,912
December 31, 2020			
Sell	USD/RMB	2021.01.21-2021.02.23	USD7,000/RMB46,537
Sell	USD/RMB	2021.01.13-2021.03.23	USD12,000/RMB78,934
Sell	USD/NTD	2021.01.04-2021.01.14	USD1,000/NTD28,200

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 FVTOCI

	December 31	
	2021	**2020**
Non-current		
Domestic investment		
Unlisted shares		
Fortune Rich Investment Corporation	$ 4,290	$ 5,520
Emerging Fortune Capital Inc.	-	17,430
Emerging Creation Capital Inc.	65,884	92,186
Dy-Precision Industrial Co., Ltd.	4,384	2,719
	$ 74,558	$ 117,855

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 February 2021, the Group received the repayment of $17,400 thousand from Emerging Fortune Capital Inc. for its capital reduction. In May 2021, the Group divested equity investments designated at FVTOCI for $24 thousand following the same proportional ownership. The related other equity-unrealized loss on financial assets at FVTOCI of $2,577 thousand were transferred to retained earnings.

In July 2020, the Group received the repayment $8,206 thousand from Fortune Rich Investment Corporation for its capital reduction.

In 2021, the Group received and recognized the dividends $1,725 thousand from the investee company.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	**2020**
Current		
Restricted assets - pledged deposit (a)	$ 17,702	$ 105,900
Restricted assets - time deposits with original maturities of more than 3 months (a), (b), (c)	3,624	9,179
	$ 21,326	$ 115,079

a. The collateral for import tariffs and convertible bonds. Refer to Note 33.

b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

c. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.770% and 0.370%-1.035% per annum as of December 31, 2021 and 2020, respectively.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at amortized cost were as follows:

	December 31	
	2021	**2020**
Gross carrying amount	$ 21,326	$ 115,079
Less: Allowance for impairment loss	-	-
	$ 21,326	$ 115,079

The Group invests only in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other publicly available information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In determining the expected credit losses for debt instrument investments, the Group considers the historical default situation of debtors, the current financial condition of debtors, and the future prospects of the industries. As of December 31, 2021 and 2020, the expected credit loss for debt instrument investments held by the Group was 0%.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	**2020**
Notes receivable		
At amortized cost		
Gross carrying amount	$ 52,333	$ 83,957
Less: Allowance for impairment loss	-	-
	$ 52,333	$ 83,957
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,619,008	$ 1,177,428
Less: Allowance for impairment loss	(2,680)	(15,631)
	1,616,328	1,161,797
At FVTOCI	100,979	112,535
	$ 1,717,307	$ 1,274,332
Other receivables		
Tax refund receivable	$ 71,261	$ 34,420
Factored trade receivables	8,614	7,989
Others	4,501	6,505
	$ 84,376	$ 48,914

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 Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowances 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 debtors and an analysis of the debtors’ current financial positions and general economic conditions of the industry, along with considering the forecasted GDP and the industry prospect.

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.

December 31, 2021

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	$ 52,333
Loss allowance (Lifetime ECLs)	-
Amortized cost	$ 52,333

December 31, 2020

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	$ 83,957
Loss allowance (Lifetime ECLs)	-
Amortized cost	$ 83,957

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

December 31, 2021

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 180 Days	Total
Expected credit loss rate	0.0005%	0.1841%	0.1497%	5.0000%	100%	
Gross carrying amount	$ 1,475,773	$ 135,768	$ 3,339	$ 1,800	$ 2,328	$ 1,619,008
Loss allowance (Lifetime ECLs)	(7)	(250)	(5)	(90)	(2,328)	(2,680)
Amortized cost	$ 1,475,766	$ 135,518	$ 3,334	$ 1,710	$ -	$ 1,616,328

December 31, 2020

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 180 Days	Total
Expected credit loss rate	0.0052%	0.0477%	0.4114%	99.8375%	100%	
Gross carrying amount	$ 1,060,873	$ 98,596	$ 2,431	$ 5,537	$ 9,991	$ 1,177,428
Loss allowance (Lifetime ECLs)	(55)	(47)	(10)	(5,528)	(9,991)	(15,631)
Amortized cost	$ 1,060,818	$ 98,549	$ 2,421	$ 9	$ -	$ 1,161,797

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 15,631	$ 973
Add: Net remeasurement of loss allowance	-	14,776
Less: Net remeasurement of loss allowance	(12,826)	-
Less: Amounts written off	-	(138)
Foreign exchange gains and losses	(125)	20
Balance at December 31	$ 2,680	$ 15,631

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 the collecting of contractual cash flows and selling of financial assets.

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

December 31, 2021

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 120 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 100,979	$ -	$ -	$ -	$ 100,979
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	$ 100,979	$ -	$ -	$ -	$ 100,979

December 31, 2020

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 120 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	$ 112,535	$ -	$ -	$ -	$ 112,535
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	$ 112,535	$ -	$ -	$ -	$ 112,535

b. Other receivables

Other receivables mainly contain tax refunds receivable and 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 December 31, 2021 and 2020, the expected credit risk is considered 0% by the assessment of the Group.

12. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 609,837	$ 440,194
Work in progress	454,236	482,175
Raw materials and supplies	417,151	243,120
	$ 1,481,224	$ 1,165,489

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

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 5,007,955	$ 4,075,810
Inventory write-downs	1,139	2,652
	$ 5,009,094	$ 4,078,462

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Investee's Company Type/Main Business	Proportion of Ownership (%) December 31 2021	Proportion of Ownership (%) December 31 2020	Remark
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	Foreign exchange risk is the major operational risk
U.D. Electronic Corp.	CDE Corp.	Manufacturing and selling of electronic materials	89 (Note)	50	Market risk is the major operational risk
U.D. Electronic Corp.	DYP Corp.	Selling of electronic components	51	51	Market risk is the major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	Foreign exchange and market risks are major operational risks
DYP Corp.	Ta Yang UDE Limited	Holding company	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	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	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	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	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd	Manufacturing and selling of electronic components	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Morning Paragon Limited	International trading	100	100	Foreign exchange and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	60	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	Political, foreign exchange, and market risks are major operational risks

Note: During 2021, the Group resolved to acquire additional 39% ownerships of CDE Corp. After the completion of the shares transfer, the Group's shareholding percentage in CDE Corp increased from 50% to 89%. For equity transactions with non-controlling interests, refer to Note 28.

