

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2021 and 2020**

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Independent Auditors' Review Report

To COMPAL ELECTRONICS, INC.:

Introduction

We have reviewed the accompanying consolidated balance sheets of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group") as of June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 conducted in accordance with the generally accepted auditing standards 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.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$14,468,544 thousand and \$17,652,696 thousand, constituting 3.2% and 4.3% of consolidated total assets as of June 30, 2021 and 2020, respectively, total liabilities amounting to \$2,509,463 thousand and \$2,607,206 thousand, constituting 0.7% and 0.9% of consolidated total liabilities as of June 30, 2021 and 2020, and the absolute value of total comprehensive income (loss) amounting to \$(4,789) thousand, \$304,389 thousand, \$(83,450) thousand and \$(217,340) thousand, constituting 0.4%, 35.1%, 1.8% and 19.0% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2021 and 2020, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of COMPAL ELECTRONICS, INC. and its subsidiaries as of June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Ying Kuo and Szu-Chuan Chien.



KPMG

Taipei, Taiwan (Republic of China)
August 12, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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.

Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2021 and 2020

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2021, December 31, 2020, and June 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2021		December 31, 2020		June 30, 2020			June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note (6)(a))	\$ 79,469,866	17.4	89,126,923	19.1	58,264,469	14.3	2100 Short-term borrowings (note (6)(m))	\$ 106,325,908	23.2	92,838,733	19.9	71,905,942	17.7
1110 Current financial assets at fair value through profit or loss (note (6)(b))	1,115,248	0.2	2,245,254	0.5	1,213,880	0.3	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	181,092	-	136,617	-	22,512	-
1135 Current financial assets for hedging (note (6)(d))	18,050	-	-	-	23,565	-	2125 Current financial liabilities for hedging (note (6)(d))	-	-	2,192	-	-	-
1170 Notes and accounts receivable, net (note (6)(e))	205,245,493	44.9	231,830,964	49.7	218,004,310	53.5	2130 Current contract liabilities (note (6)(w))	848,531	0.2	820,016	0.2	788,149	0.2
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	33,155	-	378,934	0.1	54,591	-	2170 Notes and accounts payable	177,919,901	38.9	196,837,439	42.2	165,195,046	40.6
1200 Other receivables, net (notes (6)(e) and (7))	2,262,922	0.5	1,628,657	0.3	1,976,666	0.5	2180 Notes and accounts payable to related parties (note (7))	2,186,108	0.5	2,888,624	0.6	2,208,449	0.5
1310 Inventories (note (6)(f))	118,680,238	25.9	96,151,959	20.6	86,517,937	21.3	2200 Other payables (note (7))	23,998,645	5.2	23,397,672	5.0	18,371,893	4.5
1460 Non-current assets classified as held for sale (note (6)(g))	1,446,029	0.3	-	-	-	-	2216 Dividends payable	44	-	11	-	5,913,640	1.5
1470 Other current assets (note (8))	3,713,019	0.8	3,097,944	0.6	2,447,062	0.6	2230 Current tax liabilities	5,430,703	1.2	5,378,651	1.2	4,248,027	1.0
	<u>411,984,020</u>	<u>90.0</u>	<u>424,460,635</u>	<u>90.9</u>	<u>368,502,480</u>	<u>90.5</u>	2250 Current provisions (note (6)(q))	915,978	0.2	870,050	0.2	855,124	0.2
Non-current assets:							2280 Current lease liabilities (note (6)(p))	660,304	0.1	377,161	0.1	515,821	0.1
1550 Investments accounted for using equity method (note (6)(h))	7,918,509	1.7	7,949,925	1.7	7,318,246	1.8	2300 Other current liabilities (note (6)(g))	2,831,393	0.6	1,470,466	0.3	1,363,069	0.3
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	223,102	-	201,608	0.1	171,246	-	2365 Current refund liabilities	1,634,419	0.4	1,574,469	0.3	1,645,421	0.4
