

U.D. Electronic Corp. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 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, 2023 and 2022 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended March 31, 2023 and 2022 and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim 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, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2023 and 2022 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 Chiang-Shiun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2023

Notice to Readers

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

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 439,239	9	\$ 380,748	7	\$ 522,454	9
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 7 and 20)	591	-	2,321	-	2,962	-
Financial assets at amortized cost - current (Notes 9, 10 and 32)	14,996	-	14,994	-	12,207	-
Notes receivable (Notes 11 and 23)	9,627	-	24,972	1	26,280	-
Trade receivables (Notes 11 and 23)	1,744,589	34	1,738,594	33	1,934,367	31
Other receivables (Note 11)	50,965	1	33,629	1	45,865	1
Current tax assets	19	-	-	-	8,985	-
Inventories (Note 12)	1,212,950	23	1,306,652	25	1,616,803	26
Other current assets (Note 18)	108,412	2	116,439	2	154,463	3
Total current assets	<u>3,581,388</u>	<u>69</u>	<u>3,618,349</u>	<u>69</u>	<u>4,324,386</u>	<u>70</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	53,060	1	54,807	1	73,027	1
Property, plant and equipment (Notes 14 and 32)	1,181,194	23	1,236,978	24	1,476,842	24
Right-of-use assets (Note 15)	63,367	1	57,746	1	71,345	1
Other intangible assets (Note 17)	32,738	1	34,142	1	35,333	1
Goodwill (Note 16)	12,337	-	12,306	-	12,446	-
Deferred tax assets	65,101	1	66,377	1	68,753	1
Other non-current assets (Note 18)	187,386	4	139,595	3	83,141	2
Total non-current assets	<u>1,595,183</u>	<u>31</u>	<u>1,601,951</u>	<u>31</u>	<u>1,820,887</u>	<u>30</u>
TOTAL	<u>\$ 5,176,571</u>	<u>100</u>	<u>\$ 5,220,300</u>	<u>100</u>	<u>\$ 6,145,273</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 529,610	10	\$ 617,485	12	\$ 1,118,169	18
Financial liabilities at fair value through profit or loss (FVTPL) - current (Note 7)	4,722	-	1,361	-	534	-
Contract liabilities - current (Note 23)	10,228	-	15,692	-	25,011	1
Trade payables	506,368	10	515,156	10	746,848	12
Lease liabilities - current (Note 15)	6,833	-	4,755	-	12,967	-
Other payables (Notes 21 and 29)	654,364	13	499,071	10	875,132	14
Current tax liabilities	82,188	2	62,900	1	39,871	1
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 32)	108,382	2	108,272	2	111,564	2
Other current liabilities	39,597	1	41,818	1	18,376	-
Total current liabilities	<u>1,942,292</u>	<u>38</u>	<u>1,866,510</u>	<u>36</u>	<u>2,948,472</u>	<u>48</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	156,000	3	171,600	3	218,400	4
Lease liabilities - non-current (Note 15)	3,905	-	911	-	4,586	-
Deferred tax liabilities	2,781	-	10,160	-	10,747	-
Guarantee deposit received	1,587	-	1,580	-	1,610	-
Total non-current liabilities	<u>164,273</u>	<u>3</u>	<u>184,251</u>	<u>3</u>	<u>235,343</u>	<u>4</u>
Total liabilities	<u>2,106,565</u>	<u>41</u>	<u>2,050,761</u>	<u>39</u>	<u>3,183,815</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22 and 28)						
Share capital						
Ordinary shares	772,301	15	772,301	15	766,665	13
Capital collected in advance	32	-	-	-	4,443	-
Total share capital	<u>772,333</u>	<u>15</u>	<u>772,301</u>	<u>15</u>	<u>771,108</u>	<u>13</u>
Capital surplus	931,513	18	927,689	18	914,954	15
Retained earnings						
Legal reserve	352,965	7	352,965	7	328,946	6
Special reserve	235,642	4	235,642	4	200,418	3
Unappropriated earnings	921,035	18	1,025,447	20	870,922	14
Total retained earnings	<u>1,509,642</u>	<u>29</u>	<u>1,614,054</u>	<u>31</u>	<u>1,400,286</u>	<u>23</u>
Other equity	(166,615)	(3)	(169,656)	(4)	(157,907)	(3)
Total equity attributable to owners of the Company	3,046,873	59	3,144,388	60	2,928,441	48
NON-CONTROLLING INTERESTS (Notes 22 and 28)	<u>23,133</u>	<u>-</u>	<u>25,151</u>	<u>1</u>	<u>33,017</u>	<u>-</u>
Total equity	<u>3,070,006</u>	<u>59</u>	<u>3,169,539</u>	<u>61</u>	<u>2,961,458</u>	<u>48</u>
TOTAL	<u>\$ 5,176,571</u>	<u>100</u>	<u>\$ 5,220,300</u>	<u>100</u>	<u>\$ 6,145,273</u>	<u>100</u>

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Note 23)	\$ 1,452,069	100	\$ 1,653,223	100
OPERATING COSTS				
Cost of goods sold (Notes 12 and 24)	<u>(1,140,757)</u>	<u>(79)</u>	<u>(1,331,873)</u>	<u>(80)</u>
GROSS PROFIT	<u>311,312</u>	<u>21</u>	<u>321,350</u>	<u>20</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	(63,041)	(4)	(62,975)	(4)
General and administrative expenses	(92,867)	(7)	(99,483)	(6)
Research and development expenses	(58,673)	(4)	(63,446)	(4)
Expected credit loss (Note 11)	<u>(4,637)</u>	<u>-</u>	<u>(173)</u>	<u>-</u>
Total operating expenses	<u>(219,218)</u>	<u>(15)</u>	<u>(226,077)</u>	<u>(14)</u>
PROFIT FROM OPERATIONS	<u>92,094</u>	<u>6</u>	<u>95,273</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	1,054	-	1,220	-
Other income	11,851	1	6,388	-
Other gains and losses	(9,567)	(1)	25,367	2
Finance costs (Note 20)	<u>(6,345)</u>	<u>-</u>	<u>(3,317)</u>	<u>-</u>
Total non-operating income and expenses	<u>(3,007)</u>	<u>-</u>	<u>29,658</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	89,087	6	124,931	8
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(17,552)</u>	<u>(1)</u>	<u>(24,251)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>71,535</u>	<u>5</u>	<u>100,680</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instrument FVTOCI	(1,747)	-	(1,531)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>349</u>	<u>-</u>	<u>179</u>	<u>-</u>
	<u>(1,398)</u>	<u>-</u>	<u>(1,352)</u>	<u>-</u>

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U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 5,122	-	\$ 98,429	6
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(1,019)</u>	<u>-</u>	<u>(19,668)</u>	<u>(1)</u>
	<u>4,103</u>	<u>-</u>	<u>78,761</u>	<u>5</u>
Other comprehensive income for the period, net of income tax	<u>2,705</u>	<u>-</u>	<u>77,409</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 74,240</u>	<u>5</u>	<u>\$ 178,089</u>	<u>11</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 73,217	5	\$ 104,226	6
Non-controlling interests	<u>(1,682)</u>	<u>-</u>	<u>(3,546)</u>	<u>-</u>
	<u>\$ 71,535</u>	<u>5</u>	<u>\$ 100,680</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 76,258	5	\$ 181,959	11
Non-controlling interests	<u>(2,018)</u>	<u>-</u>	<u>(3,870)</u>	<u>-</u>
	<u>\$ 74,240</u>	<u>5</u>	<u>\$ 178,089</u>	<u>11</u>
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	<u>\$ 0.95</u>		<u>\$ 1.36</u>	
Diluted	<u>\$ 0.92</u>		<u>\$ 1.32</u>	

