

U.D. Electronic Corp. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of U.D. Electronic Corp. and its subsidiaries (collectively, the "Group") as of March 31, 2021 and 2020 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended March 31, 2021 and 2020 and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2021

Notice to Readers

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

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 744,678	13	\$ 705,028	12	\$ 763,551	14
Financial assets at amortized cost - current (Notes 9, 10 and 30)	55,079	1	115,079	2	61,962	1
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	54	-	6,686	-	228	-
Notes receivable (Notes 11 and 23)	58,463	1	83,957	1	14,861	-
Trade receivables (Notes 11 and 23)	1,482,477	25	1,274,332	23	1,091,195	21
Other receivables (Note 11)	53,572	1	48,914	1	30,866	1
Current tax assets	1,963	-	-	-	3,752	-
Inventories (Note 12)	1,314,445	22	1,165,489	21	1,071,322	20
Other current assets (Note 18)	<u>113,424</u>	<u>2</u>	<u>110,168</u>	<u>2</u>	<u>147,063</u>	<u>3</u>
Total current assets	<u>3,824,155</u>	<u>65</u>	<u>3,509,653</u>	<u>62</u>	<u>3,184,800</u>	<u>60</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	89,982	2	117,855	2	87,536	2
Property, plant and equipment (Notes 14 and 30)	1,496,663	25	1,524,963	27	1,510,736	29
Right-of-use assets (Note 15)	141,773	2	149,220	3	166,025	3
Other intangible assets (Note 17)	35,556	1	37,782	1	38,752	1
Goodwill (Note 16)	12,205	-	12,233	-	12,104	-
Deferred tax assets	93,822	2	93,196	2	94,958	2
Other non-current assets (Note 18)	<u>191,998</u>	<u>3</u>	<u>200,342</u>	<u>3</u>	<u>188,683</u>	<u>3</u>
Total non-current assets	<u>2,061,999</u>	<u>35</u>	<u>2,135,591</u>	<u>38</u>	<u>2,098,794</u>	<u>40</u>
TOTAL	<u>\$ 5,886,154</u>	<u>100</u>	<u>\$ 5,645,244</u>	<u>100</u>	<u>\$ 5,283,594</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 1,167,491	20	\$ 683,000	12	\$ 1,027,138	19
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	2,723	-	310	-	98	-
Contract liabilities - current (Note 23)	29,426	1	25,188	-	28,404	1
Trade payables	642,245	11	550,047	10	374,917	7
Lease liabilities - current (Note 15)	26,052	-	25,749	-	24,781	1
Other payables (Notes 21 and 27)	736,805	13	653,943	12	542,072	10
Current tax liabilities	10,309	-	4,590	-	17,430	-
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 30)	312,000	5	654,795	12	390,289	7
Other current liabilities	<u>3,590</u>	<u>-</u>	<u>6,625</u>	<u>-</u>	<u>6,466</u>	<u>-</u>
Total current liabilities	<u>2,930,641</u>	<u>50</u>	<u>2,604,247</u>	<u>46</u>	<u>2,411,595</u>	<u>45</u>
NON-CURRENT LIABILITIES						
Bond payables (Notes 20 and 30)	285,946	5	284,778	5	-	-
Long-term borrowings (Notes 19 and 30)	-	-	-	-	312,000	6
Lease liabilities - non-current (Note 15)	66,827	1	73,764	2	91,351	2
Deferred tax liabilities	8,287	-	10,344	-	4,668	-
Guarantee deposit received	<u>822</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>807</u>	<u>-</u>
Total non-current liabilities	<u>361,882</u>	<u>6</u>	<u>369,711</u>	<u>7</u>	<u>408,826</u>	<u>8</u>
Total liabilities	<u>3,292,523</u>	<u>56</u>	<u>2,973,958</u>	<u>53</u>	<u>2,820,421</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital						
Ordinary shares	696,758	12	696,758	12	696,758	13
Capital surplus	<u>749,592</u>	<u>13</u>	<u>749,592</u>	<u>13</u>	<u>737,385</u>	<u>14</u>
Retained earnings						
Legal reserve	319,411	5	319,411	5	314,074	6
Special reserve	220,594	4	220,594	4	154,427	3
Unappropriated earnings	<u>773,632</u>	<u>13</u>	<u>836,918</u>	<u>15</u>	<u>783,748</u>	<u>15</u>
Total retained earnings	<u>1,313,637</u>	<u>22</u>	<u>1,376,923</u>	<u>24</u>	<u>1,252,249</u>	<u>24</u>
Other equity	<u>(215,578)</u>	<u>(4)</u>	<u>(200,418)</u>	<u>(3)</u>	<u>(240,352)</u>	<u>(5)</u>
Total equity attributable to owners of the Company	2,544,409	43	2,622,855	46	2,446,040	46
NON-CONTROLLING INTERESTS (Note 22)	<u>49,222</u>	<u>1</u>	<u>48,431</u>	<u>1</u>	<u>17,133</u>	<u>1</u>
Total equity	<u>2,593,631</u>	<u>44</u>	<u>2,671,286</u>	<u>47</u>	<u>2,463,173</u>	<u>47</u>
TOTAL	<u>\$ 5,886,154</u>	<u>100</u>	<u>\$ 5,645,244</u>	<u>100</u>	<u>\$ 5,283,594</u>	<u>100</u>

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 23)	\$ 1,357,622	100	\$ 927,154	100
OPERATING COSTS				
Cost of goods sold (Notes 12 and 24)	<u>(1,100,222)</u>	<u>(81)</u>	<u>(791,185)</u>	<u>(86)</u>
GROSS PROFIT	<u>257,400</u>	<u>19</u>	<u>135,969</u>	<u>14</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	(56,633)	(4)	(40,069)	(4)
General and administrative expenses	(106,104)	(8)	(84,485)	(9)
Research and development expenses	(65,008)	(5)	(52,367)	(6)
Expected credit gain (loss) (Note 11)	<u>1,309</u>	<u>-</u>	<u>(1,563)</u>	<u>-</u>
Total operating expenses	<u>(226,436)</u>	<u>(17)</u>	<u>(178,484)</u>	<u>(19)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>30,964</u>	<u>2</u>	<u>(42,515)</u>	<u>(5)</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	1,510	-	1,149	-
Other income	7,395	1	3,983	1
Other gains and losses	34	-	9,551	1
Finance costs (Note 20)	<u>(6,684)</u>	<u>(1)</u>	<u>(8,590)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,255</u>	<u>-</u>	<u>6,093</u>	<u>1</u>
PROFIT (LOSS) BEFORE INCOME TAX	33,219	2	(36,422)	(4)
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(5,294)</u>	<u>-</u>	<u>(3,915)</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>27,925</u>	<u>2</u>	<u>(40,337)</u>	<u>(4)</u>
OTHER COMPREHENSIVE LOSS (Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instrument at fair value through other comprehensive income	(10,473)	(1)	(14,314)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>2,077</u>	<u>-</u>	<u>2,309</u>	<u>-</u>
	<u>(8,396)</u>	<u>(1)</u>	<u>(12,005)</u>	<u>(1)</u>

(Continued)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (8,255)	-	\$ (9,256)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>1,650</u>	<u>-</u>	<u>1,852</u>	<u>-</u>
	<u>(6,605)</u>	<u>-</u>	<u>(7,404)</u>	<u>(1)</u>
Other comprehensive loss for the period, net of income tax	<u>(15,001)</u>	<u>(1)</u>	<u>(19,409)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 12,924</u>	<u>1</u>	<u>\$ (59,746)</u>	<u>(6)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 27,293	2	\$ (29,316)	(3)
Non-controlling interests	<u>632</u>	<u>-</u>	<u>(11,021)</u>	<u>(1)</u>
	<u>\$ 27,925</u>	<u>2</u>	<u>\$ (40,337)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,133	1	\$ (49,074)	(5)
Non-controlling interests	<u>791</u>	<u>-</u>	<u>(10,672)</u>	<u>(1)</u>
	<u>\$ 12,924</u>	<u>1</u>	<u>\$ (59,746)</u>	<u>(6)</u>
EARNINGS (LOSS) PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 0.39</u>		<u>\$ (0.42)</u>	
Diluted	<u>\$ 0.38</u>		<u>\$ (0.42)</u>	