14. PROPERTY, PLANT AND EQUIPMENT - USED BY THE GROUP

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost										
Balance at January 1, 2021	$ 159,538	$ 319,996	$ 1,756,408	$ 22,685	$ 16,979	$ 358,318	$ 93,919	$ 327,183	$ -	$ 3,055,026
Additions	-	929	96,315	-	-	53,973	605	95,242	-	247,064
Disposals	-	(23,745)	(59,713)	-	(337)	(24,417)	-	(30,477)	-	(138,689)
Transfer from prepayments	-	-	45,892	-	-	29,709	-	47,672	-	123,273
Effect of foreign currency exchange differences	-	(499)	(2,547)	(53)	(42)	(21,99)	(60)	(296)	-	(5,696)
Balance at December 31, 2021	$ 159,538	$ 296,681	$ 1,836,355	$ 22,632	$ 16,600	$ 415,384	$ 94,464	$ 439,324	$ -	$ 3,280,978
Accumulated depreciation										
Balance at January 1, 2021	$ -	$ 102,070	$ 835,145	$ 19,636	$ 14,430	$ 243,895	$ 82,334	$ 232,553	$ -	$ 1,530,063
Disposals	-	(23,745)	(57,358)	-	(337)	(19,026)	-	(30,477)	-	(130,943)
Depreciation	-	28,325	186,444	1,031	1,247	78,878	10,178	92,726	-	398,829
Effect of foreign currency exchange differences	-	(184)	(1,478)	(44)	(39)	(1,929)	(22)	(136)	-	(3,832)
Balance at December 31, 2021	$ -	$ 106,466	$ 962,753	$ 20,623	$ 15,301	$ 301,818	$ 92,490	$ 294,666	$ -	$ 1,794,117
Carrying amounts at December 31, 2021	$ 159,538	$ 190,215	$ 873,602	$ 2,009	$ 1,299	$ 113,566	$ 1,974	$ 144,658	$ -	$ 1,486,861
Cost										
Balance at January 1, 2020	$ 159,538	$ 318,617	$ 1,705,550	$ 20,659	$ 24,531	$ 333,309	$ 81,427	$ 294,343	$ 6,520	$ 2,944,494
Additions	-	4,227	109,397	1,699	1,940	68,929	11,091	63,882	-	261,165
Disposals	-	(12,078)	(120,824)	-	(9,692)	(62,334)	-	(51,661)	-	(256,589)
Transfer from prepayments	-	-	46,100	-	-	13,271	-	15,840	-	75,211
Reclassification	-	6,520	-	-	-	-	-	-	(6,520)	-
Effect of foreign currency exchange differences	-	2,710	16,185	327	200	5,143	1,401	4,779	-	30,745
Balance at December 31, 2020	$ 159,538	$ 319,996	$ 1,756,408	$ 22,685	$ 16,979	$ 358,318	$ 93,919	$ 327,183	$ -	$ 3,055,026
Accumulated depreciation										
Balance at January 1, 2020	$ -	$ 83,352	$ 766,360	$ 18,343	$ 20,916	$ 226,813	$ 64,338	$ 211,697	$ -	$ 1,391,819
Disposals	-	(12,020)	(118,905)	-	(9,692)	(51,849)	-	(51,379)	-	(243,845)
Depreciation	-	29,598	178,406	1,014	2,998	65,436	16,700	68,878	-	363,030
Effect of foreign currency exchange differences	-	1,140	9,284	279	208	3,495	1,296	3,357	-	19,059
Balance at December 31, 2020	$ -	$ 102,070	$ 835,145	$ 19,636	$ 14,430	$ 243,895	$ 82,334	$ 232,553	$ -	$ 1,530,063
Carrying amounts at December 31, 2020	$ 159,538	$ 217,926	$ 921,263	$ 3,049	$ 2,549	$ 114,423	$ 11,585	$ 94,630	$ -	$ 1,524,963

There was no impairment loss after performing impairment assessment for the years ended December 31, 2021 and 2020.

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

Buildings	
Main buildings	10-50 years
Others	2-10 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 33.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 68,669	$ 54,585
Buildings	53,103	94,635
	$ 121,772	$ 149,220

	December 31	
	2021	2020
Additions to right-of-use assets	$ -	$ 10,073
Depreciation charge for right-of-use assets		
Land	$ 1,352	$ 1,325
Buildings	25,709	25,196
	$ 27,061	$ 26,521

There was no impairment loss after performing impairment assessment for the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 23,333	$ 25,749
Non-current	$ 50,257	$ 73,764

Discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	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 Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 2,518	$ 2,311
Expenses relating to low-value asset leases	$ 240	$ 220
Total cash outflow for leases	$ (29,922)	$ (27,157)

16. GOODWILL

	For the Year Ended December 31	
	2021	2020
Cost		
Balance at January 1	$ 12,233	$ 12,150
Effect of foreign currency exchange differences	(14)	83
Balance at December 31	$ 12,219	$ 12,233

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. As of December 31, 2021 and 2020, based on estimated fair value through the calculation of discounted cash flows of CDE Corp., Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd., no impairment loss was recognized.

17. OTHER INTANGIBLE ASSETS

	Computer Software	Trademarks	Patents	Total
Cost				
Balance at January 1, 2021	$ 34,816	$ 29,286	$ 7,000	$ 71,102
Additions	8,850	-	-	8,850
Disposals	(1,737)	-	-	(1,737)
Effect of foreign currency exchange differences	(63)	-	-	(63)
Balance at December 31, 2021	$ 41,866	$ 29,286	$ 7,000	$ 78,152

(Continued)

	Computer Software	Trademarks	Patents	Total
Accumulated amortization				
Balance at January 1, 2021	$ (27,856)	$ (4,881)	$ (583)	$ (33,320)
Amortization expenses	(5,777)	(2,547)	(700)	(9,024)
Disposals	1,737	-	-	1,737
Effect of foreign currency exchange differences	55	-	-	55
Balance at December 31, 2021	$ (31,841)	$ (7,428)	$ (1,283)	$ (40,552)
Carrying amounts at December 31, 2021	$ 10,025	$ 21,858	$ 5,717	$ 37,600
Cost				
Balance at January 1, 2020	$ 38,296	$ 29,286	$ -	$ 67,582
Transfer from other non-current assets - others	-	-	7,000	7,000
Additions	4,893	-	-	4,893
Disposals	(8,764)	-	-	(8,764)
Effect of foreign currency exchange differences	391	-	-	391
Balance at December 31, 2020	$ 34,816	$ 29,286	$ 7,000	$ 71,102
Accumulated amortization				
Balance at January 1, 2020	$ (31,665)	$ (2,334)	$ -	$ (33,999)
Amortization expenses	(4,645)	(2,547)	(583)	(7,775)
Disposals	8,764	-	-	8,764
Effect of foreign currency exchange differences	(310)	-	-	(310)
Balance at December 31, 2020	$ (27,856)	$ (4,881)	$ (583)	$ (33,320)
Carrying amounts at December 31, 2020	$ 6,960	$ 24,405	$ 6,417	$ 37,782

(Concluded)

There was no impairment loss after performing impairment assessment for the years ended December 31, 2021 and 2020.

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

18. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepaid sales tax	$ 66,699	$ 60,946
Prepayments	42,865	33,924
Overpaid sales tax	12,329	12,670
Others	3,036	2,628
	$ 124,929	$ 110,168
Non-current		
Prepayments for equipment	$ 71,096	$ 176,967
Prepayments - non-current	10,259	16,727
Refundable deposits	6,241	6,648
	$ 87,596	$ 200,342

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 964,320	$ 683,000

The range of interest rates for bank loans was 0.63%-0.93% and 0.95%-1.60%, per annum at December 31, 2021 and 2020, respectively.

b. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings		
Bank loans	$ 296,400	$ 364,000
Less: Current portions	(62,400)	(364,000)
Long-term borrowings	$ 234,000	$ -

	Repayment Method	December 31 2021	December 31 2020
Secured borrowings			
Taipei Fubon Bank	For the period of 2021.9.30-2026.9.30.,the loan is repaid on a monthly basis. The interest is paid every month.	$ 296,400	$ -
Syndicated bank loans	For the period of 2018.9.30-2021.9.30. Principal repaid every six months starting 2019.9.30 for 5 installments, of which 10% of total borrowings repaid for the first four repayments and the fifth repayment would include the outstanding principal and interests. Interested paid monthly.	-	364,000
		296,400	364,000
Less: Current portions		(62,400)	(364,000)
		$ 234,000	$ -

The range of interest rates for bank loans was 0.8252%-1.0366% and 1.7895%, per annum at December 31, 2021 and 2020, respectively.

Under the loan agreements with Taipei Fubon Bank, the Group should maintain certain financial ratios during the loan term, which are based on the annual and semi-annual consolidated financial statements. The financial ratios are as follows:

Since the loan to be activated, the financial statements should be reviewed semiannually in April and October including:

1) Current ratio (Current asset ÷ Current liabilities) shall be above 100%.

2) Liability ratio [(Total liabilities ÷ (Net value - Intangible assets)] shall not be higher than 150%.

3) Times interest earned [(Net profit before tax + Depreciation + Amortization + Interest expense)/Interest expense] shall be maintained at 3 times (inclusive) or more.

4) Tangible net value (Net value - Intangible assets) shall be maintained at NT$2 billion (inclusive) or more.

Should either above mentioned rations not met for the first time, the interest rate would be increased by 0.25%; and credit facilities would be reconsidered should the covenants breached again. As of the date of financial statements, no breach of the covenants.