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

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company						Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Commercial Stock	Capital Received in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 742,418	\$ 24,247	\$ 905,040	\$ 328,946	\$ 200,418	\$ 953,021	\$ (254,854)	\$ 19,214	\$ 2,918,450	\$ 43,357	\$ 2,961,807
Appropriation of 2021 earnings (Note 22)											
Cash dividends distributed by the Company	-	-	-	-	-	(176,985)	-	-	(176,985)	-	(176,985)
Convertible bonds converted to ordinary shares (Note 20)	24,247	(19,804)	9,914	-	-	-	-	-	14,357	-	14,357
Changes in percentage of ownership interest in subsidiaries (Note 28)	-	-	-	-	-	(9,340)	-	-	(9,340)	(6,470)	(15,810)
Net income (loss) for the three months ended March 31, 2022	-	-	-	-	-	104,226	-	-	104,226	(3,546)	100,680
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax (Note 22)	-	-	-	-	-	-	79,085	(1,352)	77,733	(324)	77,409
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	104,226	79,085	(1,352)	181,959	(3,870)	178,089
BALANCE AT MARCH 31, 2022	<u>\$ 766,665</u>	<u>\$ 4,443</u>	<u>\$ 914,954</u>	<u>\$ 328,946</u>	<u>\$ 200,418</u>	<u>\$ 870,922</u>	<u>\$ (175,769)</u>	<u>\$ 17,862</u>	<u>\$ 2,928,441</u>	<u>\$ 33,017</u>	<u>\$ 2,961,458</u>
BALANCE AT JANUARY 1, 2023	\$ 772,301	\$ -	\$ 927,689	\$ 352,965	\$ 235,642	\$ 1,025,447	\$ (178,952)	\$ 9,296	\$ 3,144,388	\$ 25,151	\$ 3,169,539
Appropriation of 2022 earnings (Note 22)											
Cash dividends distributed by the Company	-	-	-	-	-	(177,629)	-	-	(177,629)	-	(177,629)
Convertible bonds converted to ordinary shares (Note 20)	-	32	67	-	-	-	-	-	99	-	99
Net income (loss) for the three months ended March 31, 2023	-	-	-	-	-	73,217	-	-	73,217	(1,682)	71,535
Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax (Note 22)	-	-	-	-	-	-	4,439	(1,398)	3,041	(336)	2,705
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	73,217	4,439	(1,398)	76,258	(2,018)	74,240
Compensation cost of employee share options (Note 27)	-	-	3,757	-	-	-	-	-	3,757	-	3,757
BALANCE AT MARCH 31, 2023	<u>\$ 772,301</u>	<u>\$ 32</u>	<u>\$ 931,513</u>	<u>\$ 352,965</u>	<u>\$ 235,642</u>	<u>\$ 921,035</u>	<u>\$ (174,513)</u>	<u>\$ 7,898</u>	<u>\$ 3,046,873</u>	<u>\$ 23,133</u>	<u>\$ 3,070,006</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	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 89,087	\$ 124,931
Adjustments for:		
Expected credit loss recognized on trade receivables	4,637	173
Depreciation expense	94,620	108,304
Amortization expense	2,638	2,439
Net loss (gain) on fair value changes of financial assets and liabilities at FVTPL	4,418	(4,033)
Finance costs	6,345	3,317
Interest income	(1,054)	(1,220)
Compensation cost of employee share options	3,757	-
(Gain) loss on disposal of property, plant and equipment	(30)	42
Write-down of inventories	3,549	684
Net loss (gain) on foreign currency exchange	3,864	(43,419)
Gain on lease modification benefits	-	(3,771)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at FVTPL	9,847	6,996
Notes receivable	15,495	27,350
Trade receivables	(13,073)	(171,124)
Other receivables	(17,241)	40,280
Inventories	95,680	(86,740)
Other current assets	12,097	(24,766)
Financial liabilities held for trade	(9,174)	(1,255)
Contract liabilities	(5,547)	(2,755)
Trade payables	(11,031)	86,156
Other payables	(19,035)	5,515
Other current liabilities	(2,291)	(1,927)
Cash generated from operations	267,558	65,177
Interest received	1,016	1,199
Interest paid	(7,196)	(2,947)
Income tax paid	(5,074)	(5,756)
Net cash generated from operating activities	<u>256,304</u>	<u>57,673</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(2)	-
Proceeds from sale of financial assets at amortized cost	-	9,119
Payments for property, plant and equipment	(22,726)	(21,241)
Proceeds from disposal of property, plant and equipment	735	1,193
Increase in refundable deposits	(734)	-
Decrease in refundable deposits	-	19
Payments for intangible assets	(1,202)	-

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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	
	2023	2022
Decrease in other non-current assets	\$ 1,072	\$ 1,116
Increase in prepayments for equipment and land use rights	<u>(66,361)</u>	<u>(42,346)</u>
Net cash used in investing activities	<u>(89,218)</u>	<u>(52,140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	299,291	468,463
Repayments of short-term borrowings	(387,831)	(325,250)
Repayment of long-term borrowings	(15,600)	(15,600)
Repayment of the principal portion of lease liabilities	(2,146)	(4,900)
Acquisition of additional interests in subsidiaries (Note 28)	-	(15,810)
Repayment for the issuance of convertible bonds	<u>(83)</u>	<u>(100)</u>
Net cash (used in) generated from financing activities	<u>(106,369)</u>	<u>106,803</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,226)</u>	<u>53,834</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	58,491	166,170
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>380,748</u>	<u>356,284</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 439,239</u>	<u>\$ 522,454</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, 2023 AND 2022 (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 \$772,301 thousand as of March 31, 2023. 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 4, 2023.

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)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers 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. Moreover:

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023. The Group defines accounting estimates as 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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
(referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants”
(referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

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

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

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Income tax expense

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.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The material accounting judgments and key sources of estimation uncertainty for these interim consolidated financial statements are the same as those applied for the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 2,377	\$ 2,477	\$ 2,279
Demand deposits	319,583	258,428	365,547
Cash equivalents (investments with original maturities of 3 months or less)			
Time deposits	<u>117,279</u>	<u>119,843</u>	<u>154,628</u>
	<u>\$ 439,239</u>	<u>\$ 380,748</u>	<u>\$ 522,454</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Options of convertible bonds	\$ 9	\$ 9	\$ 279
Foreign exchange forward contracts	<u>582</u>	<u>2,312</u>	<u>2,683</u>
	<u>\$ 591</u>	<u>\$ 2,321</u>	<u>\$ 2,962</u>

Financial liabilities at FVTPL - current

Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	<u>\$ 4,722</u>	<u>\$ 1,361</u>	<u>\$ 534</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, 2023</u>			
Sell	USD/RMB	2023.04.21-2023.05.23	USD5,100/RMB34,833
Sell	USD/RMB	2023.04.21-2023.06.20	USD8,000/RMB54,804
Sell	USD/RMB	2023.04.21-2023.05.23	USD2,500/RMB16,987
Sell	USD/RMB	2023.04.21-2023.05.23	USD3,700/RMB25,262
Sell	RMB/NTD	2023.04.07-2023.08.04	RMB16,450/NTD72,200
Sell	NTD/USD	2023.04.11	NTD25,047/USD820

(Continued)

	Currency	Maturity Period	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	USD/NTD	2023.01.04-2023.02.06	USD7,500/NTD230,777
Sell	USD/NTD	2023.01.18	USD1,000/NTD30,743
Sell	RMB/NTD	2023.02.02-2023.05.03	RMB15,200/NTD66,624
Sell	USD/RMB	2023.01.11-2023.02.22	USD5,000/RMB35,107
Sell	USD/RMB	2023.01.18-2023.02.22	USD4,000/RMB27,804
Sell	USD/RMB	2023.01.18	USD1,000/RMB6,962
Sell	USD/RMB	2023.01.18-2023.02.22	USD4,000/RMB27,813
Sell	NTD/USD	2023.01.10	NTD21,474/USD700
Sell	USD/NTD	2023.01.11	USD350/NTD2,435
<u>March 31, 2022</u>			
Sell	USD/RMB	2022.04.21-2022.05.23	USD4,000/RMB25,503
Sell	USD/RMB	2022.04.21-2022.06.13	USD8,000/RMB51,113
Sell	USD/RMB	2022.04.21-2022.06.22	USD4,000/RMB25,527
Sell	USD/RMB	2022.04.28	USD1,100/RMB7,018
Sell	USD/NTD	2022.04.14	USD1,000/NTD28,091
Sell	NTD/USD	2022.04.30	NTD31,460/USD1,100

(Concluded)

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, 2023	December 31, 2022	March 31, 2022
<u>Non-current</u>			
Domestic investment			
Unlisted shares			
Fortune Rich Investment Corporation	\$ -	\$ -	\$ 3,654
Emerging Creation Capital Inc.	51,485	52,114	65,235
Dy-Precision Industrial Co., Ltd.	<u>1,575</u>	<u>2,693</u>	<u>4,138</u>
	<u>\$ 53,060</u>	<u>\$ 54,807</u>	<u>\$ 73,027</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 October 2022, the Group divested equity investments designated at FVTOCI for \$22 thousand following the same proportional ownership. The related other equity-unrealized gain/loss on financial assets at FVTOCI of \$6,718 thousand were transferred to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Restricted assets			
Pledged deposit - demand deposits (a) and (b)	\$ 7,155	\$ 7,155	\$ 8,583
Time deposits with original maturities of more than 3 months (a) and (b)	7,190	6,729	3,624
Pledged deposit - time deposits with original maturities of within 3 months (a) and (b)	<u>651</u>	<u>1,110</u>	<u>-</u>
	<u>\$ 14,996</u>	<u>\$ 14,994</u>	<u>\$ 12,207</u>

- a. The collateral assets are for import tariffs and convertible bonds. Refer to Note 32.
- 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, 2023	December 31, 2022	March 31, 2022
Gross carrying amount	\$ 14,996	\$ 14,994	\$ 12,207
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,996</u>	<u>\$ 14,994</u>	<u>\$ 12,207</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, 2023, December 31, 2022 and March 31, 2022 the expected credit loss for debt instrument investments held by the Group were 0%.

11. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount - operating	\$ 9,627	\$ 24,972	\$ 26,280
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,627</u>	<u>\$ 24,972</u>	<u>\$ 26,280</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,604,861	\$ 1,592,647	\$ 1,772,868
Less: Allowance for impairment loss	<u>(8,379)</u>	<u>(4,276)</u>	<u>(2,955)</u>
	1,596,482	1,588,371	1,769,913
At FVTOCI	<u>148,107</u>	<u>150,223</u>	<u>164,454</u>
	<u>\$ 1,744,589</u>	<u>\$ 1,738,594</u>	<u>\$ 1,934,367</u>
<u>Other receivables</u>			
Tax refund receivable	\$ 41,808	\$ 24,985	\$ 40,323
Reserved fund for factored trade receivables	-	-	2,141
Others	<u>9,157</u>	<u>8,644</u>	<u>3,401</u>
	<u>\$ 50,965</u>	<u>\$ 33,629</u>	<u>\$ 45,865</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, 2023

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 9,627
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 9,627</u>

December 31, 2022

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 24,972
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 24,972</u>

March 31, 2022

	Not Past Due
Expected credit loss rate	0.00%
Gross carrying amount	\$ 26,280
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 26,280</u>

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

March 31, 2023

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	0.0251%	0.0500%	3.3707%	11.5561%	100%	
Gross carrying amount	\$ 1,471,370	\$ 114,100	\$ 10,443	\$ 1,523	\$ 7,425	\$ 1,604,861
Loss allowance (Lifetime ECLs)	<u>(369)</u>	<u>(57)</u>	<u>(352)</u>	<u>(176)</u>	<u>(7,425)</u>	<u>(8,379)</u>
Amortized cost	<u>\$ 1,471,001</u>	<u>\$ 114,043</u>	<u>\$ 10,091</u>	<u>\$ 1,347</u>	<u>\$ -</u>	<u>\$ 1,596,482</u>