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	6,088,037	1.3	4,817,011	1.0	4,219,210	1.0	2321 Bonds payable, current portion (note (6)(o))	983,006	0.2	-	-	-	-
1600 Property, plant and equipment (notes (6)(k) and (8))	23,848,604	5.2	22,085,340	4.7	19,552,055	4.8	2322 Long-term borrowings, current portion (note (6)(n))	<u>8,072,175</u>	<u>1.8</u>	<u>8,932,615</u>	<u>1.9</u>	<u>9,958,715</u>	<u>2.4</u>
1755 Right-of-use assets (note (6)(l))	3,167,765	0.7	3,496,952	0.8	3,773,702	0.9		<u>331,988,207</u>	<u>72.5</u>	<u>335,524,716</u>	<u>71.9</u>	<u>282,991,808</u>	<u>69.4</u>
1780 Intangible assets	1,649,477	0.4	1,506,101	0.3	1,530,657	0.4	Non-Current liabilities:						
1840 Deferred tax assets	1,540,622	0.4	1,514,208	0.3	1,648,319	0.4	2530 Bonds payable (note (6)(o))	-	-	980,219	0.2	973,331	0.2
1990 Other non-current assets (note (8))	1,235,602	0.3	893,918	0.2	603,567	0.2	2540 Long-term borrowings (note (6)(n))	8,938,150	2.0	10,401,738	2.2	9,490,325	2.4
	<u>45,671,718</u>	<u>10.0</u>	<u>42,465,063</u>	<u>9.1</u>	<u>38,817,002</u>	<u>9.5</u>	2570 Deferred tax liabilities	1,076,527	0.2	992,470	0.2	970,492	0.2
							2580 Non-current lease liabilities (note (6)(p))	1,683,685	0.4	1,910,601	0.4	1,914,644	0.5
							2640 Non-current net defined benefit liability	775,131	0.2	786,173	0.2	729,520	0.2
							2670 Non-current liabilities, others (note (6)(h))	<u>445,346</u>	<u>0.1</u>	<u>340,131</u>	<u>0.1</u>	<u>213,772</u>	<u>0.1</u>
								<u>12,918,839</u>	<u>2.9</u>	<u>15,411,332</u>	<u>3.3</u>	<u>14,292,084</u>	<u>3.6</u>
							Total liabilities	<u>344,907,046</u>	<u>75.4</u>	<u>350,936,048</u>	<u>75.2</u>	<u>297,283,892</u>	<u>73.0</u>
							Equity:						
							Equity attributable to owners of parent (note (6)(t)):						
							3110 Ordinary share	44,071,466	9.6	44,071,466	9.4	44,071,466	10.8
							3200 Capital surplus	6,666,000	1.5	8,342,813	1.8	8,339,694	2.0
							3300 Retained earnings	62,197,820	13.6	62,566,181	13.4	55,846,071	13.7
							3400 Other equity interest	(8,159,314)	(1.8)	(7,266,708)	(1.6)	(5,854,076)	(1.4)
							3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
								<u>103,894,725</u>	<u>22.7</u>	<u>106,832,505</u>	<u>22.8</u>	<u>101,521,908</u>	<u>24.9</u>
							36XX Non-controlling interests	<u>8,853,967</u>	<u>1.9</u>	<u>9,157,145</u>	<u>2.0</u>	<u>8,513,682</u>	<u>2.1</u>
							Total equity	<u>112,748,692</u>	<u>24.6</u>	<u>115,989,650</u>	<u>24.8</u>	<u>110,035,590</u>	<u>27.0</u>
Total assets	<u>\$ 457,655,738</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<u>407,319,482</u>	<u>100.0</u>	Total liabilities and equity	<u>\$ 457,655,738</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<u>407,319,482</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended June 30				For the six months ended June 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net sales revenue (notes (6)(w) and (7))	\$ 260,994,034	100.0	263,653,504	100.0	530,985,567	100.0	445,700,550	100.0
5000	Cost of sales (notes (6)(f),(6)(r), (7) and (12))	252,222,686	96.6	255,384,585	96.9	512,612,637	96.5	431,485,720	96.8
	Gross profit	<u>8,771,348</u>	<u>3.4</u>	<u>8,268,919</u>	<u>3.1</u>	<u>18,372,930</u>	<u>3.5</u>	<u>14,214,830</u>	<u>3.2</u>
	Operating expenses: (notes (6)(r) and (12))								
6100	Selling expenses	1,266,802	0.5	1,167,777	0.4	2,797,435	0.5	1,958,382	0.4
6200	Administrative expenses	1,087,017	0.4	995,863	0.4	2,123,568	0.4	2,064,048	0.5
6300	Research and development expenses	3,868,452	1.5	3,723,746	1.4	7,627,962	1.5	6,905,018	1.6
		<u>6,222,271</u>	<u>2.4</u>	<u>5,887,386</u>	<u>2.2</u>	<u>12,548,965</u>	<u>2.4</u>	<u>10,927,448</u>	<u>2.5</u>
	Net operating income	<u>2,549,077</u>	<u>1.0</u>	<u>2,381,533</u>	<u>0.9</u>	<u>5,823,965</u>	<u>1.1</u>	<u>3,287,382</u>	<u>0.7</u>
	Non-operating income and expenses:								
7100	Interest income (note (6)(y))	483,497	0.2	428,148	0.2	983,001	0.2	907,391	0.2