The Group signed the long-term loan arrangement with syndicated banks, and according to the arrangement, the Group should maintain following financial ratios before the loan be fully repaid:

1) Current ratio (Current asset ÷ Current liabilities) shall be above 100%.

2) Liability ratio [(Total liabilities ÷ (Net value - Intangible assets)] shall not be higher than 150%.

3) Times interest earned [(Net profit before tax + Depreciation + Amortization + Interest expense)/Interest expense] shall be maintained at 3 times (inclusive) or more.

4) Net value of tangible assets (Net value - Intangible assets) shall be maintained at NT$1.8 billion (inclusive) or more.

As of the maturity date, the Group has not breached any of the loan agreements.

20. BONDS PAYABLE

	December 31	
	2021	2020
Second secured domestic convertible bonds	$ -	$ 290,795
Third secured domestic convertible bonds	63,354	284,778
Less: Current portion	(63,354)	(290,795)
	$ -	$ 284,778

Second Secured Domestic Convertible Bonds

On February 5, 2018, the Group issued the second three-year secured, zero-coupon domestic convertible bonds with a $100 thousand par value, in an aggregate principal amount of $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

From 3 months after the issue date to 40 days before maturity date, if the closing price in 30 consecutive trading days is greater than 130% of the conversion price, then the Group may redeem the whole bonds in cash at the principal amount.

From 3 months after the issue date to 40 days before maturity date, if more than 90% of the bonds' principal amount has already been converted, redeemed or repurchased and cancelled, then the Group may redeem the whole bonds in cash at the principal amount.

c. Conversion

Conversion period

Bondholders may request the Group to convert the bonds into the Group'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 Group 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 33).

e. Bondholders' put right

On February 5, 2020 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Group to redeem in whole or in part the principal amount of such holder's bonds in cash by filling an application with the original brokerage before 40 days prior to the base date. For the relevant changes please refer to Note 31.

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	2,422
Liability component at the date of issuance	281,835
Interest charged at an effective interest rate of 2.0838% - for the year ended 2018	5,430
Interest charged at an effective interest rate of 2.0838% - for the year ended 2019	6,044
Redeemed convertible bonds	(8,536)
Interest charged at an effective interest rate of 2.0838% - for the year ended 2020	6,022
Liability component at December 31, 2020	$ 290,795
Liability component at January 1, 2021	$ 290,795
Interest charged at an effective interest rate of 2.0838% - for January 1 to February 5, 2021	505
Redeemed convertible bonds	(291,300)
Liability component at December 31, 2021	$ -

The Company redeemed convertible bonds at the amount of $8,700 thousand for the year ended December 31, 2020. Consequently, the bonds payable decreased $8,700 thousand, the discount of bonds payable decreased $164 thousand, capital surplus - options decreased $261 thousand, capital surplus - treasury shares increased $190 thousand and recognized loss of the redemption of convertible bonds $93 thousand.

Third Secured Domestic Convertible Bonds

On December 11, 2020, the Group issued the third three-year secured, zero-coupon domestic convertible bonds with a $100 thousand par value, in an aggregate principal amount of $306,000 thousand.

The following items are the primary clauses in the prospectus:

a. Term

From December 11, 2020 to December 11, 2023.

b. Redemption

From 3 months after the issue date to 40 days before maturity date, if the closing price in 30 consecutive trading days is greater than 130% of the conversion price, then the Group may redeem the whole bonds in cash at the principal amount.

From 3 months after the issue date to 40 days before maturity date, if more than 90% of the bonds' principal amount has already been converted, redeemed or repurchased and cancelled, then the Group may redeem the whole bonds in cash at the principal amount.

c. Conversion

Conversion period

Bondholders may request the Group to convert the bonds into the Group's ordinary shares between March 12, 2021 and December 11, 2023, barring the year in which the registration of share transfer is suspended.

Conversion price and adjustments

The price used by the Group in determining the number of ordinary shares to be issued upon conversion is NT$35 per share. Since the Company applied for ex-dividend on August 3, 2021, the conversion price of bonds was adjusted to $33.53 per share

d. Security provided for the bonds (see Note 33).

e. Bondholders' put right

On December 11, 2022 (2 years after the issue date), each bondholder will have the right, at such holder's option, to require the Group to redeem in whole or in part the principal amount of such holder's bonds in cash by filling an application with the original brokerage before 40 days prior to the base date. For the relevant changes please refer to Note 31.

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 1.7808% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $11,916 thousand)	$ 294,084
Equity component	(12,207)
Financial assets at FVTPL	145
Deferred tax assets	2,383
Liability component at the date of issuance	284,405
Interest charged at an effective interest rate of 1.7808% - for December 11 to 31, 2020	373
Liability component at December 31, 2020	$ 284,778
Liability component at January 1, 2021	$ 284,778
Interest charged at an effective interest rate of 1.7808% - for the year ended 2021	4,271
Conversion of corporate bond payable into common shares	(225,695)
Liability component at December 31, 2021	$ 63,354

During 2021, the convertible bonds were converted for the par value of $234,400 thousand, of which the Group reclassified to ordinary shares and advance receipts for capital stock for amount of $45,660 and $24,247 thousand respectively. With conversion occurrence, originally recorded capital surplus-options decreased $9,538 thousand, bonds payable reduced 8,705 thousand, financial assets at FVTPL reduced 340 thousand, and capital surplus increased $164,986 thousand derived from the difference between the consideration received and the par value of bonds payable.

21. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payables		
Processing fees	$ 225,908	$ 187,104
Salaries and bonuses	166,213	136,643
Purchases of equipment (Note 29)	110,680	110,643
Consumable supplies expenses	22,255	36,393
Professional service fees	13,824	24,085
Labor and healthy insurance, social security and pension	38,094	38,005
Commissions	17,858	13,565
Human dispatch payable	16,565	10,942
Import/export (customs) expense	8,263	7,729
Interest payable	338	395
Others	62,747	88,439
	$ 682,745	$ 653,943

22. 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.

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	100,000	100,000
Share capital authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	74,242	69,676
Share capital issued	$ 742,418	$ 696,758

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

The authorized shares include 5,000 thousand shares allocated for the exercise of employee stock options.

From October 2021 to December 2021, convertible bonds were converted to ordinary shares for the amount of $24,247 thousand under advance receipts for capital stock since as of the date of financial statements, registration was not completed. On March 3, 2022, the board of the directors resolved to set capital increase base date as March 4, 2022.

During September 2021, convertible bonds were converted to ordinary shares for the amount of $45,660 thousand. On November 4, 2021, the board of the directors resolved to set capital increase base date as November 5, 2021. Registration was completed on December 2, 2021.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Premium on issuance of ordinary shares	$ 568,037	$ 568,037
Premium on conversion of bonds	317,948	152,962
May be used to offset a deficit only		
Redemption or repayment of convertible bonds (2)	5,742	5,742
Changes in percentage of ownership interests in subsidiaries (3)	1,906	1,906
May not be used for any purpose		
Share warrants	11,407	20,945
	$ 905,040	$ 749,592

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.

4) Please refer to note 20 for significant changes of capital surplus due to the conversion of the third secured domestic convertible bonds in 2021.