December 31, 2022

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	121 to 180 Days Past Due	Past Due Over 181 Days	Total
Expected credit loss rate	0.0078%	0.0286%	1.6960%	2.9255%	100%	
Gross carrying amount	\$ 1,463,877	\$ 105,055	\$ 10,672	\$ 9,366	\$ 3,677	\$ 1,592,647
Loss allowance (Lifetime ECLs)	(114)	(30)	(181)	(274)	(3,677)	(4,276)
Amortized cost	<u>\$ 1,463,763</u>	<u>\$ 105,025</u>	<u>\$ 10,491</u>	<u>\$ 9,092</u>	<u>\$ -</u>	<u>\$ 1,588,371</u>

March 31, 2022

	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	0.0228%	0.0410%	0.5231%	0.5339%	100%	
Gross carrying amount	\$ 1,626,463	\$ 139,174	\$ 2,294	\$ 2,435	\$ 2,502	\$ 1,772,868
Loss allowance (Lifetime ECLs)	(371)	(57)	(12)	(13)	(2,502)	(2,955)
Amortized cost	<u>\$ 1,626,092</u>	<u>\$ 139,117</u>	<u>\$ 2,282</u>	<u>\$ 2,422</u>	<u>\$ -</u>	<u>\$ 1,769,913</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 4,276	\$ 2,680
Add: Net remeasurement of loss allowance	4,637	173
Less: Amounts written off	(561)	-
Foreign exchange gains and losses	<u>27</u>	<u>102</u>
Balance at March 31	<u>\$ 8,379</u>	<u>\$ 2,955</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, 2023

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 148,107	\$ -	\$ -	\$ -	\$ 148,107
Loss allowance (Lifetime ECLs)	-	-	-	-	-
Amortized cost	<u>\$ 148,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,107</u>

December 31, 2022

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 150,223	\$ -	\$ -	\$ -	\$ 150,223
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 150,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,223</u>

March 31, 2022

	Not Past Due	Past Due Within 60 Days	61 to 120 Days Past Due	Past Due Over 121 Days	Total
Expected credit loss rate	-	-	-	-	
Gross carrying amount	\$ 164,454	\$ -	\$ -	\$ -	\$ 164,454
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 164,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,454</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, 2023, December 31, 2022 and March 31, 2022, the expected credit risk is considered 0% by the assessment of the Group.

12. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	\$ 476,970	\$ 560,860	\$ 614,721
Work in progress	404,328	394,110	511,143
Raw materials and supplies	<u>331,652</u>	<u>351,682</u>	<u>490,939</u>
	<u>\$ 1,212,950</u>	<u>\$ 1,306,652</u>	<u>\$ 1,616,803</u>

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

	For the Three Months Ended March 31	
	2023	2022
Cost of inventories sold	\$ 1,137,208	\$ 1,331,189
Inventory write-downs	<u>3,549</u>	<u>684</u>
	<u>\$ 1,140,757</u>	<u>\$ 1,331,873</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, 2023	December 31, 2022	March 31, 2022	
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	100	100 (Note 2)	99 (Note 2)	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
U.D. Electronic Corp.	U.D. Electronic Vietnam Company Limited	Manufacturing and selling of electronic components	100 (Note 1)	100 (Note 1)	-	Foreign exchange and market risks are major operational risks
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	85	85 (Note 3)	70	Political, foreign exchange, and market risks are major operational risks

Note 1: On September 12, 2022, the Group considering the purpose of long-term operation and development that through the board of directors decided to establish a subsidiary-U.D. Electronic Vietnam Company Limited in Vietnam. It is a subsidiary with 100% held by the Company, and its establishment registration was completed on December 6, 2022. As of March 31, 2023 and December 31, 2022, the accumulated investments made by the Company were \$154,292 thousand and \$82,405 thousand, respectively.

Note 2: During March and April 2022, the Group resolved to acquire additional 11% ownerships of CDE Corp. After the completion of the shares transfer, the Group's shareholding percentage in CDE Corp increased from 89% to 100%. Since the transaction did not change the Company's control over CDE Corp, the share transaction treated as equity transactions. For the three months ended March 31, 2023, the Company recognized related impact figures due to the aforementioned subsidiary transactions were transferred to reduce retained earnings by \$9,340 thousand. Please refer to Note 28 for equity transactions with noncontrolling interests from January 1, 2022 to March 31, 2022.

Note 3: In April 2022, the Group subscribed for additional new shares, amounting \$18,938 thousand (RMB \$4,200 thousand), of Dongguan Han Lian Technology Co., Ltd at a percentage different from its existing ownership percentage, which increased its continuing interest from 70% to 85%.

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
Cost										
Balance at January 1, 2023	\$ 159,538	\$ 289,162	\$ 1,827,826	\$ 22,956	\$ 17,434	\$ 447,384	\$ 102,915	\$ 455,066	\$ -	\$ 3,322,281
Additions	-	-	869	-	-	3,082	1,276	7,493	2,142	14,862
Disposals	-	-	(6,151)	-	(24)	(5,586)	-	(15,508)	-	(27,269)
Transfer from prepayments	-	-	1,921	-	-	13,221	-	3,810	-	18,952
Effects of foreign currency exchange differences	-	842	6,506	114	72	2,174	507	2,259	13	12,487
Balance at March 31, 2023	<u>\$ 159,538</u>	<u>\$ 290,004</u>	<u>\$ 1,830,971</u>	<u>\$ 23,070</u>	<u>\$ 17,482</u>	<u>\$ 460,275</u>	<u>\$ 104,698</u>	<u>\$ 453,120</u>	<u>\$ 2,155</u>	<u>\$ 3,341,313</u>
Accumulated depreciation										
Balance at January 1, 2023	\$ -	\$ 117,899	\$ 1,114,145	\$ 21,802	\$ 15,616	\$ 367,332	\$ 98,355	\$ 350,154	\$ -	\$ 2,085,303
Disposals	-	-	(5,491)	-	(24)	(5,753)	-	(15,296)	-	(26,564)
Depreciation	-	5,544	45,043	211	271	17,042	942	23,708	-	92,761
Effects of foreign currency exchange differences	-	380	4,102	107	69	1,777	484	1,700	-	8,619
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 123,823</u>	<u>\$ 1,157,799</u>	<u>\$ 22,120</u>	<u>\$ 15,932</u>	<u>\$ 380,398</u>	<u>\$ 99,781</u>	<u>\$ 360,266</u>	<u>\$ -</u>	<u>\$ 2,160,119</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 159,538</u>	<u>\$ 171,263</u>	<u>\$ 713,681</u>	<u>\$ 1,154</u>	<u>\$ 1,818</u>	<u>\$ 80,052</u>	<u>\$ 4,560</u>	<u>\$ 104,912</u>	<u>\$ -</u>	<u>\$ 1,236,978</u>
Carrying amount at March 31, 2023	<u>\$ 159,538</u>	<u>\$ 166,181</u>	<u>\$ 673,172</u>	<u>\$ 950</u>	<u>\$ 1,550</u>	<u>\$ 79,877</u>	<u>\$ 4,917</u>	<u>\$ 92,854</u>	<u>\$ 2,155</u>	<u>\$ 1,181,194</u>
Cost										
Balance at January 1, 2022	\$ 159,538	\$ 296,681	\$ 1,836,355	\$ 22,632	\$ 16,600	\$ 415,384	\$ 94,464	\$ 439,324	\$ -	\$ 3,280,978
Additions	-	2,080	4,033	-	-	3,157	2,775	2,395	-	14,440
Disposals	-	(6,206)	(13,259)	-	(16)	(4,318)	-	(5,776)	-	(29,575)
Transfer from prepayments	-	-	35,550	-	-	8,854	1,543	2,680	-	48,627
Effects of foreign currency exchange differences	-	6,410	46,984	843	528	15,657	3,613	16,348	-	90,383
Balance at March 31, 2022	<u>\$ 159,538</u>	<u>\$ 298,965</u>	<u>\$ 1,909,663</u>	<u>\$ 23,475</u>	<u>\$ 17,112</u>	<u>\$ 438,734</u>	<u>\$ 102,395</u>	<u>\$ 454,971</u>	<u>\$ -</u>	<u>\$ 3,404,853</u>
Accumulated depreciation										
Balance at January 1, 2022	\$ -	\$ 106,466	\$ 962,753	\$ 20,623	\$ 15,301	\$ 301,818	\$ 92,490	\$ 294,666	\$ -	\$ 1,794,117
Disposals	-	(6,206)	(12,304)	-	(16)	(4,041)	-	(5,773)	-	(28,340)
Depreciation	-	6,020	48,176	255	229	20,445	1,425	26,812	-	103,362
Effects of foreign currency exchange differences	-	2,639	28,374	774	521	11,625	3,480	11,459	-	58,872
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 108,919</u>	<u>\$ 1,026,999</u>	<u>\$ 21,652</u>	<u>\$ 16,035</u>	<u>\$ 329,847</u>	<u>\$ 97,395</u>	<u>\$ 327,164</u>	<u>\$ -</u>	<u>\$ 1,928,011</u>
Carrying amount at March 31, 2022	<u>\$ 159,538</u>	<u>\$ 190,046</u>	<u>\$ 882,664</u>	<u>\$ 1,823</u>	<u>\$ 1,077</u>	<u>\$ 108,887</u>	<u>\$ 5,000</u>	<u>\$ 127,807</u>	<u>\$ -</u>	<u>\$ 1,476,842</u>

There was no impairment loss after performing impaired assessment for the three months ended March 31, 2023 and 2022.