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company						Other Equity			
			Retained Earnings							
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements 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 22)										
Cash dividends distributed by the Company	-	-	-	-	(34,838)	-	-	(34,838)	-	(34,838)
Other changes in capital surplus:										
Equity component of convertible bonds issued by the Company (Note 20)	-	(71)	-	-	-	-	-	(71)	-	(71)
Net loss for the three months ended March 31, 2020	-	-	-	-	(29,316)	-	-	(29,316)	(11,021)	(40,337)
Other comprehensive (loss) income for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(7,753)	(12,005)	(19,758)	349	(19,409)
Total comprehensive loss for the three months ended March 31, 2020	-	-	-	-	(29,316)	(7,753)	(12,005)	(49,074)	(10,672)	(59,746)
BALANCE AT MARCH 31, 2020	<u>\$ 696,758</u>	<u>\$ 737,385</u>	<u>\$ 314,074</u>	<u>\$ 154,427</u>	<u>\$ 783,748</u>	<u>\$ (245,739)</u>	<u>\$ 5,387</u>	<u>\$ 2,446,040</u>	<u>\$ 17,133</u>	<u>\$ 2,463,173</u>
BALANCE AT JANUARY 1, 2021	\$ 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 22)										
Cash dividends distributed by the Company	-	-	-	-	(90,579)	-	-	(90,579)	-	(90,579)
Net income for the three months ended March 31, 2021	-	-	-	-	27,293	-	-	27,293	632	27,925
Other comprehensive (loss) income for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	(6,764)	(8,396)	(15,160)	159	(15,001)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	27,293	(6,764)	(8,396)	12,133	791	12,924
BALANCE AT MARCH 31, 2021	<u>\$ 696,758</u>	<u>\$ 749,592</u>	<u>\$ 319,411</u>	<u>\$ 220,594</u>	<u>\$ 773,632</u>	<u>\$ (244,765)</u>	<u>\$ 29,187</u>	<u>\$ 2,544,409</u>	<u>\$ 49,222</u>	<u>\$ 2,593,631</u>

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 33,219	\$ (36,422)
Adjustments for:		
Expected credit (gain) loss recognized on trade receivables	(1,309)	1,563
Depreciation expense	105,305	92,155
Amortization expense	2,215	1,822
Net loss (gain) on fair value changes of financial assets and liabilities at FVTPL	2,871	(2,049)
Finance costs	6,684	8,590
Interest income	(1,510)	(1,149)
Write-down of inventories	357	744
Loss (gain) on disposal of property, plant and equipment	45	(120)
Net gain on foreign currency exchange	(5,508)	(6,178)
Net loss on redeemed bond payable	-	93
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	8,315	553
Notes receivable	25,293	(9,375)
Trade receivables	(200,168)	257,727
Other receivables	(3,844)	13,557
Inventories	(155,208)	(14,650)
Other current assets	(3,731)	3,979
Financial liabilities held for trade	(2,141)	(1,845)
Contract liabilities	4,374	14,787
Trade payables	94,999	(64,973)
Other payables	(8,146)	(84,733)
Other current liabilities	(3,029)	70
Cash generated from operations	(100,917)	174,146
Interest received	1,495	1,067
Interest paid	(4,572)	(6,798)
Income tax paid	(473)	(4,651)
Net cash (used in) generated from operating activities	(104,467)	163,764

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U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of funds from financial assets at fair value through other comprehensive income	\$ 17,400	\$ -
Proceeds from sale of financial assets at amortized cost	60,000	-
Payments for property, plant and equipment	(17,784)	(41,490)
Proceeds from disposal of property, plant and equipment	3,143	595
Decrease in other non-current assets	2,409	3,436
Decrease in refundable deposits	-	8,031
Increase in prepayments for equipment	<u>(52,164)</u>	<u>(26,727)</u>
Net cash generated from (used in) investing activities	<u>13,004</u>	<u>(56,155)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of convertible bonds	(291,300)	(8,700)
Proceeds from short-term borrowings	486,734	120,093
Repayments of short-term borrowings	(6,000)	-
Repayment of long-term borrowings	(52,000)	(52,000)
Repayment of the principal portion of lease liabilities	(6,220)	(4,017)
Repayment of cost of issuance of convertible bonds	<u>(536)</u>	<u>-</u>
Net cash generated from financing activities	<u>130,678</u>	<u>55,376</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>435</u>	<u>7,195</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,650	170,180
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>705,028</u>	<u>593,371</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 744,678</u>	<u>\$ 763,551</u>

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

U.D. Electronic Corp. (the “Company”) was incorporated in the Republic of China (R.O.C.) on March 18, 2005 with a share capital \$10,000 thousand, and the accumulated share capital was \$696,758 thousand as of March 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 dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 6, 2021.

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 this period did not have material impact on the Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 8)

(Continued)

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

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

Note 2: The amendments to IFRS 9 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 3: 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 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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 8: Except that deferred taxes 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 “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 judgments or assumptions in applying an accounting policy, and the Group discloses those judgments 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.

2) 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

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

b. Basic of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (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.

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

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2020.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 2,612	\$ 3,819	\$ 2,583
Demand deposits	538,287	550,796	515,547
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>203,779</u>	<u>150,413</u>	<u>245,421</u>
	<u>\$ 744,678</u>	<u>\$ 705,028</u>	<u>\$ 763,551</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	\$ <u>54</u>	\$ <u>6,686</u>	\$ <u>228</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Options of convertible bonds	\$ -	\$ 30	\$ -
Foreign exchange forward contracts	<u>2,723</u>	<u>280</u>	<u>98</u>
	\$ <u>2,723</u>	\$ <u>310</u>	\$ <u>98</u>

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)
<u>March 31, 2021</u>			
Sell	USD/RMB	2021.04.21-2021.05.20	USD4,500/RMB29,322
Sell	USD/RMB	2021.04.21-2021.05.20	USD4,000/RMB26,118
Sell	USD/RMB	2021.04.21-2021.05.20	USD2,500/RMB16,281
Sell	USD/NTD	2021.04.14	USD500/NTD13,996
<u>December 31, 2020</u>			
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
<u>March 31, 2020</u>			
Sell	USD/RMB	2020.04.21	USD2,000/RMB14,149
Sell	USD/RMB	2020.04.21	USD2,000/RMB14,226

The Group entered into foreign exchange forward contracts to manage exposures to exchange 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

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Non-current</u>			
Domestic investment			
Unlisted shares			
Fortune Rich Investment Corporation	\$ 5,439	\$ 5,520	\$ 9,783
Emerging Fortune Capital Inc.	24	17,430	14,493
Emerging Creation Capital Inc.	79,971	92,186	59,302
Dy-Precision Industrial Co., Ltd.	<u>4,548</u>	<u>2,719</u>	<u>3,958</u>
	<u>\$ 89,982</u>	<u>\$ 117,855</u>	<u>\$ 87,536</u>

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

In February 2021 and July 2020, the Group received the repayment of \$17,400 thousand and \$8,206 thousand from Emerging Fortune Capital Inc. and Fortune Rich Investment Corporation for its capital reduction, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Restricted assets - Pledged deposit (a)	<u>\$ 55,079</u>	<u>\$ 115,079</u>	<u>\$ 61,962</u>

- a. The collateral assets are for bank loans and convertible bonds. Refer to Note 30.
- b. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

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

	March 31, 2021	December 31, 2020	March 31, 2020
Gross carrying amount	\$ 55,079	\$ 115,079	\$ 61,962
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 55,079</u>	<u>\$ 115,079</u>	<u>\$ 61,962</u>

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 March 31 2021, December 31, 2020, and March 31, 2020 the expected credit loss for debt instrument investments held by the Group was 0%.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount - operating	\$ 58,463	\$ 83,957	\$ 14,861
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,463</u>	<u>\$ 83,957</u>	<u>\$ 14,861</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,356,474	\$ 1,177,428	\$ 985,257
Less: Allowance for impairment loss	<u>(14,295)</u>	<u>(15,631)</u>	<u>(2,511)</u>
	1,342,179	1,161,797	982,746
At FVTOCI	<u>140,298</u>	<u>112,535</u>	<u>108,449</u>
	<u>\$ 1,482,477</u>	<u>\$ 1,274,332</u>	<u>\$ 1,091,195</u>
<u>Other receivables</u>			
Tax refund receivable	\$ 40,967	\$ 34,420	\$ 20,455
Reserved fund for factored trade receivables	7,201	7,989	8,120
Others	<u>5,404</u>	<u>6,505</u>	<u>2,291</u>
	<u>\$ 53,572</u>	<u>\$ 48,914</u>	<u>\$ 30,866</u>

a. Notes receivable and trade receivables

1) At amortized cost

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

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate 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 approach considering 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.