5) Capital surplus has significant change due to the redemption of the second secured domestic convertible bonds in 2020 and the issuance of the third secured domestic convertible bonds, refer to Note 20.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the 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. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, please refer to Note 25(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. 1090150022 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 2020 and 2019 were approved in the shareholders' meetings on August 27, 2021 and June 18, 2020, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	2019
Legal reserve	$ 9,535	$ 5,337
Special reserve	$ (20,176)	$ 66,167
Cash dividends	$ 90,579	$ 34,838
Cash Dividends per share (NT$)	$1.3	$0.5

The appropriation of earnings for 2021 was resolved by the Company's board of directors on March 3, 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 24,019
Special reserve	$ 35,224
Cash dividends	$ 176,985
Cash Dividends per share (NT$)	$ 2.3

The appropriation of earnings for 2021 will be resolved by the Company's annual general shareholders' meeting on June 16, 2022.

d. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ (238,001)	$ (237,986)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(20,922)	370
Related income tax	4,069	(385)
Other comprehensive income recognized for the year	(16,853)	(15)
Balance at December 31	$ (254,854)	$ (238,001)

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 37,583	$ 17,392
Recognized for the year		
Unrealized (loss) gain - equity instruments	(25,873)	24,211
Related income tax	4,927	(4,020)
Other comprehensive income recognized for the year	(20,946)	20,191
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	2,577	-
Balance at December 31	$ 19,214	$ 37,583

e. Non-controlling interests

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 48,431	$ 27,805
Share in profit (loss) for the year	12,173	(4,418)
Other comprehensive loss during the year		
Exchange difference on translating the financial statements of foreign entities	(694)	(2,233)
Related income tax	139	762
	(555)	(1,471)
Acquisition of non-controlling interest in DYP Corp. and Dongguan Han Lian Technology Co., Ltd. through issuing ordinary shares for cash	-	26,515
Acquisition of non-controlling interests in Dongguan Han Lian Technology Co., Ltd. through issuing ordinary shares for cash	775	-
Transaction with non-controlling interests (Note 28)	(17,467)	-
Balance at December 31	$ 43,357	$ 48,431

24. REVENUE

a. Description of customer contract

<u>Revenue from sales of goods</u>

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

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable and trade receivables (Note 11)	$ 1,769,640	$ 1,358,289	$ 1,352,638
Contract liabilities			
Sale of goods	$ 40,757	$ 25,188	$ 13,800

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the start of the year		
Sale of goods	$ 17,016	$ 11,767

c. Sales detail of customer contract

The detail of revenue classification refer to Note 37.

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 5,377	$ 7,643

b. Other income

	For the Year Ended December 31	
	2021	2020
Dividend income	$ 1,725	$ -
Government grants	23,333	23,262
Others	24,235	24,154
	$ 49,293	$ 47,416

c. Other gains and losses

	For the Year Ended December 31 2021	2020
Loss on disposal of property, plant and equipment	$ (867)	$ (565)
Fair value changes of financial assets/liabilities		
Financial assets mandatorily classified as at FVTPL	20,151	40,400
Financial liabilities held for trading	(7,767)	(7,958)
Net foreign exchange gains (losses)	6,885	(13,662)
Loss on redemption of convertible bonds (Note 20)	-	(93)
Others	(228)	(122)
	$ 18,174	$ 18,000

d. Finance costs

	For the Year Ended December 31 2021	2020
Interest on bank loans	$ 14,737	$ 19,870
Interest on convertible bonds (Note 20)	4,776	6,395
Interest on lease liabilities	1,508	1,865
	$ 21,021	$ 28,130

e. Depreciation and amortization

	For the Year Ended December 31 2021	2020
An analysis of deprecation by function		
Operating costs	$ 318,465	$ 276,843
Operating expenses	107,425	112,708
	$ 425,890	$ 389,551
An analysis of amortization by function		
Operating costs	$ 700	$ 583
Selling and marketing expense	3,255	3,336
General and administrative expense	3,290	3,396
Research and development expenses	1,779	460
	$ 9,024	$ 7,775

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	$ 81,303	$ 38,955
Other employee benefits	1,135,311	1,025,897
Total employee benefits expense	$ 1,216,614	$ 1,064,852
An analysis of employee benefits expense by function		
Operating costs	$ 775,607	$ 675,191
Operating expenses	441,007	389,661
	$ 1,216,614	$ 1,064,852

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates of 3%-15% and not higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 3, 2022 and March 4, 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	7.34%	6.90%
Remuneration of directors and supervisors	2.12%	1.98%

Amount

	For the Year Ended December 31	
	2021	2020
Employees' compensation	$ 22,500	$ 8,000
Remuneration of directors and supervisors	$ 6,500	$ 2,300

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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 Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 99,531	$ 107,242
Foreign exchange losses	(92,646)	(120,904)
	$ 6,885	$ (13,662)

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 34,347	$ 28,775
Adjustment for prior year	4,298	(3,338)
Loss carryforward deduction	(8,230)	(4,955)
	30,415	20,482
Deferred tax		
In respect of the current year	12,388	2,163
Income tax expense recognized in profit or loss	$ 42,803	$ 22,645

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 295,167	$ 113,585
Income tax expense calculated at the statutory rate	$ 59,033	$ 22,717
Nondeductible expenses in determining taxable income	2,851	3,864
Effect of different tax rates of group entities operating in other jurisdictions	(2,537)	(10,080)
Deferred tax effect of earnings of subsidiaries	(25,409)	-
Tax-exempt income	(85)	-
Unrecognized loss carryforwards and deductible temporary differences	12,882	14,437
Loss carryforward deduction	(8,230)	(4,955)
Adjustments for prior years' tax	4,298	(3,338)
Income tax expense recognized in profit or loss	$ 42,803	$ 22,645

The applicable tax rate used by the subsidiaries in China is 25% except for Zhong Jiang U.D.E. Electronics Corp., which applied 15%, and for Zhong Jiang U.D.E. Networking Electronics Corp. and Dongguan U.D.E. Electronics Corp., which applied income tax deduction and exemption policies for small low-profit enterprises (for amounts of less than one million, a taxable income of 25% was deducted and the tax rate was 20%, for amounts of more than $1 million but less than $3 million, a taxable income of 50% was deducted and the tax rate was 20%). Tax rate from other jurisdiction was applied according to that jurisdiction.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
In respect of the current year:		
Translation of foreign operations	$ (4,353)	$ (377)
Fair value changes of financial assets at FVTOCI	(4,927)	4,020
	$ (9,280)	$ 3,643

c. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax assets		
Tax refund receivable	$ 8,662	$ -
Current tax liabilities		
Income tax payable	$ 23,533	$ 4,590

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2021

Deferred Tax Assets	**Opening Balance**	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Other**	**Closing Balance**
Temporary differences					
Loss for market price decline and obsolete and slow-moving inventories	$ 1,435	$ 478	$ -	$ -	$ 1,913
Unrealized foreign exchange gain or loss	293	(293)	-	-	-
Convertible bonds issuance costs	2,385	(2,051)	-	-	334
Unrealized professional service fees	3,289	(2,241)	-	-	1,048
Accumulated deficits of subsidiaries	26,640	(4,314)	-	-	22,326
FVTPL financial liabilities	91	(91)	-	-	-
Exchange differences on translating the financial statements of foreign operations	58,192	-	4,353	-	62,545
	92,325	(8,512)	4,353	-	88,166
Net operating loss carryforwards	871	(200)	-	-	671
	$ 93,196	$ (8,712)	$ 4,353	$ -	$ 88,837

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
Temporary differences					
Unrealized foreign exchange gain or loss	$ -	$ 3,644	$ -	$ -	$ 3,644
FVTPL financial assets	-	32	-		32
FVTOCI financial assets	10,344	-	(4,927)	-	5,417
	$ 10,344	$ 3,676	$ (4,927)	$ -	$ 9,093

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other (Note)	Closing Balance
Temporary differences					
Loss for market price decline and obsolete and slow-moving inventories	$ 722	$ 713	$ -	$ -	$ 1,435
Unrealized foreign exchange gain or loss	23	270	-	-	293
Convertible bonds issuance costs	875	(873)	-	2,383	2,385
Unrealized professional service fees	5,582	(2,293)	-	-	3,289
Accumulated deficits of subsidiaries	26,750	(110)	-	-	26,640
FVTPL financial liabilities	489	(398)	-	-	91
Exchange differences on translating the financial statements of foreign operations	57,815	-	377	-	58,192
	92,256	(2,691)	377	2,383	92,325
Net operating loss carryforwards	871	-	-	-	871
	$ 93,127	$ (2,691)	$ 377	$ 2,383	$ 93,196

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other (Note)	Closing Balance
Temporary differences					
Unrealized foreign exchange gain or loss	$ 528	$ (528)	$ -	$ -	$ -
FVTOCI financial assets	6,324	-	4,020	-	10,344
	$ 6,852	$ (528)	$ 4,020	$ -	$ 10,344

Note: The deferred tax assets of $2,383 thousand is accounted for deductible of bond payables.