7020	Other gains and losses, net (notes (6)(d), (6)(h), (6)(y) and (6)(aa))	350,201	0.1	(168,305)	(0.1)	411,502	0.1	(222,278)	-
7050	Finance costs (notes (6)(o) and (6)(p))	(223,502)	(0.1)	(241,610)	(0.1)	(494,729)	(0.1)	(624,388)	(0.1)
7190	Other income (note (6)(y))	150,970	-	182,576	0.1	238,614	-	250,617	-
7590	Miscellaneous disbursements	(12,753)	-	(19,375)	-	(36,148)	-	(26,268)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(h))	151,060	0.1	282,186	0.1	190,986	-	361,357	0.1
	Total non-operating income and expenses	<u>899,473</u>	<u>0.3</u>	<u>463,620</u>	<u>0.2</u>	<u>1,293,226</u>	<u>0.2</u>	<u>646,431</u>	<u>0.2</u>
7900	Profit from continuing operations before tax	<u>3,448,550</u>	<u>1.3</u>	<u>2,845,153</u>	<u>1.1</u>	<u>7,117,191</u>	<u>1.3</u>	<u>3,933,813</u>	<u>0.9</u>
7950	Less: Income tax expenses (note (6)(s))	<u>728,187</u>	<u>0.3</u>	<u>659,313</u>	<u>0.3</u>	<u>1,488,193</u>	<u>0.2</u>	<u>976,671</u>	<u>0.2</u>
	Profit	<u>2,720,363</u>	<u>1.0</u>	<u>2,185,840</u>	<u>0.8</u>	<u>5,628,998</u>	<u>1.1</u>	<u>2,957,142</u>	<u>0.7</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8311	Gains (losses) on remeasurements of defined benefit plans	(889)	-	(1,938)	-	(889)	-	(1,938)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	186,048	0.1	179,039	-	469,560	0.1	(681,775)	(0.2)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(2,429)	-	27,878	-	(9,640)	-	(60,110)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	49,298	-	7,794	-	67,679	-	(47,169)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>133,432</u>	<u>0.1</u>	<u>197,185</u>	<u>-</u>	<u>391,352</u>	<u>0.1</u>	<u>(696,654)</u>	<u>(0.2)</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(1,507,932)	(0.6)	(1,352,549)	(0.5)	(1,423,993)	(0.3)	(971,303)	(0.2)
8368	Gains (losses) on hedging instrument (note (6)(z))	10,493	-	(50,123)	-	20,242	-	28,436	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(39,236)	-	(119,755)	-	(72,297)	-	(178,023)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(s))	(11,377)	-	(7,577)	-	(11,454)	-	(5,735)	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(1,525,298)</u>	<u>(0.6)</u>	<u>(1,514,850)</u>	<u>(0.5)</u>	<u>(1,464,594)</u>	<u>(0.3)</u>	<u>(1,115,155)</u>	<u>(0.2)</u>
8300	Other comprehensive income	<u>(1,391,866)</u>	<u>(0.5)</u>	<u>(1,317,665)</u>	<u>(0.5)</u>	<u>(1,073,242)</u>	<u>(0.2)</u>	<u>(1,811,809)</u>	<u>(0.4)</u>
8500	Total comprehensive income	<u>\$ 1,328,497</u>	<u>0.5</u>	<u>868,175</u>	<u>0.3</u>	<u>4,555,756</u>	<u>0.9</u>	<u>1,145,333</u>	<u>0.3</u>
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 2,466,990	0.9	1,986,712	0.7	5,087,154	1.0	2,591,723	0.6
8620	Profit, attributable to non-controlling interests	253,373	0.1	199,128	0.1	541,844	0.1	365,419	0.1
		<u>\$ 2,720,363</u>	<u>1.0</u>	<u>2,185,840</u>	<u>0.8</u>	<u>5,628,998</u>	<u>1.1</u>	<u>2,957,142</u>	<u>0.7</u>
	Comprehensive income attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 1,100,905	0.4	724,754	0.2	4,032,992	0.8	776,182	0.2
8720	Comprehensive income (loss), attributable to non-controlling interests	227,592	0.1	143,421	0.1	522,764	0.1	369,151	0.1
		<u>\$ 1,328,497</u>	<u>0.5</u>	<u>868,175</u>	<u>0.3</u>	<u>4,555,756</u>	<u>0.9</u>	<u>1,145,333</u>	<u>0.3</u>
	Earnings per share (note 6(v))								
9750	Basic earnings per share	<u>\$ 0.57</u>		<u>0.46</u>		<u>1.17</u>		<u>0.59</u>	
9850	Diluted earnings per share	<u>\$ 0.56</u>		<u>0.45</u>		<u>1.16</u>		<u>0.59</u>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Total other equity interest		Total other equity interest	Treasury shares	Total equity attributable to owners of parent			
				Special reserve	Unappropriated retained earnings		Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income						Others
Balance at January 1, 2020	\$ 44,071,466	9,159,259	19,719,150	7,467,831	30,539,623	57,726,604	(3,794,980)	(306,763)	(1,706)	(4,103,449)	(881,247)	105,972,633	8,786,711	114,759,344
Profit for the six months ended June 30, 2020	-	-	-	-	2,591,723	2,591,723	-	-	-	-	-	2,591,723	365,419	2,957,142