March 31, 2021

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 58,463
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 58,463</u>

December 31, 2020

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

March 31, 2020

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 14,861
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 14,861</u>

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

March 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	0.0149%	0.1000%	0.6292%	1.7510%	96.9210%	
Gross carrying amount	\$ 1,244,652	\$ 87,029	\$ 9,377	\$ 1,028	\$ 14,388	\$ 1,356,474
Loss allowance (Lifetime ECLs)	(186)	(87)	(59)	(18)	(13,945)	(14,295)
Amortized cost	<u>\$ 1,244,466</u>	<u>\$ 86,942</u>	<u>\$ 9,318</u>	<u>\$ 1,010</u>	<u>\$ 443</u>	<u>\$ 1,342,179</u>

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	<u>\$ 1,060,818</u>	<u>\$ 98,549</u>	<u>\$ 2,421</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 1,161,797</u>

March 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	0.0023%	0.5764%	0.5960%	0%	32.8647%	
Gross carrying amount	\$ 859,650	\$ 115,034	\$ 4,698	\$ 398	\$ 5,477	\$ 985,257
Loss allowance (Lifetime ECLs)	(20)	(663)	(28)	-	(1,800)	(2,511)
Amortized cost	<u>\$ 859,630</u>	<u>\$ 114,371</u>	<u>\$ 4,670</u>	<u>\$ 398</u>	<u>\$ 3,677</u>	<u>\$ 982,746</u>

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

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 15,631	\$ 973
Add: Net remeasurement of loss allowance	-	1,563
Less: Amounts written off	(1,309)	-
Foreign exchange gains and losses	(27)	(25)
Balance at March 31	<u>\$ 14,295</u>	<u>\$ 2,511</u>

2) At FVTOCI

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

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

March 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	\$ 140,298	\$ -	\$ -	\$ -	\$ 140,298
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	<u>\$ 140,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,298</u>

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	<u>\$ 112,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,535</u>

March 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	\$ 69,567	\$ 38,882	\$ -	\$ -	\$ 108,449
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	<u>\$ 69,567</u>	<u>\$ 38,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,449</u>

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 March 31, 2021, December 31, 2020 and March 31, 2020, the expected credit risk is considered 0% by the assessment of the Group.

12. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods	\$ 474,248	\$ 440,194	\$ 324,346
Work in progress	512,785	482,175	542,932
Raw materials and supplies	<u>327,412</u>	<u>243,120</u>	<u>204,044</u>
	<u>\$ 1,314,445</u>	<u>\$ 1,165,489</u>	<u>\$ 1,071,322</u>

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

	For the Three Months Ended March 31	
	2021	2020
Cost of inventories sold	\$ 1,099,865	\$ 790,441
Inventory write-downs	<u>357</u>	<u>744</u>
	<u>\$ 1,100,222</u>	<u>\$ 791,185</u>

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Investee's Company Type/Main Business	Proportion of Ownership (%)			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
U.D. Electronic Corp.	CDE Corp.	Manufacturing and selling of electronic materials	50	50	50	Market risk is the major operational risk
U.D. Electronic Corp.	DYP Corp.	Selling of electronic components	51	51	51	Market risk is the major operational risk
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	San Francisco Inc.	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Global Connection (Samoa) Holding Inc.	All First International Co., Ltd.	International trading	100	100	100	Foreign exchange and market risks are major operational risks
DYP Corp.	Ta Yang UDE Limited	Holding company	100	100	100	Foreign exchange risk is the major operational risk
Sunderland Inc.	Dongguan Jian Guan P.E. Co., Ltd.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Sunderland Inc.	Dongguan U.D.E. Electronics Corp.	Researching and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
San Francisco Inc.	Zhong Jiang U.D.E. Electronics Corp.	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Zhong Jiang U.D.E. Electronics Corp.	Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd	Manufacturing and selling of electronic components	100	100	100	Political, foreign exchange, and market risks are major operational risks
Ta Yang UDE Limited	Morning Paragon Limited	International trading	100	100	100	Foreign exchange and market risks are major operational risks
Dongguan Jian Guan P.E. Co., Ltd.	Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	60	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	70	Political, foreign exchange, and market risks are major operational risks

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

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Mold Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Cost</u>										
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	-	-	2,375	-	-	7,365	-	10,172	-	19,912
Disposals	-	(3,854)	(1,857)	-	(10)	(9,293)	-	(4,809)	-	(19,823)
Transfer from prepayments	-	-	23,127	-	-	18,794	-	15,286	-	57,207
Effects of foreign currency exchange differences	-	(887)	(5,406)	(104)	(4)	(3,198)	(104)	(1,320)	-	(11,023)
Balance at March 31, 2021	<u>\$ 159,538</u>	<u>\$ 315,255</u>	<u>\$ 1,774,647</u>	<u>\$ 22,581</u>	<u>\$ 16,965</u>	<u>\$ 371,986</u>	<u>\$ 93,815</u>	<u>\$ 346,512</u>	<u>\$ -</u>	<u>\$ 3,101,299</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2021	\$ -	\$ 102,070	\$ 835,145	\$ 19,636	\$ 14,430	\$ 243,895	\$ 82,334	\$ 232,553	\$ -	\$ 1,530,063
Disposals	-	(3,854)	(1,857)	-	(10)	(6,105)	-	(4,809)	-	(16,635)
Depreciation	-	7,469	47,105	260	372	18,855	3,264	21,173	-	98,498
Effects of foreign currency exchange differences	-	(361)	(3,267)	(92)	(2)	(2,641)	(74)	(853)	-	(7,290)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 105,324</u>	<u>\$ 877,126</u>	<u>\$ 19,804</u>	<u>\$ 14,790</u>	<u>\$ 254,004</u>	<u>\$ 85,524</u>	<u>\$ 248,064</u>	<u>\$ -</u>	<u>\$ 1,604,636</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ 159,538</u>	<u>\$ 217,926</u>	<u>\$ 921,263</u>	<u>\$ 3,049</u>	<u>\$ 2,549</u>	<u>\$ 114,423</u>	<u>\$ 11,585</u>	<u>\$ 94,630</u>	<u>\$ -</u>	<u>\$ 1,524,963</u>
Carrying amount at March 31, 2021	<u>\$ 159,538</u>	<u>\$ 209,931</u>	<u>\$ 897,521</u>	<u>\$ 2,777</u>	<u>\$ 2,175</u>	<u>\$ 117,982</u>	<u>\$ 8,791</u>	<u>\$ 98,448</u>	<u>\$ -</u>	<u>\$ 1,496,663</u>
<u>Cost</u>										
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	-	-	10,943	-	207	9,182	4,441	7,537	-	32,310
Disposals	-	(7,083)	(9,975)	-	(9,347)	(37,848)	-	(28,619)	-	(92,872)
Transfer from prepayments	-	-	15,119	-	-	(232)	-	2,090	-	16,977
Effects of foreign currency exchange differences	-	(1,358)	(7,938)	(151)	(103)	(2,100)	(647)	(1,928)	(48)	(14,273)
Balance at March 31, 2020	<u>\$ 159,538</u>	<u>\$ 310,176</u>	<u>\$ 1,713,699</u>	<u>\$ 20,508</u>	<u>\$ 15,288</u>	<u>\$ 302,311</u>	<u>\$ 85,221</u>	<u>\$ 273,423</u>	<u>\$ 6,472</u>	<u>\$ 2,886,636</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2020	\$ -	\$ 83,352	\$ 766,360	\$ 18,343	\$ 20,916	\$ 226,813	\$ 64,338	\$ 211,697	\$ -	\$ 1,391,819
Disposals	-	(7,083)	(9,975)	-	(9,347)	(37,373)	-	(28,619)	-	(92,397)
Depreciation	-	7,142	42,281	237	1,109	14,514	4,315	15,825	-	85,423
Effects of foreign currency exchange differences	-	(452)	(4,952)	(137)	(93)	(1,391)	(522)	(1,398)	-	(8,945)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 82,959</u>	<u>\$ 793,714</u>	<u>\$ 18,443</u>	<u>\$ 12,585</u>	<u>\$ 202,563</u>	<u>\$ 68,131</u>	<u>\$ 197,505</u>	<u>\$ -</u>	<u>\$ 1,375,900</u>
Carrying amount at March 31, 2020	<u>\$ 159,538</u>	<u>\$ 227,217</u>	<u>\$ 919,985</u>	<u>\$ 2,065</u>	<u>\$ 2,703</u>	<u>\$ 99,748</u>	<u>\$ 17,090</u>	<u>\$ 75,918</u>	<u>\$ 6,472</u>	<u>\$ 1,510,736</u>