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2024	$ -	12,420
Expiry in 2025	-	16,075
Expiry in 2026	7,658	19,315
Expiry in 2027	23,828	23,828
Expiry in 2028	35,151	35,151
Expiry in 2029	37,127	37,127
Expiry in 2030	6,313	6,313
	$ 110,077	$ 150,229
Deductible temporary differences	$ 885	$ 2,549

f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized.

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,441,120 thousand and $1,314,074 thousand, respectively.

g. Income tax assessments

The income tax returns through 2019 of UDE Corp. and its subsidiaries - CDE Corp. and DYP Corp., have been assessed by the tax authorities, and there is no litigation in dispute of the subsidiaries.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 3.28	$ 1.37
Diluted earnings per share	$ 3.03	$ 1.29

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	**2020**
Profit for the year attributable to owners of the Company	$ 240,191	$ 95,358
Earnings used in the computation of basic earnings per share	$ 240,191	$ 95,358
Effect of potentially dilutive ordinary shares:		
Interest and valuation loss on convertible bonds after tax	2,360	3,281
Earnings used in the computation of diluted earnings per share	$ 242,551	$ 98,639

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares in computation of basic earnings per share	73,151	69,676
Effect of potentially dilutive ordinary shares:		
Convertible bonds	6,268	6,389
Employee compensation	507	292
Weighted average number of ordinary shares used in the computation of diluted earnings per share	79,926	76,357

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.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In June and November 2021, the Group resolved to acquire 16% and 23 % ownership of CDE Corp. After the completion of the shares transfer, the Group’s shareholding percentage of CDE Corp increased from 50% to 89%.

The above transaction was accounted for as equity transaction since the Group did not change the control over the subsidiary.

	CDE Corp.
Cash consideration paid	$ (59,040)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	17,467
Differences recognized from equity transaction	$ (41,573)
Line items adjusted for equity transaction	
Retained earnings	$ (41,573)

29. CASH INFORMATIONS

a. Non-cash transaction

For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing activities and financing activities which were not reflected in the consolidated statement of cash flows:

1) As of December 31, 2021 and 2020, the amounts unpaid for acquiring property, plant and equipment were $110,680 thousand and $110,643 thousand, respectively, which were included in other payables.

2) The Group issued the third secured convertible bonds in December 2020 which accounted for $11,916 thousand issuance costs. As of December 31, 2021 and December 31, 2020, the amounts unpaid for prepayment for issuance of convertible bonds were $4,118 thousand and $5,931 thousand respectively, which were included in other payables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes				
	Operating Balance	Cash Flows	Acquisition	Interest Expenses	Exchange Differences on Translating the Financial Statements	Others (Note 1)	Closing Balance
Short-term borrowings	$ 683,000	$ 283,593	$ -	$ -	$ (2,273)	$ -	$ 964,320
Lease liabilities	99,513	(25,656)	-	-	(267)	-	73,590
Bonds payable (including current portion of bonds payable)	575,573	(291,300)	-	4,776	-	(225,695)	63,354
Long-term borrowings (including current portion of long-term borrowings)	364,000	(67,600)	-	-	-	-	296,400
Deposits received	825	737	-	-	(1)	-	1,561
	$ 1,722,911	$ (100,226)	$ -	$ 4,776	$ (2,541)	$ (225,695)	$ 1,399,225

For the year ended December 31, 2020

	Operating Balance	Cash Flows	Non-cash Changes: Acquisition	Non-cash Changes: Interest Expenses	Non-cash Changes: Exchange Differences on Translating the Financial Statements	Others (Note 2)	Closing Balance
Short-term borrowings	$ 904,780	$ (218,981)	$ -	$ -	$ (2,799)	$ -	$ 683,000
Lease liabilities	111,034	(22,761)	10,073	-	1,167	-	99,513
Bonds payable (including current portion of bonds payable)	293,309	285,384	-	6,395	-	(9,515)	575,573
Long-term borrowings (including current portion of long-term borrowings)	468,000	(104,000)	-	-	-	-	364,000
Deposits received	813	4	-	-	8	-	825
	$ 1,777,936	$ (60,354)	$ 10,073	$ 6,395	$ (1,624)	$ (9,515)	$ 1,722,911

Note 1: It is the conversion of the third secured domestic bonds in 2021.Please refer to Note 20.

Note 2: The liabilities and equities recognized through the redemption and issuance of convertible bonds, please refer to Note 20.

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

Except the commitment arising from the long-term borrowings which the Group should maintain with bank (refer to Note 19), the Group is not subject to any other externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a periodic basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

31. FINANCIAL INSTRUMENTS

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

December 31, 2021

	Carrying Amount	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Convertible bonds	$ 63,354	$ 94,785	$ -	$ -	$ 94,785

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Convertible bonds	$ 575,573	$ 636,300	$ -	$ -	$ 636,300

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible bond options	$ -	$ -	$ 374	$ 374
Foreign exchange forward contracts	-	3,847	-	3,847
	$ -	$ 3,847	$ 374	$ 4,221
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 74,558	$ 74,558
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 100,979	$ 100,979

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts	$ -	$ 6,686	$ -	$ 6,686
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	$ -	$ -	$ 117,855	$ 117,855

(Continued)

	Level 1	Level 2	Level 3	Total
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 112,535	$ 112,535
Financial liabilities at FVTPL				
Derivatives				
Convertible bond options	$ -	$ -	$ 30	$ 30
Foreign exchange forward contracts	$ -	$ 280	$ -	$ 280

(Concluded)

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

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI - Equity Instrument	Financial Assets at FVTOCI - Debt Instrument	Total
Balance at January 1, 2021	$ 117,855	$ 112,535	$ 230,390
Recognized in other comprehensive income	(25,783)	-	(25,783)
Return of funds	(17,400)	-	(17,400)
Settlements	(24)	-	(24)
Decrease	-	(11,556)	(11,556)
Balance at December 31, 2021	$ 74,558	$ 100,979	$ 175,537

Financial liabilities at fair value through profit or loss	Derivatives
Balance at January 1, 2021	$ -
Recognized in profit or loss (included in other gains and losses)	714
Conversion	(340)
Balance at December 31, 2021	$ 374

Financial liabilities at fair value through profit or loss	Derivatives
Balance at January 1, 2021	$ (30)
Recognized in profit or loss (included in other gains and losses)	30
Balance at December 31, 2021	$ -

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instrument	Financial Assets at FVTOCI Debt Instrument	Total
Balance at January 1, 2020	$ 101,850	$ 181,362	$ 283,212
Recognized in other comprehensive income	24,211	-	24,211
Return of funds	(8,206)	-	(8,206)
Settlements	-	(68,827)	(68,827)
Balance at December 31, 2020	$ 117,855	$ 112,535	$ 230,390

Financial liabilities at fair value through profit or loss	Derivatives
Balance at January 1, 2020	$ (1,920)
Additions - issuance of convertible bonds	145
Recognized in profit or loss (included in other gains and losses)	1,745
Balance at December 31, 2020	$ (30)

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

Financial Instruments	Valuation Techniques and Inputs
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

Financial Instruments	Valuation Techniques and Inputs
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	Market approach. In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments. Asset approach. In the asset approach, the fair value is estimated by evaluating the total market value of individual assets and individual liabilities covered by the evaluation target and considering risk factors such as liquidity reduction.
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

	December 31	
	2021	2020
Financial assets		
Mandatorily classified as at FVTPL	$ 4,221	$ 6,686
Financial asset at amortized cost (1)	2,065,627	2,087,003
Financial assets at FVTOCI		
Equity instruments	74,558	117,855
Factored trade receivables to banks without recourse	100,979	112,535
Financial liabilities		
FVTPL		
Held for trading	-	310
Amortized cost (2)	2,440,445	2,652,740

1) The balances included cash and cash equivalents, financial assets at amortized cost - current, notes receivable, trade receivables (excluding debt instruments), other receivables (excluding tax refund receivable) and refundable deposits that are measured at amortized cost.