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	5-8 years
Machinery equipment	2-10 years
Transportation equipment	4-6 years
Office equipment	2-5 years
Mold equipment	2-4 years
Leasehold improvements	2-5 years
Other equipment	2-8 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amounts</u>			
Land	\$ 52,406	\$ 52,492	\$ 54,731
Buildings	<u>10,961</u>	<u>5,254</u>	<u>16,614</u>
	<u>\$ 63,367</u>	<u>\$ 57,746</u>	<u>\$ 71,345</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 7,193</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 346	\$ 343
Buildings		<u>1,513</u>	<u>4,599</u>
		<u>\$ 1,859</u>	<u>\$ 4,942</u>

There was no impairment loss after performing impairment assessment for the three months ended March 31, 2023 and 2022.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 6,833</u>	<u>\$ 4,755</u>	<u>\$ 12,967</u>
Non-current	<u>\$ 3,905</u>	<u>\$ 911</u>	<u>\$ 4,586</u>

Discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	1.38%-9.00%	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 3 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	
	2023	2022
Expenses relating to short-term leases	<u>\$ 5,751</u>	<u>\$ 622</u>
Expenses relating to low-value asset leases	<u>\$ 373</u>	<u>\$ 62</u>
Total cash outflow for leases	<u>\$ (8,289)</u>	<u>\$ (5,664)</u>

16. GOODWILL

	For the Three Months Ended March 31	
	2023	2022
<u>Cost</u>		
Balance, at January 1	\$ 12,306	\$ 12,219
Effects of foreign currency exchange differences	<u>31</u>	<u>227</u>
Balance, at March 31	<u>\$ 12,337</u>	<u>\$ 12,446</u>

In February 2013, November 2018 and March 2019, the Company acquired a 50% interest in CDE Corp, a 60% interest in Dongguan Ai Te Chieh Intellectual Technology Co., Ltd., and a 70% interest in Dongguan Han Lian Technology Co., Ltd., respectively. The value of goodwill was recognized when the cost of acquisition is higher than the net fair value of the identifiable assets and liabilities recognized at the date of acquisition. As of March 31, 2023 and 2022, 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, 2023	\$ 45,908	\$ 29,286	\$ 7,000	\$ 82,194
Additions	1,202	-	-	1,202
Effects of foreign currency exchange differences	<u>189</u>	<u>-</u>	<u>-</u>	<u>189</u>
Balance at March 31, 2023	<u>\$ 47,299</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 83,585</u>

(Continued)

	Computer Software	Trademarks	Patents	Total
<u>Accumulated amortization</u>				
Balance at January 1, 2023	\$ 36,094	\$ 9,975	\$ 1,983	\$ 48,052
Amortization expenses	1,827	636	175	2,638
Effects of foreign currency exchange differences	<u>157</u>	<u>-</u>	<u>-</u>	<u>157</u>
Balance at March 31, 2023	<u>\$ 38,078</u>	<u>\$ 10,611</u>	<u>\$ 2,158</u>	<u>\$ 50,847</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 9,814</u>	<u>\$ 19,311</u>	<u>\$ 5,017</u>	<u>\$ 34,142</u>
Carrying amount at March 31, 2023	<u>\$ 9,221</u>	<u>\$ 18,675</u>	<u>\$ 4,842</u>	<u>\$ 32,738</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 41,866	\$ 29,286	\$ 7,000	\$ 78,152
Effects of foreign currency exchange differences	<u>1,242</u>	<u>-</u>	<u>-</u>	<u>1,242</u>
Balance at March 31, 2022	<u>\$ 43,108</u>	<u>\$ 29,286</u>	<u>\$ 7,000</u>	<u>\$ 79,394</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 31,841	\$ 7,428	\$ 1,283	\$ 40,552
Amortization expenses	1,627	637	175	2,439
Effects of foreign currency exchange differences	<u>1,070</u>	<u>-</u>	<u>-</u>	<u>1,070</u>
Balance at March 31, 2022	<u>\$ 34,538</u>	<u>\$ 8,065</u>	<u>\$ 1,458</u>	<u>\$ 44,061</u>
Carrying amount at March 31, 2022	<u>\$ 8,570</u>	<u>\$ 21,221</u>	<u>\$ 5,542</u>	<u>\$ 35,333</u>

(Concluded)

There was no impairment loss after performing impairment assessment for the three months ended March 31, 2023 and 2022.

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, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Prepaid sales tax	\$ 52,572	\$ 69,263	\$ 78,834
Prepayments	43,346	34,773	60,873
Overpaid sales tax	9,251	8,303	11,681
Others	<u>3,243</u>	<u>4,100</u>	<u>3,075</u>
	<u>\$ 108,412</u>	<u>\$ 116,439</u>	<u>\$ 154,463</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 64,204	\$ 52,463	\$ 67,197
Prepayment for land use rights	112,593	76,266	-
Prepayments - non-current	4,978	6,016	9,500
Refundable deposits	<u>5,611</u>	<u>4,850</u>	<u>6,444</u>
	<u>\$ 187,386</u>	<u>\$ 139,595</u>	<u>\$ 83,141</u>

19. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 529,610</u>	<u>\$ 617,485</u>	<u>\$ 1,118,169</u>

The range of interest rates for bank loans were 1.70%-5.50%, 1.57%-5.30% and 0.89%-1.08% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings</u>			
Bank loans	\$ 218,400	\$ 234,000	\$ 280,800
Less: Current portions	<u>(62,400)</u>	<u>(62,400)</u>	<u>(62,400)</u>
Long-term borrowings	<u>\$ 156,000</u>	<u>\$ 171,600</u>	<u>\$ 218,400</u>

Repayment Method		March 31, 2023	December 31, 2022	March 31, 2022
<u>Secured borrowings</u>				
Taipei Fubon Bank	The original loan amount was \$312,000 thousand. For the period of 2021.9.30-2026.9.30, the loan is repaid on a monthly basis. The interest is paid every month.	\$ 218,400	\$ 234,000	\$ 280,800
Less: Current portions		<u>(62,400)</u>	<u>(62,400)</u>	<u>(62,400)</u>
Long-term borrowings	Interests and principal are paid monthly	<u>\$ 156,000</u>	<u>\$ 171,600</u>	<u>\$ 218,400</u>

The range of interest rates for bank loans were 1.8948%-2.1062%, 1.7535%-1.9649% and 0.8246%-1.0361% per annum as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

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

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

- 1) Current ratio (Current asset ÷ Current liabilities) shall be above 100%.
- 2) Liability ratio [(Total liabilities ÷ (Net value - Intangible assets)] shall not be higher than 150%.
- 3) Times interest earned [(Net profit before tax + Depreciation + Amortization + Interest expense)/Interest expense] shall be maintained at 3 times (inclusive) or more.
- 4) Tangible net value (Net value - Intangible assets) shall be maintained at NT\$2 billion (inclusive) or more.

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

20. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Third secured domestic convertible bonds	\$ 45,982	\$ 45,872	\$ 49,164
Less: Current portion	<u>(45,982)</u>	<u>(45,872)</u>	<u>(49,164)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Third Secured Domestic Convertible Bonds

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

The following items are the primary clauses in the prospectus:

a. Term

From December 11, 2020 to December 11, 2023

b. Redemption

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

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

c. Conversion

Conversion period

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

Conversion price and adjustments

The price used by the Group in determining the number of ordinary shares to be issued upon conversion is NT\$35 per share. Since the Company applied for ex-dividend on August 3, 2021, the conversion price of bonds was adjusted to \$33.53 per share. The conversion price has been adjusted to NT\$31.72 per share since July 24, 2022 due to the distribution of cash dividends.

d. Security provided for the bonds (see Note 32).

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 30.

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%	4,644
Conversion of corporate bond payable into common shares	<u>(225,695)</u>
Liability component at January 1, 2022	63,354

(Continued)

Interest charged at an effective interest rate of 1.7808% - for the three months ended March 31, 2021	\$ 252
Conversion of corporate bond payable into common shares	<u>(14,442)</u>
Liability component at March 31, 2022	<u>\$ 49,164</u>
Liability component at January 1, 2023	\$ 45,872
Interest charged at an effective interest rate of 1.7808% - for the three months ended March 31, 2022	209
Conversion of corporate bond payable into common shares	<u>(99)</u>
Liability component at March 31, 2023	<u>\$ 45,982</u> (Concluded)

During March 2023, the convertible bonds were converted for the par value of \$100 thousand, of which the Group reclassified to advance receipts for capital stock for amount of \$32 thousand. With conversion occurrence, originally recorded capital surplus-options decreased \$4 thousand, bonds payable reduced \$1 thousand, and capital surplus increased \$71 thousand derived from the difference between the consideration received and the par value of bonds payable.

For the three months ended in March 31, 2022, the convertible bonds were converted for the par value of \$14,900 thousand, of which the Group reclassified to advance receipts for capital stock for amount of \$4,443. With conversion occurrence, originally recorded capital surplus-options decreased \$606 thousand, bonds payable reduced \$458 thousand, financial assets at FVPL reduced \$85 thousand, and capital surplus increased \$10,520 thousand derived from the difference between the consideration received and the par value of bonds payable.

21. OTHER LIABILITIES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Other payables			
Payables for dividends (Notes 22 and 29)	\$ 177,629	\$ -	\$ 176,985
Salaries and bonuses	141,956	179,254	157,486
Processing fees	118,191	104,576	235,039
Payable for labor and health insurance, social security and pension	41,273	39,779	41,410
Payable for purchases of equipment (Note 29)	31,131	38,995	103,879
Professional service fees	22,154	20,314	25,095
Commission	24,024	22,049	18,361
Interest payable	789	1,849	456
Others	<u>97,217</u>	<u>92,255</u>	<u>116,421</u>
	<u>\$ 654,364</u>	<u>\$ 499,071</u>	<u>\$ 875,132</u>

22. EQUITY

a. Share capital

Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
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>77,230</u>	<u>77,230</u>	<u>76,667</u>
Share capital issued	<u>\$ 772,301</u>	<u>\$ 772,301</u>	<u>\$ 766,665</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 5,000 thousand shares allocated for the exercise of employee stock options.