There was no impairment loss after performing impaired assessment for the three months ended March 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	2-8 years
Machinery equipment	2-10 years
Transportation equipment	3-6 years
Office equipment	3-5 years
Mold equipment	2-4 years
Leasehold improvements	2-3 years
Other equipment	3-8 years

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land	\$ 53,996	\$ 54,585	\$ 54,436
Buildings	<u>87,777</u>	<u>94,635</u>	<u>111,589</u>
	<u>\$ 141,773</u>	<u>\$ 149,220</u>	<u>\$ 166,025</u>
	For the Three Months Ended March 31		
	2021	2020	
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 10,073</u>
Depreciation charge for right-of-use assets			
Land		\$ 340	\$ 336
Buildings		<u>6,467</u>	<u>6,396</u>
		<u>\$ 6,807</u>	<u>\$ 6,732</u>

There was no impairment loss after performing impairment assessment for the three months ended March 31, 2021 and 2020.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amount</u>			
Current	<u>\$ 26,052</u>	<u>\$ 25,749</u>	<u>\$ 24,781</u>
Non-current	<u>\$ 66,827</u>	<u>\$ 73,764</u>	<u>\$ 91,351</u>

Discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Buildings	1.38%-1.7895%	1.38%-1.7895%	1.38%-1.7895%

c. Material lease-in activities and terms

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

d. Other lease information

	For the Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	\$ 627	\$ 555
Expenses relating to low-value asset leases	\$ 60	\$ 87
Total cash outflow for leases	\$ (7,327)	\$ (5,139)

16. GOODWILL

	For the Three Months Ended March 31	
	2021	2020
<u>Cost</u>		
Balance, at January 1	\$ 12,233	\$ 12,150
Effects of foreign currency exchange differences	(28)	(46)
Balance, at March 31	\$ 12,205	\$ 12,104

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 March 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
<u>Cost</u>				
Balance at January 1, 2021	\$ 34,816	\$ 29,286	\$ 7,000	\$ 71,102
Disposals	(1,000)	-	-	(1,000)
Effects of foreign currency exchange differences	(133)	-	-	(133)
Balance at March 31, 2021	\$ 33,683	\$ 29,286	\$ 7,000	\$ 69,969

(Continued)

	Computer Software	Trademarks	Patents	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ (27,856)	\$ (4,881)	\$ (583)	\$ (33,320)
Amortization expenses	(1,403)	(637)	(175)	(2,215)
Disposals	1,000	-	-	1,000
Effects of foreign currency exchange differences	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Balance at March 31, 2021	<u>\$ (28,137)</u>	<u>\$ (5,518)</u>	<u>\$ (758)</u>	<u>\$ (34,413)</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ 6,960</u>	<u>\$ 24,405</u>	<u>\$ 6,417</u>	<u>\$ 37,782</u>
Carrying amount at March 31, 2021	<u>\$ 5,546</u>	<u>\$ 23,768</u>	<u>\$ 6,242</u>	<u>\$ 35,556</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 38,296	\$ 29,286	\$ -	\$ 67,582
Transfer from other non-current assets	-	-	7,000	7,000
Disposals	(5,072)	-	-	(5,072)
Effects of foreign currency exchange differences	<u>(157)</u>	<u>-</u>	<u>-</u>	<u>(157)</u>
Balance at March 31, 2020	<u>\$ 33,067</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 69,353</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2020	\$ (31,665)	\$ (2,334)	\$ -	\$ (33,999)
Amortization expenses	(1,127)	(637)	(58)	(1,822)
Disposals	5,072	-	-	5,072
Effects of foreign currency exchange differences	<u>148</u>	<u>-</u>	<u>-</u>	<u>148</u>
Balance at March 31, 2020	<u>\$ (27,572)</u>	<u>\$ (2,971)</u>	<u>\$ (58)</u>	<u>\$ (30,601)</u>
Carrying amount at March 31, 2020	<u>\$ 5,495</u>	<u>\$ 26,315</u>	<u>\$ 6,942</u>	<u>\$ 38,752</u> (Concluded)
There was no impairment loss after performing impairment assessment for the three months ended March 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

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Prepaid sales tax	\$ 60,571	\$ 60,946	\$ 61,535
Prepayments	37,405	33,924	68,135
Overpaid sales tax	12,456	12,670	13,444
Others	<u>2,992</u>	<u>2,628</u>	<u>3,949</u>
	<u>\$ 113,424</u>	<u>\$ 110,168</u>	<u>\$ 147,063</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 170,694	\$ 176,967	\$ 158,109
Prepayments - non-current	14,686	16,727	24,700
Refundable deposits	<u>6,618</u>	<u>6,648</u>	<u>5,874</u>
	<u>\$ 191,998</u>	<u>\$ 200,342</u>	<u>\$ 188,683</u>

19. BORROWINGS

a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,167,491</u>	<u>\$ 683,000</u>	<u>\$ 1,027,138</u>

The range of interest rates for bank loans was 0.68%-1.60%, 0.95%-1.60% and 0.88%-2.50% per annum as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

b. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Secured borrowings</u>			
Bank loans	\$ 312,000	\$ 364,000	\$ 416,000
Less: Current portions	<u>(312,000)</u>	<u>(364,000)</u>	<u>(104,000)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,000</u>

The Group acquired bank borrowing facilities in the amount of \$520,000 thousand secured by the Group's freehold land (see Note 30) and will be repayable in September 30, 2021. As of March 31, 2021, December 31, 2020 and March 31, 2020, the interest rate was the same of 1.7895% per annum. Interest is paid monthly. The Group started repaying the principal on September 30, 2019 with five semi-annual instalments, consist of first four instalments with an amount of 10% of the borrowing and the last repayment with an amount of the remaining portion of the principal and interests.

According to the borrowing contract, the Group shall maintain the following financial ratio restrictions agreement for the duration of the term of borrowing and before total redemption.

- 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\$18 billion (inclusive) or more.

20. BONDS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
Second secured domestic convertible bonds	\$ -	\$ 290,795	\$ 286,289
Third secured domestic convertible bonds	285,946	284,778	-
Less: Current portion	<u>-</u>	<u>(290,795)</u>	<u>(286,289)</u>
	<u>\$ 285,946</u>	<u>\$ 284,778</u>	<u>\$ -</u>

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 30).