2) The balances included short-term loans, trade payables, other payables (excluding salaries, bonuses, labor and health insurance, social security and pension), bonds payable (including current portion of bonds payable), long-term loans (including current portion of long-term loans payable) and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets and liabilities at FVTPL notes receivable, trade receivables, trade payables, convertible bonds, lease liabilities and borrowings.

Risks on the financial instruments include market risk (such as currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

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 other rice risk (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 year are set out in Note 35.

Sensitivity analysis

The Group is mainly exposed to the currency USD, RMB and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the 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 year 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.S. Dollar Impact		**RMB Impact**		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Profit or loss	$ (91)	$ 74	$ 1,397	$ 847	$ (714)	$ (817)

The Group's sensitivity to the USD has no major change during the current period.

The Group's sensitivity to the RMB increased during the current year mainly due to the increased of RMB denominated net assets.

The Group's sensitivity to the JPY has no major change during the current period.

b) Interest rate risk

The Group was exposed to interest rate related to its deposits, financial assets at amortized cost - current, 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 year were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 71,261	$ 265,492
Financial liabilities	1,101,264	1,358,086
Cash flow interest rate risk		
Financial assets	303,650	550,796
Financial liabilities	296,400	364,000

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.

If interest rates had been 1% higher/lower and all other variables held constant, the Group's pretax profits for the years ended December 31, 2021 and 2020 would have increased and decreased by $73 thousand and $1,868 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 due to the decrease 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 years ended December 31, 2021 and 2020 would have increased/decreased by $746 thousand and $1,179 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 equity instrument investment.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. As at the end of the year, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of counterparties to discharge an obligation could arise from the carrying amounts 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 only transacts with entities that are rated the equivalent of investment grade and above. The Group 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 transact 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.

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (c) below for more information about unused amounts of financing facilities at December 31, 2021 and 2020.

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

The following table shows the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed 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 included both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 884,696	$ 80,095	$ -	$ -	$ -
Long-term borrowings	5,428	10,822	48,572	238,053	-
Lease liabilities	2,307	4,613	17,483	52,576	-
Trade payables	90,956	445,560	98,845	1,011	-
Other payables	45,861	275,596	142,800	14,152	29
Bonds payables	-	-	-	65,600	-
Guarantee deposits received	-	-	-	1,561	-
	$ 1,029,248	$ 816,686	$ 307,700	$ 372,953	$ 29

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 24,403	$ 52,576	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 683,334	$ -	$ -	$ -	$ -
Long-term borrowings	543	53,086	314,792	-	-
Lease liabilities	2,212	4,423	20,675	55,704	21,591
Trade payables	8,873	442,693	98,481	-	-
Other payables	32,699	333,241	113,355	-	-
Bonds payables	-	291,300	-	300,000	-
Guarantee deposits received	-	-	-	825	-
	$ 727,661	$ 1,124,743	$ 547,303	$ 356,529	$ 21,591

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 27,310	$ 55,704	$ 21,591

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.

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Gross settled				
Forward exchange contracts				
Inflows	$ -	$ -	$ -	$ -
Outflows	-	-	-	-
	$ -	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
Gross settled				
Forward exchange contracts				
Inflows	$ 28,200	$ -	$ -	$ -
Outflows	(28,480)	-	-	-
	$ (280)	$ -	$ -	$ -

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities (reviewed annually):		
Amount used	$ 964,320	$ 683,000
Amount unused	1,117,760	1,146,160
	$ 2,082,080	$ 1,829,160
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ 296,400	$ 364,000
Amount unused	16,000	175,000
	$ 312,400	$ 539,000

On February 5, 2018 and December 11, 2020, the Group issued second and third convertible bonds, in an aggregate principal amount of $300,000 thousand and $306,000 thousand, which are secured by the bank.

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2021

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Taipei Fubon Commercial Bank	$ 86,141	$ 8,614	$ -	$ 77,527	0.4863-0.5391

December 31, 2020

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Taipei Fubon Commercial Bank	$ 79,893	$ 7,989	$ -	$ 71,904	0.6070-0.9408

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 December 31, 2021 and 2020, the Group had issued promissory notes consisting of checks of US$14,000 thousand as collateral to the banks.

32. 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 Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 39,852	$ 38,212
Post-employment benefits	438	435
	$ 40,290	$ 38,647

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Freehold land	$ 159,538	$ 159,538
Building	87,852	95,631
Machinery and equipment	-	425,860
Financial assets at amortized cost - current		
Restricted time deposits	17,702	105,900
Time deposits with original maturities of more than 3 months	3,624	9,179
	$ 268,716	$ 796,108

34. 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:

	December 31	
	2021	**2020**
Acquisition of property, plant and equipment		
RMB	$ 18,527	$ 16,825

b. Contingencies

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 Company has not incurred any related damages due to patent infringement. In addition, patents are territorial rights and the plaintiff cannot provide specific infringement evidence in the court proceedings as of the date of the consolidated financial statements. Based on the Company's advisory lawyer's assessment, the Company should be free from infringement litigation; there was no significant impact on the Company's financial performance and the business.

c. Significant events after the reporting period

From October 2021 to December 2021, convertible bonds were converted to common shares for the amount of $24,247 thousand. On March 3, 2022, the board of the directors resolved to set capital increase base date as March 4, 2022.

From January 1, 2022 to March 3, 2022, the bond holders of the third secured convertible bonds applied the conversion of the bonds with the par value of $9,500 thousand at the conversion price of $33.53 which eventually converted 283 thousand common shares in total.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 56,496	27.6800 (USD:NTD)	$ 1,563,796
USD	16,538	6.3674 (USD:RMB)	457,777
RMB	21,723	4.3471 (RMB:NTD)	94,433
RMB	16,432	0.1570 (RMB:USD)	71,431
Non-monetary items			
Derivative instruments			
USD	21,300	Note	3,847
Financial liabilities			
Monetary items			
USD	47,388	27.6800 (USD:NTD)	1,311,700
USD	4,676	6.3674 (USD:RMB)	129,435
RMB	6,028	0.1570 (RMB:USD)	26,206
JPY	296,073	0.2410 (JPY:NTD)	71,354

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 43,792	28.4800 (USD:NTD)	$ 1,247,198
USD	19,614	6.5250 (USD:RMB)	558,602
RMB	19,732	4.3650 (RMB:NTD)	86,131
RMB	12,468	0.1530 (RMB:USD)	54,423
Non-monetary items			
Derivative instruments			
USD	19,000	Note	6,686
Financial liabilities			
Monetary items			
USD	38,612	28.4800 (USD:NTD)	1,099,673
USD	4,533	6.5250 (USD:RMB)	129,093
RMB	12,804	0.1530 (RMB:USD)	55,890
JPY	296,073	0.2760 (JPY:NTD)	81,716
Non-monetary items			
Derivative instruments			
USD	1,000	Note	280

Note: The fair value of forward foreign exchange contract calculated by discounted cash flow method

For the years ended December 31, 2021 and 2020, net foreign exchange gains, including realized and unrealized, were $6,885 thousand and $(13,662) 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.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

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)

e. When subsidiaries hold shares of the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented: None

f. Disclosure of the affiliates

1) Disclosures on the notes appended to the consolidated financial statements of the affiliates are as follows:

No.	Items	Reference
1	The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company's shareholding or capital contribution ratio in each.	Note 13, Tables 7 and 8
2	Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates.	Note 13
3	The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons why they are not included in the consolidated statements.	None
4	The adjustment method and treatment adopted if the opening and closing dates of the subordinate company's accounting year are different from those of the controlling company.	None
5	An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China.	None
6	Special operational risks of overseas subordinate companies, such as exchange rate fluctuations.	Note 13
7	Statutory or contractual restrictions on distribution of earnings by the various affiliates.	Note
8	Amortization methods and period for consolidated borrowings (loans).	None
9	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates.	None

Note: As set forth in the Articles, the Company shall allocate reserve funds, expansion funds and welfare funds for employees of Dongguan Jian Guan P.E. Co, Ltd., Dongguan U.D.E. Electronics Corp., Dongguan De Yang Precision Rubber Plastic Co., Ltd., Zhong Jiang U.D.E. Electronics Corp., Zhong Jiang U.D.E. Networking Electronics Corp., Dongguan Ai Te Chieh Intellectual Technology Co., Ltd. and Dongguan Han Lian Technology Co., Ltd. after payment of taxes. The Company accrued the reserve funds at rates of no less than 10% of net profit before income tax. When the accumulated withdrawal amount reaches 50% of the registered capital, it can no longer be extracted. The proportion of allocation shall be decided by the board of directors.

2) Disclosures on the notes for subordinate company affiliates are as follows:

No.	Items	Reference
1	Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies.	Table 6
2	Information regarding financing, endorsements, and guarantees.	Tables 1 and 2
3	Information regarding trading in derivative products.	Note 7
4	Significant contingent matters.	Note 34
5	Significant subsequent events.	Note 34
6	Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period.	Tables 3, 7 and 8
7	Other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statements of the affiliates.	None

37. SEGMENT INFORMATION

a. 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:

1) The nature of the products and production processes are similar;

2) The pricing strategy of the products are similar;

3) The methods used to distribute the products to the customers are the same.

b. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	For the Year Ended December 31	
	2021	2020
Information products	$ 1,175,240	$ 1,006,825
Internet communication products	3,057,765	2,471,914
Consumer electronics	1,256,813	1,016,340
Other products	674,931	485,833
	$ 6,164,749	$ 4,980,912

c. Geographical information

The Group majorly operates in Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Taiwan	$ 5,371,778	$ 4,435,931	$ 693,153	$ 785,319
China	792,971	544,981	1,046,654	1,132,573
	$ 6,164,749	$ 4,980,912	$ 1,739.807	$ 1,917,892

Non-current assets exclude investments in equity instruments at FVTOCI, refundable deposits and deferred tax assets.

d. Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2021 and 2020.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	Aggregate Financing Limit
													Item	Value		
0	U.D. Electronic Corp.	CDE Corp.	Other receivables from related party	Yes	$ 10,000	$ -	$ -	3	Demand of short-term financing	$ -	Operating capital	$ -	-	-	$ 291,845 (Note 2)	$ 583,690 (Note 2)
1	Dongguan Jian Guan P.E. Co, Ltd.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	73,217	58,686	58,686	2	Demand of short-term financing	-	Operating capital	-	-	-	85,099 (Note 4)	166,860 (Note 4)
2	Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	144,772	99,984	99,984	2	Demand of short-term financing	-	Operating capital	-	-	-	343,821 (Note 4)	674,158 (Note 4)
		Dongguan Han Lian Technology Co., Ltd	Other receivables from related party	Yes	17,548	17,389	17,389	2	Demand of short-term financing	-	Operating capital	-	-	-	471,911 (Note 4)	674,158 (Note 4)
3	Morning Paragon Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	15,470	15,432	15,432	2	Demand of short-term financing	-	Operating capital	-	-	-	16,907 (Note 2)	16,907 (Note 2)
4	CDE Corp.	U.D. Electronic Corp.	Other receivables from related party	Yes	10,000	10,000	10,000	3	Demand of business transaction	-	Operating capital	-	-	-	22,299 (Note 5)	22,299 (Note 5)

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 lending regulations of U.D. Electronic Corp. and Morning Paragon Limited are as follows:

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: The lending regulations of Dongguan Jian Guan P.E. Co, Ltd. and Zhong Jiang U.D.E. Electronics Corp. are as follows:

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

b. If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:

1) The total amount available for lending to the subsidiaries whose voting shares are owned directly or indirectly by the lending company and inter-subsidiaries, 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 higher the net worth of the lending company multiple its shareholding ratio based on its most recent audited or reviewed financial statements.

2) The total amount available for lending to the companies, whose voting shares are not 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.

Note 5: The lending regulations of CDE Corp. is as follows:

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.

(Continued)

b. If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:

1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the parent company and associates, 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 companies, 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 (a) and (b.) only the calculation of net worth is still based on the net worth of lending company.

Note 6: The interest expenses due to financing ended December 31, 2021 are specified as follows:

Dongguan De Yang Precision Rubber Plastic Co., Ltd.: The sum of interest expenses is $3,344 thousand.
Dongguan Han Lian Technology Co., Ltd.: The sum of interest expenses is $352 thousand.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(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 (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount (Note 3)	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% $ 2,918,450	$ 1,731,856	$ 954,906	$ 55,360	$ -	33	Net value 100% $ 2,918,450	Yes	-	-
		DYP Corp.	b	Net value 20% 583,690	100,000	50,000	-	-	2	Net value 40% 1,167,380	Yes	-	-
		CDE Corp.	b	Net value 20% 583,690	60,000	30,000	-	-	1	Net value 40% 1,167,380	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 the most recent year’s or the coming year’s predictable purchases or sells with such company and not exceed 10% of U.D.E.’s net worth based on its most recent financial statement.

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 based on its most recent financial statement.

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 based on its most recent financial statement.

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 based on its most recent financial statement.

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 based on its most recent financial statement.

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 based on its most recent financial statement.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The amount endorsed/guaranteed was counted twice due to some portions were not due when the resolution made by the board of directors.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(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	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
U.D. Electronic Corp.	Fortune Rich Investment Corporation	The Company's chairman as the investee's legal director representative	Financial assets at FVTOCI - non-current	713	$ 4,290	10.35	$ 4,290	Note
	Emerging Creation Capital Inc.	The Company's chairman as the investee's director	〃	4,000	65,884	10.13	65,884	Note
	Dy-Precision Industrial Co., Ltd.	The investee's supervisor is the Company's legal representative	〃	725	4,384	16.22	4,384	Note

Note: The highest shareholding ratio of the above is equal to the end-of-period shareholding ratio and there is no collateralized pledge.

TABLE 4

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 YEAR ENDED DECEMBER 31, 2021
(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	$ 4,604,812	95	O/A 45 days	Note 2	Note 2	$ (963,159)	(99)	Note 1
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Sale	(4,604,812)	(89)	O/A 45 days	〃	〃	963,159	83	〃
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Purchase	4,208,690	82	O/A 90 days	〃	〃	(248,437)	(48)	〃
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Sale	(285,041)	(5)	O/A 90 days	〃	〃	116,616	10	〃
	Dongguan Jian Guan P.E. Co, Ltd.	Affiliated company	Purchase	629,037	12	O/A 90 days	〃	〃	(197,243)	(38)	〃
	Zhong Jiang U.D.E. Networking Electronics	Affiliated company	Sale	(285,379)	(5)	O/A 150 days	〃	〃	58,552	5	〃
	CDE Corp.	Affiliated company	Purchase	228,333	4	O/A 45 days	〃	〃	-	-	〃
Dongguan Jian Guan P.E. Co, Ltd.	All First International Co., Ltd.	Affiliated company	Sale	(629,037)	(72)	O/A 90 days	〃	〃	197,243	76	〃
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	Sale	(4,208,690)	(96)	O/A 90 days	〃	〃	248,437	83	〃
	All First International Co., Ltd.	Affiliated company	Purchase	285,041	13	O/A 90 days	〃	〃	(116,616)	(20)	〃
CDE Corp.	All First International Co., Ltd.	Affiliated company	Sale	(228,833)	(100)	O/A 45 days	〃	〃	-	-	〃
Zhong Jiang U.D.E. Networking Electronics Corp.	All First International Co., Ltd.	Affiliated company	Purchase	285,379	98	O/A 150 days	〃	〃	(58,552)	(98)	〃
Morning Paragon Limited	DYP Corp.	Affiliated company	Sale	(208,016)	(81)	O/A 45 days	〃	〃	46,319	78	〃
	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Purchase	206,981	80	O/A 90 days	〃	〃	(21,828)	(64)	〃
DYP Corp.	Morning Paragon Limited	Affiliated company	Purchase	208,016	86	O/A 60 days	〃	〃	(46,319)	(89)	〃
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited	Affiliated company	Sale	(206,981)	(63)	O/A 90 days	〃	〃	21,828	30	〃

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.