During March 2023, convertible bonds were converted to ordinary shares for the amount of \$32 thousand under advance receipts for capital stock since as of the date of financial statements, registration was not completed.

From January 2022 to March 2022, convertible bonds were converted to ordinary shares for the amount of \$4,443 thousand. On May 5, 2022, the board of the directors resolved to set capital increase base date as May 6, 2022, and the registration was all completed.

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
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	331,377	331,306	328,468
<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>			
Arising from employee share options	13,817	10,060	-
Share warrants	<u>10,634</u>	<u>10,638</u>	<u>10,801</u>
	<u>\$ 931,513</u>	<u>\$ 927,689</u>	<u>\$ 914,954</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) Please refer to Note 20 for significant changes of capital surplus due to the conversion of the third secured domestic convertible bonds in 2023 and 2022.
- 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.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2022 and 2021 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 30,865	\$ 24,019
Special reserve	\$ (65,986)	\$ 35,224
Cash dividends	\$ 177,629	\$ 176,985
Cash dividends per share (NT\$)	\$ 2.30	\$ 2.29

The 2022 and 2021 appropriations for cash dividends had been resolved by the Company's board of directors on March 2, 2023 and March 3, 2022. The appropriation of earnings for 2021 was approved in shareholder's meetings on June 16, 2022. The appropriation of earnings for 2022 will be resolved by the Company's annual general meeting on June 26, 2023.

d. Other equity items

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (178,952)	\$ (254,854)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	5,549	98,856
Related income tax	(1,110)	(19,771)
Other comprehensive income recognized for the period	<u>4,439</u>	<u>79,085</u>
Balance at March 31	<u>\$ (174,513)</u>	<u>\$ (175,769)</u>

2) Unrealized valuation loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 9,296	\$ 19,214
Recognized for the period		
Unrealized loss - equity instruments	(1,747)	(1,531)
Related income tax	349	179
Other comprehensive income recognized for the period	<u>(1,398)</u>	<u>(1,352)</u>
Balance at March 31	<u>\$ 7,898</u>	<u>\$ 17,862</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 25,151	\$ 43,357
Share in loss for the period	(1,682)	(3,546)
Other comprehensive loss during the period		
Exchange differences on translating the financial statements of foreign operations	(427)	(427)
Related income tax	91	103
	<u>(336)</u>	<u>(324)</u>
Transaction with non-controlling interests (Note 28)	<u>-</u>	<u>(6,470)</u>
Balance at March 31	<u>\$ 23,133</u>	<u>\$ 33,017</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, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Notes and trade receivables (Note 11)	<u>\$ 1,754,216</u>	<u>\$ 1,763,566</u>	<u>\$ 1,960,647</u>	<u>\$ 1,769,640</u>
Contract liabilities Sale of goods	<u>\$ 10,228</u>	<u>\$ 15,692</u>	<u>\$ 25,011</u>	<u>\$ 23,130</u>

c. Disaggregation of revenue

	For the Three Months Ended March 31	
	2023	2022
Type of goods Integrated signal connector	<u>\$ 1,452,069</u>	<u>\$ 1,653,223</u>

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2023	2022
Bank deposits	<u>\$ 1,054</u>	<u>\$ 1,220</u>

b. Other income

	For the Three Months Ended March 31	
	2023	2022
Government grants	\$ 10	\$ 2,577
Others	<u>11,841</u>	<u>3,811</u>
	<u>\$ 11,851</u>	<u>\$ 6,388</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$ 30	\$ (42)
Fair value changes of financial assets/liabilities		
Financial assets mandatorily classified as at FVTPL	8,117	5,822
Financial liabilities held for trading	(12,535)	(1,789)
Lease modification profit	-	3,771
Net foreign exchange (losses) gains	(5,179)	17,610
Others	<u>-</u>	<u>(5)</u>
	<u>\$ (9,567)</u>	<u>\$ 25,367</u>

d. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank loans	\$ 6,117	\$ 2,985
Interest on convertible bonds (Note 20)	209	252
Interest on lease liabilities	<u>19</u>	<u>80</u>
	<u>\$ 6,345</u>	<u>\$ 3,317</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
An analysis of deprecation by function		
Operating costs	\$ 77,035	\$ 84,552
Operating expenses	<u>17,585</u>	<u>23,752</u>
	<u>\$ 94,620</u>	<u>\$ 108,304</u>
An analysis of amortization by function		
Operating costs	\$ 175	\$ 175
Selling and marketing expense	787	874
General and administrative expense	1,244	866
Research and development expense	<u>432</u>	<u>524</u>
	<u>\$ 2,638</u>	<u>\$ 2,439</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 24,707	\$ 21,835
Share-based payments		
Equity-settled	3,757	-
Other employee benefits	<u>275,646</u>	<u>306,986</u>
Total employee benefits expense	<u>\$ 304,110</u>	<u>\$ 328,821</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 190,007	\$ 207,323
Operating expenses	<u>114,103</u>	<u>121,498</u>
	<u>\$ 304,110</u>	<u>\$ 328,821</u>

g. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates in between 3%-15% and not higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors.

The compensation of employees and the remuneration of directors for the three months ended March 31, 2023 and 2022 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	7.31%	8.93%
Remuneration of directors	2.74%	2.68%

Amount

	For the Three Months Ended March 31	
	2023	2022
Employees' compensation	<u>\$ 6,619</u>	<u>\$ 12,763</u>
Remuneration of directors	<u>\$ 2,482</u>	<u>\$ 3,829</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 for 2022 and 2021 having been resolved by the board of directors on March 2, 2023 and March 3, 2022, respectively, are as shown below:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	<u>\$ 32,500</u>	<u>\$ 22,500</u>
Remuneration of directors	<u>\$ 9,500</u>	<u>\$ 6,500</u>

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended	
	March 31	
	2023	2022
Foreign exchange gains	\$ 34,211	\$ 66,200
Foreign exchange losses	<u>(39,390)</u>	<u>(48,590)</u>
	<u>\$ (5,179)</u>	<u>\$ 17,610</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	
	2023	2022
Current tax		
In respect of the current period	\$ 24,325	\$ 22,001
Deferred tax		
In respect of the current period	<u>(6,773)</u>	<u>2,250</u>
Income tax expense recognized in profit or loss	<u>\$ 17,552</u>	<u>\$ 24,251</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
Deferred tax		
In respect of the current period		
Translation of foreign operations	\$ 1,019	\$ 19,668
Fair value changes of financial assets at FVTOCI	<u>(349)</u>	<u>(179)</u>
Total income tax recognized in other comprehensive income	<u>\$ 670</u>	<u>\$ 19,489</u>

c. Income tax assessments

The income tax returns through 2020 of UDE Corp. and through 2021 of its subsidiaries - CDE Corp. and DYP Corp., have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share		
From continuing operations	<u>\$ 0.95</u>	<u>\$ 1.36</u>
Diluted earnings per share		
From continuing operations	<u>\$ 0.92</u>	<u>\$ 1.32</u>

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

Net Profit for the Year

	For the Three Months Ended March 31	
	2023	2022
Profit for the period attributable to owners of the Company	<u>\$ 73,217</u>	<u>\$ 104,226</u>
Earnings used in the computation of basic earnings per share	\$ 73,217	\$ 104,226
Effects of potentially dilutive ordinary shares:		
Interest and valuation loss on convertible bonds after tax	<u>167</u>	<u>212</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 73,384</u>	<u>\$ 104,438</u>

Shares

	Unit: Thousand Shares	
	For the Three Months Ended March 31	
	2023	2022
Weighted average number of ordinary shares in computation of basic earnings per share	77,230	76,821
Effect of potentially dilutive ordinary shares:		
Convertible bonds	1,472	1,802
Employees' compensation	<u>798</u>	<u>579</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>79,500</u>	<u>79,202</u>

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. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company and its subsidiaries were granted 3,655 options on May 5, 2022. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 6 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the Taipei Exchange at the grant date. For any subsequent changes in the Company's share capital, the exercise price is adjusted accordingly.

The company reduced the exercise price from NT\$42.9 to NT\$40.6 in July 2022. The changing of consideration did not cause any increase of fair value and was effective after the company's record date of ex-dividend trade on July 24, 2022.

	For the Three Months Ended March 31			
	2023		2022	
	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted- average Exercise Price (\$)
Balance at January 1	<u>3,655</u>	\$ 40.6	-	\$ -
Balance at March 31	<u>3,655</u>	40.6	-	-
Options exercisable at March 31	<u>-</u>		<u>-</u>	

Information on outstanding options was as follows:

	March 31, 2023
Range of exercise price (\$)	\$ 40.6
Weighted-average remaining contractual life (in years)	5.08

Options granted in May 2022 is priced using the binomial option pricing model, and the inputs to the model are as follows:

	May 2022
Grant-date share price	\$42.9
Exercise price	\$42.9
Expected volatility	37.83%
Expected life (in years)	6
Expected dividend yield	-
Risk-free interest rate	1.0993%

Expected volatility was based on the historical share price volatility over the past 6 year which uses the Company's daily annualized standard deviation of returns as hypotheses.

Compensation costs recognized were \$3,757 thousand for the three months ended March 31, 2023.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During March 2022, the Group resolved to acquire 10% ownership of CDE Corp. After the completion of the shares transfer, the Group's shareholding percentage of CDE Corp increased from 89% to 99%.