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, refer to Note 28.

f. Bond components

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

Proceeds from issuance (less transaction costs of \$12,110 thousand)	\$ 287,890
Equity component	(8,999)
Financial assets at FVTPL	522
Deferred tax assets	<u>2,422</u>
Liability component at the date of issuance	281,835
Interest charged at an effective interest rate of 2.0838% - for the year ended 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 three months ended March 31, 2020	<u>1,516</u>
Liability component at March 31, 2020	<u>\$ 286,289</u>
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	<u>(291,300)</u>
Liability component at March 31, 2021	<u>\$ -</u>

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

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.

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

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, refer to Note 28.

f. Bond components

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 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	<u>2,383</u>
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	<u>373</u>
Liability component at December 31, 2020	284,778
Interest charged at an effective interest rate of 1.7808% - for the three months ended March 31, 2021	<u>1,168</u>
Liability component at March 31, 2021	<u>\$ 285,946</u>

21. OTHER LIABILITIES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Other payables			
Processing fees	\$ 192,917	\$ 187,104	\$ 119,022
Salaries and bonuses	120,526	136,643	102,182
Payable for purchases of equipment (Note 27)	112,771	110,643	113,477
Consumable supplies expenses	32,180	36,393	36,998
Payables for dividends (Note 22)	90,579	-	34,838
Payable for labor and health insurance, social security and pension	39,694	38,005	35,274
Professional service fees	17,167	24,085	27,941
Commission	14,169	13,565	7,608
Human dispatch payable	11,556	10,942	5,241
Import/export (customs) expense	7,642	7,729	3,097
Interest payable	834	395	1,017
Others	<u>96,770</u>	<u>88,439</u>	<u>55,377</u>
	<u>\$ 736,805</u>	<u>\$ 653,943</u>	<u>\$ 542,072</u>

22. EQUITY

a. Share capital

Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Share capital authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>69,676</u>	<u>69,676</u>	<u>69,676</u>
Share capital issued	<u>\$ 696,758</u>	<u>\$ 696,758</u>	<u>\$ 696,758</u>

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

The authorized shares include 1,000 thousand shares allocated for the exercise of employee share options.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 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	\$ 568,037
Premium on conversion of bonds	152,962	152,962	152,962
<u>May be used to offset a deficit only</u>			
Redemption or repayment of convertible bonds (2)	5,742	5,742	5,742
Changes in percentage of ownership interests in subsidiaries (3)	1,906	1,906	1,906
<u>May not be used for any purpose</u>			
Share warrants	<u>20,945</u>	<u>20,945</u>	<u>8,738</u>
	<u>\$ 749,592</u>	<u>\$ 749,592</u>	<u>\$ 737,385</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Redemption or repayment of convertible bonds may only be utilized to offset deficits.
- 3) Such capital surplus arises from the effects of changes in ownership interests in a subsidiary resulting from equity transactions other than an actual disposal or acquisition or from changes in capital surplus of subsidiaries accounted for by using the equity method.
- 4) Capital surplus has significant change due to the redemption of the second secured domestic convertible bonds 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, refer to Note 24(g).

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

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

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

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 9,536	\$ 5,337
Special reserve	\$ (20,176)	\$ 66,167
Cash dividends	\$ 90,579	\$ 34,838
Cash dividends per share (NT\$)	\$ 1.3	\$ 0.5

The 2020 appropriations for cash dividends had been resolved by the Company's board of directors on March 4, 2021. The other proposed appropriations for 2020 will be resolved by the shareholder's meeting to be held on June 18, 2021.

The appropriations for cash dividends and other proposed appropriations for 2019 had been resolved by the shareholder's meetings on June 18, 2020.

d. Other equity items

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

	For the Three Months Ended	
	March 31	
	2021	2020
Balance at January 1	\$ (238,001)	\$ (237,986)
Recognized for the period		
Exchange differences on translation of the financial statements of foreign operations		
Related income tax	(8,455)	(9,691)
Other comprehensive income recognized for the period	<u>1,691</u>	<u>1,938</u>
	<u>(6,764)</u>	<u>(7,753)</u>
Balance at March 31	<u>\$ (244,765)</u>	<u>\$ (245,739)</u>

2) Unrealized valuation loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 37,583	\$ 17,392
Recognized for the period		
Unrealized loss - equity instruments	(10,473)	(14,314)
Related income tax	<u>2,077</u>	<u>2,309</u>
Other comprehensive income recognized for the period	<u>(8,396)</u>	<u>(12,005)</u>
Balance at March 31	<u>\$ 29,187</u>	<u>\$ 5,387</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2021	2020
Balance at January 1	\$ 48,431	\$ 27,805
Share in loss for the period	(632)	(11,021)
Other comprehensive income during the period		
Exchange differences on translation of the financial statements of foreign operations	200	435
Related income tax	<u>(41)</u>	<u>(86)</u>
	<u>159</u>	<u>349</u>
Balance at March 31	<u>\$ 49,222</u>	<u>\$ 17,133</u>

23. REVENUE

a. Description of customer contract

Revenue from sales of goods

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

b. Contract balance

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Notes and trade receivables (Note 11)	<u>\$ 1,540,940</u>	<u>\$ 1,358,289</u>	<u>\$ 1,106,056</u>	<u>\$ 1,352,638</u>
Contract liabilities				
Sale of goods	<u>\$ 29,426</u>	<u>\$ 25,188</u>	<u>\$ 28,404</u>	<u>\$ 13,800</u>

c. Disaggregation of revenue

For the Three Months Ended March 31	
2021	2020
Type of goods	
Integrated signal connector	
\$ <u>1,357,622</u>	\$ <u>927,154</u>

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

For the Three Months Ended March 31	
2021	2020
Bank deposits	
\$ <u>1,510</u>	\$ <u>1,149</u>

b. Other income

For the Three Months Ended March 31	
2021	2020
Government grants	
Others	
\$ 2,322	\$ 216
<u>5,073</u>	<u>3,767</u>
\$ <u>7,395</u>	\$ <u>3,983</u>

c. Other gains and losses

For the Three Months Ended March 31	
2021	2020
(Loss) gain on disposal of property, plant and equipment	
Fair value changes of financial assets/liabilities	
Financial assets mandatorily classified as at FVTPL	
Financial liabilities held for trading	
1,683	227
<u>(4,554)</u>	<u>1,822</u>
(2,871)	2,049
Loss on redemption of convertible bonds (Note 20)	
-	(93)
Net foreign exchange gains	
2,999	7,388
<u>(49)</u>	<u>87</u>
\$ <u>34</u>	\$ <u>9,551</u>

d. Finance costs

	For the Three Months Ended March 31	
	2021	2020
Interest on bank loans	\$ 4,591	\$ 6,594
Interest on convertible bonds (Note 20)	1,673	1,516
Interest on lease liabilities	<u>420</u>	<u>480</u>
	<u>\$ 6,684</u>	<u>\$ 8,590</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2021	2020
An analysis of deprecation by function		
Operating costs	\$ 78,255	\$ 63,637
Operating expenses	<u>27,050</u>	<u>28,518</u>
	<u>\$ 105,305</u>	<u>\$ 92,155</u>
An analysis of amortization by function		
Operating costs	\$ 175	\$ 58
Selling and marketing expense	776	858
General and administrative expense	1,190	750
Research and development expense	<u>74</u>	<u>156</u>
	<u>\$ 2,215</u>	<u>\$ 1,822</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 17,438	\$ 13,782
Other employee benefits	<u>279,360</u>	<u>240,313</u>
Total employee benefits expense	<u>\$ 296,798</u>	<u>\$ 254,095</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 188,370	\$ 158,650
Operating expenses	<u>108,428</u>	<u>95,445</u>
	<u>\$ 296,798</u>	<u>\$ 254,095</u>

g. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees and remuneration of directors and supervisors at the rates of 3%-15% and not higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. For the three months ended March 31, 2020, the Company did not accrue compensation of employees and remuneration of directors and supervisors because of net loss before income tax. The compensation of employees and the remuneration of directors for the three months ended March 31, 2021 is as follows:

Accrual rate

	For the Three Months Ended March 31, 2021
Compensation of employees	7.17%
Remuneration of directors	2.15%

Amount

	For the Three Months Ended March 31, 2021
Compensation of employees	<u>\$ 2,302</u>
Remuneration of directors	<u>\$ 691</u>

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.