TABLE 5

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(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.	Parent company	Trade receivables	$ 963,159	4.60	$ -	-	$ 556,033	$ -
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company		116,616	2.38	-	-	51,039	-
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company		248,437	11.74	-	-	248,437	-
Dongguan Jian Guan P.E. Co, Ltd.	All First International Co., Ltd.	Affiliated company		197,243	4.05	-	-	109,953	-
Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Other receivables (including interest receivables)	100,701	-	-	-	-	-

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 January 1, 2022 to March 3, 2022.

TABLE 6

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

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.	a.	Endorsements/guarantees provided	$ 954,960	-	17
1	All First International Co., Ltd.	U.D. Electronic Corp.	b.	Revenue	4,604,812	Negotiated case by case. O/A 45 days	75
				Trade receivables	963,159		17
		Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	285,041	Negotiated case by case. O/A 90 days	5
				Trade receivables	116,616		2
		Zhong Jiang U.D.E. Networking Electronics Corp.	c.	Revenue	285,379	Negotiated case by case. O/A 150 days	5
2	Dongguan Jian Guan P.E. Co, Ltd.	All First International Co., Ltd.	c.	Revenue	629,037	Negotiated case by case. O/A 90 days	10
				Trade receivables	197,243		3
3	Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	c.	Revenue	4,208,690	Negotiated case by case. O/A 90 days	68
				Trade receivables	248,437		4
		Dongguan De Yang Precision Rubber Plastic Co., Ltd.	c.	Other receivables	100,701	Financing (including interest receivables $717)	2
4	Morning Paragon Limited	Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	208,016	Negotiated case by case. O/A 45 days	3
5	CDE Corp.	All First International Co., Ltd.	c.	Revenue	228,833	Negotiated case by case. O/A 45 days	4
6	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Morning Paragon Limited.	c.	Revenue	206,981	Negotiated case by case. O/A 90 days	3

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 De Yang Precision Rubber Plastic 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.

(Continued)

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.

Note 5: This table disclosed the significant purchase or sales exceeded the amount $100,000 thousand.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Samoa	Holding company	$ 1,414,143 (US$ 51,089)	$ 1,455,014 (US$ 51,089)	51,089	100	$ 2,702,598	$ 127,046	$ 127,046	Notes 1 and 2
	CDE Corp.	Taiwan	Manufacturing and selling of electronic materials	134,040	75,000	13,404	89	56,350	41,934	25,611	Notes 1 and 2
	DYP Corp.	Taiwan	Selling of electronic components	112,200	112,200	11,220	51	36,730	(7,921)	(4,040)	Notes 1 and 2
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Republic of Mauritius	Holding company	389,292 (US$ 14,064)	400,543 (US$ 14,064)	14,064	100	435,263	26,146	26,146	Notes 1 and 2
	San Francisco Inc.	Republic of Mauritius	Holding company	762,196 (US$ 27,536)	784,225 (US$ 27,536)	27,536	100	1,682,138	37,445	37,445	Notes 1 and 2
	All First International Co., Ltd.	Samoa	International trading	276,800 (US$ 10,000)	284,800 (US$ 10,000)	10,000	100	585,182	63,506	63,455	Notes 1, 2 and 3
DYP Corp.	Ta Yang UDE Limited	Samoa	Holding company	102,720 (US$ 3,711)	105,689 (US$ 3,711)	4,438	100	(17,641)	(7,708)	(9,727)	Notes 1, 2 and 3
Ta Yang UDE Limited	Morning Paragon Limited	Samoa	International trading	41,520 (US$ 1,500)	42,720 (US$ 1,500)	1,500	100	42,269	3,334	3,334	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 share of profits (loses) of the investee includes the effect of unrealized gross profit on intercompany transactions.

Note 4: The amount of foreign currency investment was translated with the exchange rate on the reporting date.

Note 5: Information on investments in mainland China. Please refer to Table 8.

Note 6: The highest amount of capital contribution of U.D.E. and reinvestments of its subsidiaries indicated above table is equal to the amount of that as of December 31, 2021. In addition, such reinvestments are not pledged as collateral or for security.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Note 2 b.(2) and Note 7)	Carrying Amount as of December 31, 2021 (Notes 7)	Accumulated Repatriation of Investment Income as of December 31, 2021
					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	$ 25,765	$ 23,096 (Note 6)	$ 413,356	$ -
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	26,174	37,445 (Note 6)	1,682,102	-
Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	2,476 (RMB 500)	b. (3)	- (Note 3)	-	-	-	100	7,412	7,412	45,001	-
Dongguan De Yang Precision Rubber Plastic 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	(11,488)	(5,859)	(36,380)	-
Dongguan U.D.E. Electronics Corp.	Researching of electronic components	16,125 (US$ 500)	b. (1)	15,871 (US$ 502)	-	-	15,871 (US$ 502)	100	3,050	3,050	21,887	-
Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	44,753 (RMB 10,000)	b. (5)	- (Note 4)	-	-	-	60	(25)	(15)	7,995 (Note 5)	-
Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	18,454 (RMB 4,200)	b. (5)	- (Note 4)	-	-	-	70	(1,425)	(998)	2,019 (Note 5)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	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	$1,777,084

(Continued)

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.)
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 audited by the attesting CPA of international accounting firm in cooperation with an accounting firm in the ROC.
2) The financial statement audited 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.

Note 8: The highest amount of shareholding or capital contribution ratio indicated in the above table is equal to the amount of shareholding or capital contribution as of December 31, 2021. In addition, such investments are not pledged as collateral or for security.

(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	Type	Purchase (Sale)		Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized Gain/(Loss)	Note
		Amount	% of Total		Payment Terms	Compare to Normal Transactions	Ending Balance	% of Total		
Dongguan Jian Guan P.E. Co, Ltd.	Purchase	$ 629,037	12	Negotiated case by case	O/A 90 days	Note 7	$ (197,243)	(38)	$ 3,837	Note 1
Zhong Jiang U.D.E. Electronics Corp.	(Sale)	(285,041)	(5)	Negotiated case by case	O/A 90 days	〃	116,616	10	-	Note 2
	Purchase	4,208,690	82	Negotiated case by case	O/A 90 days	〃	(248,437)	(48)	3,321	Note 3
Zhong Jiang U.D.E. Networking Electronics Corp.	(Sale)	(285,379)	(5)	Negotiated case by case	O/A 150 days	〃	58,552	5	-	Note 4
Dongguan De Yang Precision Rubber Plastic. Co, Ltd.	Purchase	206,981	80	Negotiated case by case	O/A 90 days	〃	(21,828)	(64)	-	Note 5

Note 1: The transaction of All First International Co., Ltd. purchase from Dongguan Jian Guan P.E. Co., Ltd.

Note 2: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Electronics Corp.

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

Note 4: The transaction of All First International Co., Ltd. sales to Zhong Jiang U.D.E. Networking Electronics Corp.

Note 5: The transaction of Morning Paragon Limited purchase from Dongguan De Yang Precision Rubber Plastic. Co, Ltd.

Note 6: Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 7: The payment terms of non-related party are negotiated case by case, and payment is received in advance or from O/A 30 days to O/A 90 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)