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

	CDE Corp.
Consideration paid	\$ (15,810)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>6,470</u>
Differences recognized from equity transaction	<u>\$ (9,340)</u>
<u>Line items adjusted for equity transaction</u>	
Retained earnings	<u>\$ (9,340)</u>

29. CASH INFORMATION

a. Non-cash transaction

For the three months ended March 31, 2023 and 2022, 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, 2023, December 31, 2022 and March 31, 2022, the amounts unpaid for acquiring the property, plant and equipment were \$31,131 thousand, \$38,995 thousand and \$103,879 thousand, respectively, which were included in other payables.
- 2) The Company's board of directors issued cash dividends on March 2, 2023 and March 3, 2022, as of March 31, 2023 and 2022 the amounts unpaid were \$177,629 thousand and \$176,985 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, 2023, December 31, 2022 and March 31, 2022, the amounts of unpaid prepayments for issuance of convertible bonds were \$3,683 thousand, \$3,766 thousand and \$4,018 thousand, which were included in other payables.

b. Changes in liabilities from financing activities

For the three months ended March 31, 2023

	Balance at January 1, 2023	Cash Flows	Non-cash Changes				Balance at March 31, 2023
			Interest Expense	Addition	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other (Note)	
Short-term borrowings	\$ 617,485	\$ (88,540)	\$ -	\$ -	\$ 665	\$ -	\$ 529,610
Lease liabilities	5,666	(2,146)	-	7,193	25	-	10,738
Bonds payable (including current portion of bonds payable)	45,872	-	209	-	-	(99)	45,982
Long-term borrowings (including current portion of long-term borrowings)	234,000	(15,600)	-	-	-	-	218,400
Deposits received	1,580	-	-	-	7	-	1,587
Other payables (issuance costs of the convertible bonds)	3,766	(83)	-	-	-	-	3,683
	<u>\$ 908,369</u>	<u>\$ (106,369)</u>	<u>\$ 209</u>	<u>\$ 7,193</u>	<u>\$ 697</u>	<u>\$ (99)</u>	<u>\$ 810,000</u>

For the three months ended March 31, 2022

	Balance at January 1, 2022	Cash Flows	Non-cash Changes				Balance at March 31, 2022
			Interest Expense	Lease Modification	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other (Note)	
Short-term borrowings	\$ 964,320	\$ 143,213	\$ -	\$ -	\$ 10,636	\$ -	\$ 1,118,169
Lease liabilities	73,590	(4,900)	-	(53,767)	2,630	-	17,553
Bonds payable (including current portion of bonds payable)	63,354	-	252	-	-	(14,442)	49,164
Long-term borrowings (including current portion of long-term borrowings)	296,400	(15,600)	-	-	-	-	280,800
Deposits received	1,561	-	-	-	49	-	1,610
Other payables (issuance costs of the convertible bonds)	4,118	(100)	-	-	-	-	4,018
	<u>\$ 1,403,343</u>	<u>\$ 122,613</u>	<u>\$ 252</u>	<u>\$ (53,767)</u>	<u>\$ 13,315</u>	<u>\$ (14,442)</u>	<u>\$ 1,471,314</u>

Note: The conversion of convertible bonds, please refer to Note 20.

30. FINANCIAL INSTRUMENTS

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

March 31, 2023

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 45,982	\$ 54,569	\$ -	\$ -	\$ 54,569

December 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 45,872	\$ 51,370	\$ -	\$ -	\$ 51,370

March 31, 2022

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Convertible bonds	\$ 49,164	\$ 68,039	\$ -	\$ -	\$ 68,039

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives				
Convertible bond options	\$ -	\$ -	\$ 9	\$ 9
Foreign exchange forward contracts	<u>-</u>	<u>582</u>	<u>-</u>	<u>582</u>
	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 9</u>	<u>\$ 591</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI

 Domestic unlisted shares

	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,060</u>	<u>\$ 53,060</u>
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Investments in debt instruments at FVTOCI

 Factored trade receivables to banks without recourse

	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,107</u>	<u>\$ 148,107</u>
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Financial liabilities at FVTPL

Derivatives

 Foreign exchange forward contracts

	<u>\$ -</u>	<u>\$ 4,722</u>	<u>\$ -</u>	<u>\$ 4,722</u>
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December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives				
Convertible bond options	\$ -	\$ -	\$ 9	\$ 9
Foreign exchange forward contracts	<u>-</u>	<u>2,312</u>	<u>-</u>	<u>2,312</u>
	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 9</u>	<u>\$ 2,321</u>

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI

 Domestic unlisted shares

	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,807</u>	<u>\$ 54,807</u>
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(Continued)

	Level 1	Level 2	Level 3	Total
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ _____ -	\$ _____ -	\$ 150,223	\$ 150,223
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ _____ -	\$ 1,361	\$ _____ -	\$ 1,361 (Concluded)

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivatives				
Convertible bond options	\$ _____ -	\$ _____ -	\$ 279	\$ 279
Foreign exchange forward contracts	_____ -	2,683	_____ -	2,683
	\$ _____ -	\$ 2,683	\$ 279	\$ 2,962
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ _____ -	\$ _____ -	\$ 73,027	\$ 73,027
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ _____ -	\$ _____ -	\$ 164,454	\$ 164,454
<u>Financial liabilities at FVTPL</u>				
Derivatives				
Foreign exchange forward contracts	\$ _____ -	\$ 534	\$ _____ -	\$ 534

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, 2023

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2023	\$ 54,807	\$ 150,223	\$ 205,030
Recognized in other comprehensive income (measured at fair value through other comprehensive income of unrealized profits and losses of financial assets)	(1,747)	-	(1,747)
Additions	-	(2,116)	(2,116)
Balance at March 31, 2023	<u>\$ 53,060</u>	<u>\$ 148,107</u>	<u>\$ 201,167</u>

Derivatives

Financial assets at FVTPL

Balance at January 1, 2023	\$ 9
Recognized in profit or loss (included in other gains and losses)	-
Balance at March 31, 2023	<u>\$ 9</u>

For the three months ended March 31, 2022

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instrument	Debt Instrument	
Balance at January 1, 2022	\$ 74,558	\$ 100,979	\$ 175,537
Recognized in other comprehensive income (measured at fair value through other comprehensive income of unrealized profits and losses of financial assets)	(1,531)	-	(1,531)
Additions	-	63,475	63,475
Balance at March 31, 2022	<u>\$ 73,027</u>	<u>\$ 164,454</u>	<u>\$ 237,481</u>

Derivatives

Financial assets at FVTPL

Balance at January 1, 2022	\$ 374
Recognized in profit or loss (included in other gains and losses)	(10)
Conversion	(85)
Balance at March 31, 2022	<u>\$ 279</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Convertible bond options	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors.
Unlisted debt securities - ROC	Market approach: In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments. Asset approach: In the asset approach, the fair value is estimated by evaluating the total market value of individual assets and individual liabilities covered by the evaluation target and considering risk factors such as liquidity reduction.
Factored trade receivables to banks without recourse	Since the effect of discounting is not significant, the fair value is measured based on the original invoice amount.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
Mandatorily classified as at FVTPL	\$ 591	\$ 2,321	\$ 2,962
Financial asset at amortized cost (1)	2,075,112	2,022,579	2,342,840
Financial assets at FVTOCI			
Equity instruments	53,060	54,807	73,027
Factored trade receivables to banks without recourse	148,107	150,223	164,454

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial liabilities</u>			
FVTPL			
Held for trading	\$ 4,722	\$ 1,361	\$ 534
Amortized cost (2)	1,595,453	1,694,131	2,695,842 (Concluded)

- 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, dividends, 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 34.

Sensitivity analysis

The Group was mainly exposed to the exchange movements in USD or RMB.

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	
	For the Three Months Ended March 31		For the Three Months Ended March 31	
	2023	2022	2023	2022
Profit or loss*	\$ 553	\$ 245	\$ (119)	\$ 1,206

* This was mainly attributable to the exposure on outstanding accounts receivable and payable in USD and RMB, 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 increase of USD denominated net assets.

The Group's sensitivity to the RMB decreased during the current period mainly due to the increase of RMB denominated derivative financial liabilities.

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, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 125,121	\$ 127,682	\$ 158,252
Financial liabilities	586,330	669,023	1,184,886
Cash flow interest rate risk			
Financial assets	326,737	265,583	374,130
Financial liabilities	218,400	234,000	280,800

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/lower and all other variables held constant, the Group's pretax profits for the three months ended March 31, 2023 and 2022 would have increased/decreased by \$271 thousand and \$233 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 decreased of long-term borrowings 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, 2023 and 2022 would have increased/decreased by \$531 thousand and \$730 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in 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, 2023, December 31, 2022 and March 31, 2022.