The appropriations of compensation of employees and remuneration of directors and supervisors for 2020 and 2019 having been resolved by the board of directors on March 4, 2021 and March 5, 2020, respectively, are as shown below:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	<u>\$ 8,000</u>	<u>\$ 4,500</u>
Remuneration of directors and supervisors	<u>\$ 2,300</u>	<u>\$ 1,300</u>

There is no difference between the actual amounts of compensation of employees 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 compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- h. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2021	2020
Foreign exchange gains	\$ 26,255	\$ 10,376
Foreign exchange losses	<u>(23,256)</u>	<u>(2,988)</u>
	<u>\$ 2,999</u>	<u>\$ 7,388</u>

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current period	\$ 4,250	\$ 3,769
Deferred tax		
In respect of the current period	<u>1,044</u>	<u>146</u>
Income tax expense recognized in profit or loss	<u>\$ 5,294</u>	<u>\$ 3,915</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2021	2020
Deferred tax		
In respect of the current period		
Translation of foreign operations	\$ (1,650)	\$ (1,852)
Fair value changes of financial assets at FVTOCI	<u>(2,077)</u>	<u>(2,309)</u>
Total income tax recognized in other comprehensive income	<u>\$ (3,727)</u>	<u>\$ (4,161)</u>

- c. Income tax assessments

The income tax returns through 2018 of UDE Corp. and through 2019 of its subsidiaries - CDE Corp. and DYP Corp., have been assessed by the tax authorities.

26. EARNINGS (LOSSES) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2021	2020
Basic earnings (losses) per share		
From continuing operations	<u>\$ 0.39</u>	<u>\$ (0.42)</u>
Diluted earnings (losses) per share		
From continuing operations	<u>\$ 0.38</u>	<u>\$ (0.42)</u>

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

Net Profit (Loss) for the Year

	For the Three Months Ended March 31	
	2021	2020
Profit (loss) for the year attributable to owners of the Company	<u>\$ 27,293</u>	<u>\$ (29,316)</u>
Earnings (losses) used in the computation of basic earnings (losses) per share	\$ 27,293	\$ (29,316)
Effects of potentially dilutive ordinary shares:		
Interest and valuation loss on convertible bonds after tax (Note)	<u>599</u>	<u>-</u>
Earnings (losses) used in the computation of diluted earnings (losses) per share	<u>\$ 27,892</u>	<u>\$ (29,316)</u>

Shares

Unit: Thousand Shares

	For the Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	69,676	69,676
Effect of potentially dilutive ordinary shares:		
Convertible bonds (Note)	4,381	-
Compensation of employees (Note)	<u>243</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>74,300</u>	<u>69,676</u>

Note: If the outstanding convertible bonds and compensation of employees issued by the Company are converted to ordinary shares during the three months ended March 31, 2020, they are anti-dilutive and excluded from the computation of diluted earnings per share.

The Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are 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.

27. CASH INFORMATION

a. Non-cash transaction

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

- 1) As of March 31, 2021, December 31, 2020 and March 31, 2020, the amounts unpaid for acquiring the property, plant and equipment were \$122,771 thousand, \$110,643 thousand and \$113,477 thousand, respectively, which were included in other payables.
- 2) The Company's board of directors issued cash dividends on March 4, 2021 and March 5, 2020, As of March 31, 2021 and March 31, 2020 the amounts unpaid were \$90,579 thousand and \$34,838 thousand, respectively, which were included in other payables (refer to Notes 21 and 22)
- 3) In December 2020, the Group's issuance cost of the third secured convertible bonds was \$11,916 thousand. As of March 31, 2021 and December 31, 2020, the amounts of unpaid prepayments for issuance of convertible bonds were \$5,395 thousand and \$5,931 thousand, which were included in other payables.

b. Changes in liabilities from financing activities

For the three months ended March 31, 2021

			Non-cash Changes				
	Balance at January 1, 2021	Cash Flows	Acquisition	Interest Expense	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other	Balance at March 31, 2021
Short-term borrowings	\$ 683,000	\$ 480,734	\$ -	\$ -	\$ 3,757	\$ -	\$ 1,167,491
Lease liabilities	99,513	(6,220)	-	-	(414)	-	92,879
Bonds payable (including current portion of bonds payable)	575,573	(291,300)	-	1,673	-	-	285,946
Long-term borrowings (including current portion of Long-term borrowings)	364,000	(52,000)	-	-	-	-	312,000
Deposits received	825	-	-	-	(3)	-	822
	<u>\$ 1,722,911</u>	<u>\$ 131,214</u>	<u>\$ -</u>	<u>\$ 1,673</u>	<u>\$ 3,340</u>	<u>\$ -</u>	<u>\$ 1,859,138</u>

For the three months ended March 31, 2020

			Non-cash Changes				
	Balance at January 1, 2020	Cash Flows	Acquisition	Interest Expense	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other (Note 20)	Balance at March 31, 2020
Short-term borrowings	\$ 904,780	\$ 120,093	\$ -	\$ -	\$ 2,265	\$ -	\$ 1,027,138
Lease liabilities	111,034	(4,017)	10,073	-	(958)	-	116,132
Bonds payable (including current portion of bonds payable)	293,309	(8,700)	-	1,516	-	164	286,289
Long-term borrowings (including current portion of Long-term borrowings)	468,000	(52,000)	-	-	-	-	416,000
Deposits received	813	-	-	-	(6)	-	807
	<u>\$ 1,777,936</u>	<u>\$ 55,376</u>	<u>\$ 10,073</u>	<u>\$ 1,516</u>	<u>\$ 1,301</u>	<u>\$ 164</u>	<u>\$ 1,846,366</u>

28. FINANCIAL INSTRUMENTS

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

March 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 285,946	\$ 354,060	\$ -	\$ -	\$ 354,060

December 31, 2020

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

March 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 286,289	\$ 290,717	\$ -	\$ -	\$ 290,717

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

1) Fair value hierarchy

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 54	\$ -	\$ 54
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 89,982	\$ 89,982
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ -	\$ -	\$ 140,298	\$ 140,298
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ -	\$ 2,723	\$ -	\$ 2,723

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ -	\$ 6,686	\$ -	\$ 6,686
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 117,855	\$ 117,855
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ -	\$ -	\$ 112,535	\$ 112,535
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Convertible bond options	\$ -	\$ -	\$ 30	\$ 30
Foreign exchange forward contracts	-	280	-	280
	\$ -	\$ 280	\$ 30	\$ 310

March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>228</u>	\$ <u>-</u>	\$ <u>228</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>87,536</u>	\$ <u>87,536</u>
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ <u>-</u>	\$ <u>-</u>	\$ <u>108,449</u>	\$ <u>108,449</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ <u>-</u>	\$ <u>98</u>	\$ <u>-</u>	\$ <u>98</u>

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

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

For the three months ended March 31, 2021

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2021	\$ 117,855	\$ 112,535	\$ 230,390
Recognized in other comprehensive income	(10,473)	-	(10,473)
Return of funds	(17,400)	-	(17,400)
Additions	<u>-</u>	<u>27,763</u>	<u>27,763</u>
Balance at March 31, 2021	\$ <u>89,982</u>	\$ <u>140,298</u>	\$ <u>230,280</u>

Derivatives

Financial liabilities at fair value through profit or loss

Balance at January 1, 2021	\$ (30)
Recognized in profit or loss (included in other gains and losses)	<u>30</u>
Balance at March 31, 2021	\$ <u>-</u>

For the three months ended March 31, 2020

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2020	\$ 101,850	\$ 181,362	\$ 283,212
Recognized in other comprehensive income	(14,314)	-	(14,314)
Settlements	<u>-</u>	<u>(72,913)</u>	<u>(72,913)</u>
Balance at March 31, 2020	<u>\$ 87,536</u>	<u>\$ 108,449</u>	<u>\$ 195,985</u>

Derivatives

Financial liabilities at fair value through profit or loss

Balance at January 1, 2020	\$ (1,920)
Recognized in profit or loss (included in other gains and losses)	<u>1,920</u>
Balance at March 31, 2020	<u>\$ -</u>

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.

(Continued)

Financial Instruments	Valuation Techniques and Inputs
Unlisted debt securities - ROC	<p>Discounted cash flow.</p> <p>Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period.</p> <p>Market approach.</p> <p>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.</p> <p>Asset approach.</p> <p>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.</p>
Factored trade receivables to banks without recourse	<p>Since the effect of discounting is not significant, the fair value is measured based on the original invoice amount.</p> <p>(Concluded)</p>

c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Mandatorily classified as at FVTPL	\$ 54	\$ 6,686	\$ 228
Financial asset at amortized cost (1)	2,219,622	2,087,003	1,839,405
Financial assets at FVTOCI			
Equity instruments	89,982	117,855	87,536
Factored trade receivables to banks without recourse	140,298	112,535	108,449

Financial liabilities

FVTPL			
Held for trading	2,723	310	98
Amortized cost (2)	2,894,510	2,652,740	2,474,929

- 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, lease liabilities, borrowings and convertible bonds.

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 price 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 reporting period are set out in Note 32.

Sensitivity analysis

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

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

	U.S. Dollar Impact		RMB Impact		JPY Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	March 31		March 31		March 31	
	2021	2020	2021	2020	2021	2020
Profit or loss*	\$ 2,417	\$ 1,543	\$ 1,885	\$ 869	\$ (764)	\$ (826)

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

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

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

The Group's sensitivity to the JPY is 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 reporting period were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 258,858	\$ 265,492	\$ 307,383
Financial liabilities	1,546,316	1,358,086	1,429,559
Cash flow interest rate risk			
Financial assets	538,287	550,796	515,547
Financial liabilities	312,000	364,000	416,000

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 been 1% higher and all other variables held constant, the Group's pretax profits for the three months ended March 31, 2021 and 2020 would have increased by \$566 thousand and increased by \$249 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 increased during the current year mainly due to the increase in 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 three months ended March 31, 2021 and 2020 would have increased/decreased by \$900 thousand and \$875 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the 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. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity. Refer to section (C) below for more information about unused amounts of financing facilities at March 31, 2021, December 31, 2020 and March 31, 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 includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

March 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	\$ 1,168,021	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	465	931	313,396	-	-
Lease liabilities	2,200	4,543	20,735	50,706	19,271
Trade payables	21,390	507,027	111,664	2,164	-
Other payables	25,462	338,950	210,683	1,490	-
Bonds payables	-	-	-	300,000	-
Guarantee deposits received	-	-	-	822	-
	<u>\$ 1,217,538</u>	<u>\$ 851,451</u>	<u>\$ 656,478</u>	<u>\$ 355,182</u>	<u>\$ 19,271</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 27,478</u>	<u>\$ 50,706</u>	<u>\$ 19,271</u>

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	-
	<u>\$ 727,661</u>	<u>\$ 1,124,743</u>	<u>\$ 547,303</u>	<u>\$ 356,529</u>	<u>\$ 21,591</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 27,310</u>	<u>\$ 55,704</u>	<u>\$ 21,591</u>

March 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	\$ 603,358	\$ 425,417	\$ -	\$ -	\$ -
Long-term borrowings	620	1,861	109,118	314,792	-
Lease liabilities	2,800	4,256	19,369	76,815	18,935
Trade payables	13,690	272,166	89,061	-	-
Other payables	25,047	301,210	78,359	-	-
Bonds payables	-	-	291,300	-	-
Guarantee deposits received	-	-	-	807	-
	<u>\$ 645,515</u>	<u>\$ 1,004,910</u>	<u>\$ 587,207</u>	<u>\$ 392,414</u>	<u>\$ 18,935</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 26,425</u>	<u>\$ 76,815</u>	<u>\$ 18,935</u>

b) Liquidity risk table for derivative financial liabilities

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

March 31, 2021

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 183,628	\$ 98,999	\$ -	\$ -
Outflows	<u>(185,478)</u>	<u>(99,872)</u>	<u>-</u>	<u>-</u>
	<u>\$ (1,850)</u>	<u>\$ (873)</u>	<u>\$ -</u>	<u>\$ -</u>

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
<u>Gross settled</u>				
Forward exchange forward contracts				
Inflows	\$ 28,200	\$ -	\$ -	\$ -
Outflows	<u>(28,480)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (280)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year to 5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ -	\$ 60,352	\$ -	\$ -
Outflows	<u>-</u>	<u>(60,450)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ (98)</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loan facilities (reviewed annually)			
Amount used	\$ 1,167,491	\$ 683,000	\$ 1,027,138
Amount unused	<u>725,185</u>	<u>1,146,160</u>	<u>496,575</u>
	<u>\$ 1,892,676</u>	<u>\$ 1,829,160</u>	<u>\$ 1,523,713</u>
Secured bank loan facilities which may be extend by mutual agreement			
Amount used	\$ 312,000	\$ 364,000	\$ 416,000
Amount unused	<u>150,000</u>	<u>175,000</u>	<u>225,000</u>
	<u>\$ 462,000</u>	<u>\$ 539,000</u>	<u>\$ 641,000</u>

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 period were as follows:

March 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	<u>\$ 72,006</u>	<u>\$ 7,201</u>	<u>\$ -</u>	<u>\$ 64,805</u>	0.6070-0.9408

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

March 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	\$ 81,204	\$ 8,120	\$ -	\$ 73,084	2.7484-3.0655
Yuanta Commercial Bank	-	-	-	-	-
	\$ 81,204	\$ 8,120	\$ -	\$ 73,084	

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

29. TRANSACTIONS WITH RELATED PARTIES

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

Compensation of Key Management Personnel

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 15,302	\$ 15,302
Post-employment benefits	109	109
	<u>\$ 15,411</u>	<u>\$ 15,411</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2021	December 31, 2020	March 31, 2020
Freehold land	\$ 159,538	\$ 159,538	\$ 159,538
Building	93,647	95,631	101,253
Machinery and equipment	409,290	425,860	473,860
Financial assets at amortized cost - current			
Restricted time deposits	<u>55,079</u>	<u>115,079</u>	<u>61,962</u>
	<u>\$ 717,554</u>	<u>\$ 796,108</u>	<u>\$ 796,613</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

Unrecognized commitments were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment			
RMB	<u>\$ 18,837</u>	<u>\$ 16,825</u>	<u>\$ 4,477</u>
NTD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798</u>

b. Contingents

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; therefore, there was no significant impact on the Company's financial performance and the business.

32. 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:

March 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 52,692	28.5350 (USD:NTD)	\$ 1,503,577
USD	11,295	6.5710 (USD:RMB)	322,295
RMB	20,474	4.3420 (RMB:NTD)	88,898
RMB	27,669	0.1520 (RMB:USD)	120,130
Non-monetary items			
Derivative instruments			
USD	1,500	Note	54

Financial liabilities

Monetary items			
USD	39,360	28.5350 (USD:NTD)	1,123,143
USD	4,658	6.5710 (USD:RMB)	132,913
RMB	4,772	0.1520 (RMB:USD)	20,504
JPY	296,073	0.2580 (JPY:NTD)	76,387
Non-monetary items			
Derivative instruments			
USD	10,000	Note	2,723

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
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 (Concluded)

March 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,879	30.2250 (USD:NTD)	\$ 1,175,131
USD	4,996	7.0851 (USD:RMB)	151,019
RMB	15,049	4.2660 (RMB:NTD)	64,199
RMB	5,319	0.1411 (RMB:USD)	22,692
Non-monetary items			
Derivative instruments			
USD	2,000	Note	228
<u>Financial liabilities</u>			
Monetary items			
USD	31,049	30.2550 (USD:NTD)	938,453
USD	3,723	7.0851 (USD:RMB)	112,536
JPY	296,073	0.2790 (JPY:NTD)	82,604
Non-monetary items			
Derivative instruments			
USD	2,000	Note	98

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

For the three months ended March 31, 2021 and 2020, net foreign exchange gains, including realized and unrealized, were \$2,999 thousand and \$7,388, 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 entities in the Group.