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, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 530,854	\$ -	\$ -	\$ -	\$ -
Long-term borrowings	5,362	10,718	48,041	157,821	-
Lease liabilities	402	804	6,134	5,459	-
Trade payables	183,763	241,511	81,094	-	-
Other payables	107,942	153,603	209,464	126	-
Bonds payables	45,982	-	-	-	-
Guarantee deposits received	-	-	-	1,587	-
	<u>\$ 874,305</u>	<u>\$ 406,636</u>	<u>\$ 344,733</u>	<u>\$ 164,993</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 7,340</u>	<u>\$ 5,459</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 238,399	\$ 380,399	\$ -	\$ -	\$ -
Long-term borrowings	5,392	10,765	48,242	189,811	-
Lease liabilities	400	800	3,602	912	-
Trade payables	165,884	260,537	88,735	-	-
Other payables	89,787	162,048	27,870	333	-
Bonds payables	45,872	-	-	-	-
Guarantee deposits received	-	-	-	1,580	-
	<u>\$ 545,734</u>	<u>\$ 814,549</u>	<u>\$ 168,449</u>	<u>\$ 192,636</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 4,803</u>	<u>\$ 912</u>	<u>\$ -</u>

March 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	\$ 668,505	\$ 450,795	\$ -	\$ -	\$ -
Long-term borrowings	5,409	10,813	48,461	221,942	-
Lease liabilities	1,698	3,396	8,018	4,616	-
Trade payables	16,209	616,946	110,965	2,728	-
Other payables	34,330	419,149	220,592	1,063	1,102
Bonds payables	-	-	49,164	-	-
Guarantee deposits received	-	-	-	1,610	-
	<u>\$ 726,151</u>	<u>\$ 1,501,099</u>	<u>\$ 437,220</u>	<u>\$ 231,959</u>	<u>\$ 1,102</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	<u>\$ 13,112</u>	<u>\$ 4,616</u>	<u>\$ -</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, 2023

	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	\$ 252,311	\$ 342,298	\$ 24,702	\$ -
Outflows	<u>(255,324)</u>	<u>(343,840)</u>	<u>(24,869)</u>	<u>-</u>
	<u>\$ (3,013)</u>	<u>\$ (1,542)</u>	<u>\$ (167)</u>	<u>\$ -</u>

December 31, 2022

	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	\$ 133,413	\$ 310,833	\$ -	\$ -
Outflows	<u>(133,589)</u>	<u>(312,018)</u>	<u>-</u>	<u>-</u>
	<u>\$ (176)</u>	<u>\$ (1,185)</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2022

	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	\$ 27,557	\$ -	\$ -	\$ -
Outflows	<u>(28,091)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (534)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured bank loan facilities (reviewed annually)			
Amount used	\$ 529,610	\$ 617,485	\$ 1,118,169
Amount unused	<u>1,582,090</u>	<u>1,482,775</u>	<u>969,581</u>
	<u>\$ 2,111,700</u>	<u>\$ 2,100,260</u>	<u>\$ 2,087,750</u>
Secured bank loan facilities which may be extend by mutual agreement			
Amount used	\$ 218,400	\$ 234,000	\$ 280,800
Amount unused	<u>-</u>	<u>-</u>	<u>16,400</u>
	<u>\$ 218,400</u>	<u>\$ 234,000</u>	<u>\$ 297,200</u>

On December 11, 2020, the Group issued third convertible bonds, in an aggregate principal amount of \$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, 2022

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>\$ 21,410</u>	<u>\$ 2,141</u>	<u>\$ -</u>	<u>\$ 19,269</u>	0.539112

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, 2023, December 31, 2022 and March 31, 2022, the Group had issued promissory notes consisting of checks for US\$8,000 thousand as collateral to the banks.

31. 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.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Lian Syu Cheng Jhang Co., Ltd.	Related party in substance
Gary Chen, Shi, Yu-Zhan, Zhang, Jian-Xiang, You, Zhi-Qing, Li, Yong-Ming, Chen, Yu-Zi and Yao, Jun-Jie	Related party in substance

b. Acquisition of financial assets

For the three months ended March 31, 2022

<u>Related Party Category</u>	<u>Item</u>	<u>Number of Shares Traded (Thousands of Shares)</u>	<u>Subject of Transaction</u>	<u>Price Acquisition</u>
Related party in substance - Lian Syu Cheng Jhang Co., Ltd.	(Note)	1,000	CDE Corp.	\$ 10,000
Related party in substance - Chen, Yu-Zi	(Note)	258	CDE Corp.	2,585
Related party in substance - others	(Note)	338	CDE Corp.	<u>3,375</u>
				<u>\$ 15,960</u>

Note: Items are equity investments toward subsidiaries under equity method which are eliminated through consolidation.

c. Compensation of key management personnel

	<u>For the Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 11,791	\$ 17,617
Post-employment benefits	<u>119</u>	<u>119</u>
	<u>\$ 11,910</u>	<u>\$ 17,736</u>

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

32. 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, 2023	December 31, 2022	March 31, 2022
Freehold land	\$ 159,538	\$ 159,538	\$ 159,538
Building	78,432	80,247	85,865
Financial assets at amortized cost - current			
Restricted time deposits	7,155	7,155	8,583
Financial assets at amortized cost - current			
Time deposits with original maturity of more than 3 months	7,190	6,729	3,624
Financial assets at amortized cost - current			
Time deposits with original maturities of within 3 months	<u>651</u>	<u>1,110</u>	<u>-</u>
	<u>\$ 252,966</u>	<u>\$ 254,779</u>	<u>\$ 257,610</u>

33. 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, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment			
RMB	<u>\$ 501</u>	<u>\$ 6,955</u>	<u>\$ 7,533</u>
VND	<u>\$ 8,689</u>	<u>\$ -</u>	<u>\$ -</u>

b. Contingents liabilities

On March 19, 2018, Pulse Electronics, Inc. (plaintiff) filed a lawsuit against the Group for patent infringement through the US District Court at the Southern District of California (Case No. 18-cv-00373, hereafter referred to as Case 373). 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. On March 31, 2021, the US District Court at the Southern District of California defied plaintiff's motion for Summary Judgment. Thus, the plaintiff field an appeal toward US Court of Appeals for the Fed Circuit (CAFC). On May, 6, 2022, the cause has been ordered and adjudged by PER CURIAM and plaintiff's appeals was rejected. Therefore, the Group considered that no damage occurred from Case 373.

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 (Case No. 20-cv-01676, hereafter referred to as Case 676) in the United States District Court for the southern District of California. The case has been heard and the court rejected plaintiff's re-submission on April 12, 2021.

As of the date of the consolidated financial statements, Case 373 and Case 676 were ordered and judged and thus the Company has not incurred any related damages due to patent infringement. There was no significant impact on the Company's financial performance and the business.

34. 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, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,581	30.4500 (USD:NTD)	\$ 1,661,983
USD	30,317	6.8717 (USD:RMB)	923,145
RMB	19,046	4.4312 (RMB:NTD)	84,398
RMB	6,055	0.1455 (RMB:USD)	26,830
Non-monetary items			
Derivative instruments			
USD	2,000	Note	582
<u>Financial liabilities</u>			
Monetary items			
USD	56,683	30.4500 (USD:NTD)	1,725,988
USD	7,100	6.8717 (USD:RMB)	216,199
RMB	11,341	0.1455 (RMB:USD)	50,254
Non-monetary items			
Derivative instruments			
USD	17,300	Note	3,950
RMB	16,450	Note	693

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 53,288	30.7100 (USD:NTD)	\$ 1,636,482
USD	21,334	6.9646 (USD:RMB)	655,171
RMB	20,264	4.4094 (RMB:NTD)	89,352
RMB	10,549	0.1436 (RMB:USD)	46,515
Non-monetary items			
Derivative instruments			
USD	10,500	Note	2,312
<u>Financial liabilities</u>			
Monetary items			
USD	43,660	30.7100 (USD:NTD)	1,340,791
USD	5,454	6.9646 (USD:RMB)	167,495
RMB	15,498	0.1436 (RMB:USD)	68,338
Non-monetary items			
Derivative instruments			
USD	12,350	Note	962
RMB	15,200	Note	399

March 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 62,444	28.6250 (USD:NTD)	\$ 1,787,448
USD	14,846	6.3482 (USD:RMB)	424,971
RMB	19,254	4.5092 (RMB:NTD)	86,819
RMB	13,856	0.1575 (RMB:USD)	62,477
Non-monetary items			
Derivative instruments			
USD	17,100	Note	2,683
<u>Financial liabilities</u>			
Monetary items			
USD	54,361	28.6250 (USD:NTD)	1,556,072
USD	3,973	6.3482 (USD:RMB)	113,720
RMB	6,356	0.1575 (RMB:USD)	28,660
JPY	296,073	0.235 (JPY:NTD)	69,577
Non-monetary items			
Derivative instruments			
USD	1,000	Note	534

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

For the three months ended March 31, 2023 and 2022, net foreign exchange (losses) gains, (including realized and unrealized), were \$(5,179) thousand and \$17,610 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. 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

36. SEGMENT INFORMATION

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

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 3)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Dongguan Jian Guan P.E. Co, Ltd.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	\$ 59,978	\$ 59,821	\$ 59,821	2.73	Demand of short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 77,313 (Note 4)	\$ 151,594 (Note 4)
2	Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	102,184	101,918	101,918	2.73	Demand of short-term financing	-	Operating capital	-	-	-	371,954 (Note 4)	729,321 (Note 4)
		Dongguan Han Lian Technology Co., Ltd.	Other receivables from related party	Yes	2,659	2,659	2,659	5.5	Demand of short-term financing	-	Operating capital	-	-	-	619,923 (Note 4)	729,321 (Note 4)
3	Morning Paragon Limited	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Other receivables from related party	Yes	17,771	17,725	17,725	3.3	Demand of short-term financing	-	Operating capital	-	-	-	24,182 (Note 2)	24,182 (Note 4)

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

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

Note 2: The lending regulations of Morning Paragon Limited is as follows:

- a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's most recent year's predictable purchases or sells with such company and shall not exceed 10% of the net worth of the company.
- b. The total or individually amount available for lending is as follow:
 - 1) The total amount available for lending to the subsidiaries whose voting shares are 100% owned directly or indirectly by the lending company, shall not exceed 40% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of the net worth of the lending company based on its most recent audited or reviewed financial statements.
 - 2) The total amount available for lending to the subsidiaries, whose voting shares are not 100% owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recent audited or reviewed financial statements.
- c. The lending between foreign company whose voting shares are 100% owned directly or indirectly by the Company or the between the Company and the foreign company whose voting shares are 100% owned directly or indirectly by the Company still restricted to (b.) only the calculation of net worth is still based on the net worth of lending company.