33. 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

34. SEGMENT INFORMATION

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

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 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 (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
0	U.D. Electronic Corp.	CDE Corp.	Other receivables from related party	Yes	\$ 10,000	\$ 10,000	\$ -	3	Demand of short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 254,441 (Note 2)	\$ 508,882 (Note 2)
1	Dongguan Jian Guan P.E. Co, Ltd.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	15,355	15,197	15,197	2	Demand of short-term financing	-	Operating capital	-	-	-	79,759 (Note 4)	156,390 (Note 4)
2	Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd. Dongguan Han Lian Technology Co., Ltd	Other receivables from related party	Yes	144,772	143,286	143,286	2-3	Demand of short-term financing	-	Operating capital	-	-	-	342,122 (Note 4)	670,828 (Note 4)
			Other receivables from related party	Yes	17,548	17,368	17,368	2	Demand of short-term financing	-	Operating capital	-	-	-	469,580 (Note 4)	670,828 (Note 4)
3	Morning Paragon Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	15,355	15,197	15,197	2	Demand of short-term financing	-	Operating capital	-	-	-	16,103 (Note 2)	16,103 (Note 2)

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

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

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

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

- 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.
 - 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: 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:

- 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.
- The total amount available for lending to the subsidiaries, 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 interest expense due to financing for the three months ended March 31, 2021 is specified as follows:

Dongguan De Yang Precision Rubber Plastic Co., Ltd.: The sum of interest expense is \$830 thousand.
Dongguan Han Lian Technology Co., Ltd.: The sum of interest expense is \$88 thousand.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 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	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	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% \$ 2,544,409	\$ 770,446	\$ 770,446	\$ 265,376	\$ -	30	Net value 100% \$ 2,544,409	Yes	-	-
		DYP Corp.	b	Net value 20% 508,882	50,000	50,000	-	-	2	Net value 40% 1,017,764	Yes	-	-
		CDE Corp.	a	Net value 10% 254,441	30,000	30,000	20,000	-	1	Net value 10% 254,441	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 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. 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 statements.
 - 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 statements.
 - 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 statements.
 - 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 statements.
 - 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 statements.

TABLE 3

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 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	March 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	\$ 5,439	10.35	\$ 5,439	Note 1
	Emerging Fortune Capital Inc.	The Company’s director as the investee’s director representative	“	2	24	10.64	24	Notes 1 and 2
	Emerging Creation Capital Inc.	The Company’s chairman as the investee’s director representative	“	4,000	79,971	10.13	79,971	Note 1
	Dy-Precision Industrial Co., Ltd.	The Company’s chairman as the investee’s legal director representative	“	725	4,548	16.22	4,548	Note 1

Note 1: There is no collateralized pledge.

Note 2: In February 2021, Emerging Fortune Capital Inc. reduced its capital and refunded the Group \$17,400 thousand.

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 THREE MONTHS ENDED MARCH 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	\$ 1,139,501	95	O/A 45 days	Note 2	Note 2	\$ (1,049,299)	(95)	Note 1
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Sale	(1,139,501)	(90)	O/A 45 days	"	"	1,049,299	86	"
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Purchase	1,035,935	83	O/A 90 days	"	"	(267,105)	(65)	"
	Dongguan Jian Guan P.E. Co, Ltd.	Affiliated company	Purchase	139,016	11	O/A 90 days	"	"	(50,320)	(12)	"
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	Sale	(1,035,935)	(97)	O/A 90 days	"	"	267,105	85	"
Dongguan Jian Guan P.E. Co, Ltd.	All First International Co., Ltd.	Affiliated company	Sale	(139,016)	(71)	O/A 90 days	"	"	50,320	45	"

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
MARCH 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 \$ 1,049,299	4.36	\$ -	-	\$ 396,092	\$ -
All First International Co., Ltd.	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	116,663	2.30	-	-	22,746	-
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	267,105	11.26	-	-	249,983	-
Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Other receivables 144,966 (including interest receivables)	-	-	-	34,057	-

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 April 1, 2021 to May 6, 2021.

TABLE 6**U.D. ELECTRONIC CORP. AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(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	\$ 770,446	-	13
1	All First International Co., Ltd.	U.D. Electronic Corp.	b.	Revenue	1,139,501	Negotiated case by case. O/A 45 days	84
		Zhong Jiang U.D.E. Electronics Corp.	c.	Trade receivables	1,049,299	Negotiated case by case. O/A 90 days	18
				Trade receivables	116,663		2
2	Dongguan Jian Guan P.E. Co, Ltd.	All First International Co., Ltd.	c.	Revenue	139,016	Negotiated case by case. O/A 90 days	10
3	Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	c.	Revenue	1,035,935	Negotiated case by case. O/A 90 days	76
		Dongguan De Yang Precision Rubber Plastic Co., Ltd.	c.	Trade receivables	267,105		5
				Other receivables	144,966	Financing (including interest receivables \$1,680)	2

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:

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

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

- Parent company to subsidiaries.
- Subsidiaries to parent company.
- 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 revenue 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.

TABLE 7

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 3)		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Samoa	Holding company	\$ 1,457,824 (US\$ 51,089)	\$ 1,455,014 (US\$ 51,089)	51,089	100	\$ 2,616,435	\$ 29,208	\$ 29,208	Notes 1 and 2
	CDE Corp.	Taiwan	Manufacturing and selling of electronic materials	75,000	75,000	7,500	50	17,920	9,184	4,592	Notes 1 and 2
	DYP Corp.	Taiwan	Selling of electronic components	112,200	112,200	11,220	51	37,880	(7,136)	(3,640)	Notes 1 and 2
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Republic of Mauritius	Holding company	401,316 (US\$ 14,064)	400,543 (US\$ 14,064)	14,064	100	404,402	(3,655)	(3,655)	Notes 1 and 2
	San Francisco Inc.	Republic of Mauritius	Holding company	785,740 (US\$ 27,536)	784,225 (US\$ 27,536)	27,536	100	1,663,319	22,834	22,834	Notes 1 and 2
	All First International Co., Ltd.	Samoa	International trading	285,350 (US\$ 10,000)	284,800 (US\$ 10,000)	10,000	100	548,700	10,028	10,028	Notes 1 and 2
DYP Corp.	Ta Yang UDE Limited	Samoa	Holding company	105,893 (US\$ 3,711)	105,689 (US\$ 3,711)	4,438	100	(11,214)	(5,137)	(5,137)	Notes 1 and 2
Ta Yang UDE Limited	Morning Paragon Limited	Samoa	International trading	42,803 (US\$ 1,500)	42,720 (US\$ 1,500)	1,500	100	40,258	80	80	Notes 1 and 2

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

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

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

Note 4: Information on investments in mainland China. Refer to Table 8.

TABLE 8

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 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 March 31, 2021	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Notes 2 b.(2), 6 and 7)	Carrying Amount as of March 31, 2021 (Notes 5 and 7)	Accumulated Repatriation of Investment Income as of March 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	\$ 85	\$ (4,424)	\$ 384,828	\$ -
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	19,967	22,834	1,663,282	-
Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	2,476 (RMB 500)	b. (3)	- (Note 3)	-	-	-	100	1,974	1,974	39,493	-
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	(5,167)	(2,635)	(33,062)	-
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	769	769	19,555	-
Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	44,753 (RMB 10,000)	b. (5)	- (Note 4)	-	-	-	60	942	565	8,561	-
Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	15,871 (RMB 3,600)	b. (5)	- (Note 4)	-	-	-	70	(2,801)	(1,960)	(755)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 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	\$1,556,179

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

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

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

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

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

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

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	\$ 139,016	11	Negotiated case by case	O/A 90 days	Note 4	\$ (50,320)	(12)	\$ 5,692	Note 1
Zhong Jiang U.D.E. Electronics Corp.	Purchase	1,035,935	83	Negotiated case by case	O/A 90 days	"	(267,105)	(65)	11,910	Note 2

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

(Continued)

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

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

Note 4: 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)