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

Note 4: The lending regulations of Dongguan Jian Guan P.E. Co, Ltd. and Zhong Jiang U.D.E. Electronics Corp. are as follows:

- a. The total amount available for lending to a company with business transactions, shall not exceed the higher amount of the lending company's purchases or sells with such company and shall not exceed 10% of the net worth of the Company.
- b. If there is a need for short-term financing, the total amount of capital loans and the limits of individual objects are as follow:
 - 1) The total amount available for lending to the subsidiaries whose voting shares are owned directly or indirectly by the lending company and inter-subsidiaries, shall not exceed 40% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 40% of higher the net worth of the lending company multiple its shareholding ratio based on its most recent audited or reviewed financial statements.
 - 2) The total amount available for lending to the companies, whose voting shares are not owned directly or indirectly by the lending company, shall not exceed 20% of higher the net worth of the lending company based on their most recent audited or reviewed financial statements. For lending to any individual company, the total amount available for lending shall not exceed 10% of the net worth of the lending company based on its most recent audited or reviewed financial statements.

Note 5: The interest expenses due to financing ended March31, 2023 are specified as follows:

Dongguan De Yang Precision Rubber Plastic Co., Ltd.: The interest expenses relating to above financing activity is \$1,191 thousand.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount (Note 3)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	U.D. Electronic Corp.	All First International Co., Ltd.	b	Net value 100% \$ 3,046,873	\$ 1,097,280	\$ 1,096,200	\$ 176,610	\$ -	36	Net value 100% \$ 3,046,873	Yes	-	-
		DYP Corp.	b	Net value 20% 609,375	107,620	107,613	13,000	-	4	Net value 40% 1,218,749	Yes	-	-
		MORNING PARAGON LIMITED	b	Net value 20% 609,375	109,728	109,620	-	-	4	Net value 40% 1,218,749	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% to 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 guarantee provided by the subsidiaries to the Company shall not exceed 40% of the subsidiaries' net worth based on its most recent financial statements.

Note 3: The amount has been eliminated on consolidation, and translated into NTD with the exchange rate on the reporting date.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
U.D. Electronic Corp.	Emerging Creation Capital Inc.	-	Financial assets at FVTOCI - non-current	4,000	\$ 51,485	10.13	\$ 51,485	Note
	Dy-Precision Industrial Co., Ltd.	-	"	725	1,575	16.22	1,575	Note

Note: There is no collateralized pledge.

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, 2023
(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	\$ 1,135,229	95	O/A 135 days	Note 2	Note 2	\$ (1,586,328)	(94)	Note 1
All First International Co., Ltd.	U.D. Electronic Corp.	Parent company	Sale	(1,135,229)	(86)	O/A 135 days	"	"	1,586,328	87	"
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Purchase	1,163,597	89	O/A 135 days	"	"	(813,856)	(81)	"
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company	Sale	(130,816)	(10)	O/A 135 days	"	"	207,656	11	"
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company	Sale	(1,163,597)	(98)	O/A 135 days	"	"	813,856	97	"
	All First International Co., Ltd.	Affiliated company	Purchase	130,816	19	O/A 135 days	"	"	(207,656)	(35)	"

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

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

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

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

MARCH 31, 2023

(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	\$ 1,586,328	3.23	\$ -	-	\$ 492,527	\$ -
	Zhong Jiang U.D.E. Electronics Corp.	Affiliated company		207,656	2.87	-	-	58,339	-
Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	Affiliated company		813,856	6.79	-	-	552,094	-
Dongguan De Yang Precision Rubber Plastic Co., Ltd.	All First International Co., Ltd.	Affiliated company		108,436	2.63	-	-	90,088	-
Zhong Jiang U.D.E. Electronics Corp.	Dongguan De Yang Precision Rubber Plastic Co., Ltd.	Affiliated company	Other receivables (including interest receivables)	103,711	-	-	-	-	-

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, 2023 to May 4, 2023.

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023 (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. DYP Corp. Morning Paragon Limited	a.	Endorsements/guarantees provided	\$ 1,096,200	-	21
			a.	Endorsements/guarantees provided	107,613	-	2
			a.	Endorsements/guarantees provided	109,620	-	2
1	All First International Co., Ltd.	U.D. Electronic Corp.	b.	Revenue	1,135,229	Negotiated case by case. O/A 135 days	78
				Trade receivables	1,586,328		31
		Zhong Jiang U.D.E. Electronics Corp.	c.	Revenue	130,816	Negotiated case by case. O/A 135 days	9
				Trade receivables	207,656		4
2	Dongguan Jian Guan P.E. Co, Ltd.	All First International Co., Ltd.	c.	Trade receivables	108,436	Negotiated case by case. O/A 135 days	2
3	Zhong Jiang U.D.E. Electronics Corp.	All First International Co., Ltd.	c.	Revenue	1,163,597	Negotiated case by case. O/A 135 days	80
				Trade receivables	813,856		16
		Dongguan De Yang Precision Rubber Plastic Co., Ltd.	c.	Other receivables	103,711	Financing (including interest receivables \$1,793)	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:

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

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

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

(Continued)

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.

(Concluded)

U.D. ELECTRONIC CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (Note 4)		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
U.D. Electronic Corp.	Global Connection (Samoa) Holding Inc.	Samoa	Holding company	\$ 1,555,661 (US\$ 51,089)	\$ 1,568,944 (US\$ 51,089)	51,089	100	\$ 2,881,754	\$ 45,252	\$ 45,252	Notes 1 and 2
	CDE Corp.	Taiwan	Manufacturing and selling of electronic materials	150,000	150,000	15,000	100	95,541	689	724	Notes 1 and 2
	DYP Corp.	Taiwan	Selling of electronic components	112,200	112,200	11,220	51	20,919	138	71	Notes 1, 2 and 3
	U.D.ELECTRONIC VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling of electronic materials	154,292 (US\$ 3,866) and (VND 27,392,731)	82,405 (US\$ 1,500) and (VND 27,392,731)	-	100	151,857	(1,248)	(1,248)	Notes 1 and 2
Global Connection (Samoa) Holding Inc.	Sunderland Inc.	Republic of Mauritius	Holding company	428,249 (US\$ 14,064)	431,905 (US\$ 14,064)	14,064	100	404,386	(15,561)	(15,561)	Notes 1 and 2
	San Francisco Inc.	Republic of Mauritius	Holding company	838,471 (US\$ 27,536)	845,631 (US\$ 27,536)	27,536	100	1,823,342	54,817	54,817	Notes 1 and 2
	All First International Co., Ltd.	Samoa	International trading	304,500 (US\$ 10,000)	307,100 (US\$ 10,000)	10,000	100	654,011	5,941	5,996	Notes 1 and 2
DYP Corp.	Ta Yang UDE Limited	Samoa	Holding company	113,000 (US\$ 3,711)	113,965 (US\$ 3,711)	4,438	100	(35,650)	(5,794)	(5,288)	Notes 1, 2 and 3
Ta Yang UDE Limited	Morning Paragon Limited	Samoa	International trading	59,033 (US\$ 1,939)	59,537 (US\$ 1,939)	1,939	100	60,455	134	134	Notes 1 and 2

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

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

Note 3: The share of profits (loses) of the investee includes the effect of unrealized gross profit on intercompany transactions.

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

Note 5: Information on investments in mainland China. 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, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the Investee	Investment Gain (Loss) (Notes 2 b.(2) and 7)	Carrying Amount as of March 31, 2023 (Note 7)	Accumulated Repatriation of Investment Income as of March 31, 2023
					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	\$ (14,265)	\$ (16,106) (Note 6)	\$ 378,986	\$ -
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	55,058	54,817 (Note 6)	1,823,302	-
Zhong Jiang U.D.E. Networking Electronics Corp.	Selling of electronic components	2,476 (RMB 500)	b. (3)	- (Note 3)	-	-	-	100	4,486	4,486	58,363	-
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	(5,930)	(3,023)	(48,279)	-
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	545	545	25,378	-
Dongguan Ai Te Chieh Intellectual Technology Co., Ltd.	Machinery and automatic equipment development	44,753 (RMB 10,000)	b. (5)	- (Note 4)	-	-	-	60	(3,396)	(2,037)	7,107 (Note 5)	-
Dongguan Han Lian Technology Co., Ltd.	Manufacturing and selling of electronic connectors and electronic products	37,392 (RMB 8,400)	b. (5)	- (Note 4)	-	-	-	85	(2,613)	(2,221)	13,682 (Note 5)	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	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	\$1,842,004

(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.

(Continued)

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

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

In Thousands of New Taiwan Dollars

Related Party	Type	Purchase (Sale)		Price	Transaction Detail		Notes/Accounts Receivable (Payable)		Unrealized Gain/(Loss)	Note
		Amount	% of Total		Payment Terms	Compare to Normal Transactions	Ending Balance	% of Total		
Dongguan Jian Guan P.E. Co, Ltd.	Purchase	\$ 78,234	6	Negotiated case by case	O/A 135 days	Note 6	\$ (108,436)	(11)	\$ 1,840	Note 1
Zhong Jiang U.D.E. Electronics Corp.	(Sale)	(130,816)	(10)	Negotiated case by case	O/A 135 days	"	207,656	11	-	Note 2
	Purchase	1,163,597	89	Negotiated case by case	O/A 135 days	"	(813,856)	(81)	240	Note 3
Zhong Jiang U.D.E. Networking Electronics Corp.	(Sale)	(48,822)	(4)	Negotiated case by case	O/A 135 days	"	7,516	1	-	Note 4
Dongguan De Yang Precision Rubber Plastic. Co, Ltd.	Purchase	69,512	93	Negotiated case by case	O/A 135 days	"	(29,972)	(74)	(506)	Note 5

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

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

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

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

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

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

Note 7: The payment terms of non-related party are negotiated case by case, and payment is received in advance or from O/A 60 days to O/A 120 days.

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

(Concluded)