Other comprehensive income	-	-	-	-	(851)	(851)	(1,128,592)	(694,904)	8,806	(1,814,690)	-	(1,815,541)	3,732	(1,811,809)
Total comprehensive income	-	-	-	-	2,590,872	2,590,872	(1,128,592)	(694,904)	8,806	(1,814,690)	-	776,182	369,151	1,145,333
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	695,590	-	(695,590)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(3,366,088)	3,366,088	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	804	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	804	-	804
Changes in equity of associates and joint ventures accounted for using equity method	-	1,039	-	-	(9,173)	(9,173)	-	8,978	-	8,978	-	844	-	844
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(22,034)	(22,034)	-	22,034	-	22,034	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(642,180)	(642,180)
Balance at June 30, 2020	<u>\$ 44,071,466</u>	<u>8,339,694</u>	<u>20,414,740</u>	<u>4,101,743</u>	<u>31,329,588</u>	<u>55,846,071</u>	<u>(4,923,572)</u>	<u>(937,604)</u>	<u>7,100</u>	<u>(5,854,076)</u>	<u>(881,247)</u>	<u>101,521,908</u>	<u>8,513,682</u>	<u>110,035,590</u>
Balance at January 1, 2021	\$ 44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505	9,157,145	115,989,650
Profit for the six months ended June 30, 2021	-	-	-	-	5,087,154	5,087,154	-	-	-	-	-	5,087,154	541,844	5,628,998
Other comprehensive income	-	-	-	-	(599)	(599)	(1,455,055)	394,434	7,058	(1,053,563)	-	(1,054,162)	(19,080)	(1,073,242)
Total comprehensive income	-	-	-	-	5,086,555	5,086,555	(1,455,055)	394,434	7,058	(1,053,563)	-	4,032,992	522,764	4,555,756
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	924,672	-	(924,672)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	3,164,965	(3,164,965)	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,288,576)	(5,288,576)	-	-	-	-	-	(5,288,576)	-	(5,288,576)
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)
Changes in ownership interests in subsidiaries	-	3,492	-	-	(5,383)	(5,383)	-	-	-	-	-	(1,891)	-	(1,891)
Changes in equity of associates and joint ventures accounted for using equity method	-	1,570	-	-	(18,516)	(18,516)	-	18,516	-	18,516	-	1,570	-	1,570
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027	-	80,027
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(142,441)	(142,441)	-	142,441	-	142,441	-	-	-	-
Others	-	957	-	-	-	-	-	-	-	-	-	957	-	957
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(825,942)	(825,942)
Balance at June 30, 2021	<u>\$ 44,071,466</u>	<u>6,666,000</u>	<u>21,339,412</u>	<u>7,266,708</u>	<u>33,591,700</u>	<u>62,197,820</u>	<u>(8,344,032)</u>	<u>178,439</u>	<u>6,279</u>	<u>(8,159,314)</u>	<u>(881,247)</u>	<u>103,894,725</u>	<u>8,853,967</u>	<u>112,748,692</u>

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 7,117,191	3,933,813
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	3,362,784	2,958,445
Increase (decrease) in expected credit loss	3,570	(2,653)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,643)	4,113
Finance cost	494,729	624,388
Interest income	(983,001)	(907,391)
Dividend income	(82,647)	(103,473)
Compensation cost of share-based payments	16,288	44,332
Share of loss (profit) of associates and joint ventures accounted for using equity method	(190,986)	(361,357)
Gain on disposal of property, plant and equipment	18,390	(8,489)
Gain on disposal of investments	-	(4,899)
Total adjustments to reconcile profit (loss)	2,632,484	2,243,016
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	1,130,005	132,499
Decrease (increase) in notes and accounts receivable	26,928,870	(26,316,142)
Decrease (increase) in other receivables	(309,584)	216,668
Decrease (increase) in inventories	(22,528,279)	(8,084,399)
Decrease (increase) in other current assets	(615,075)	625,599
Decrease (increase) in other non-current assets	(8,552)	107,956
Total changes in operating assets	4,597,385	(33,317,819)
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	44,475	16,658
Increase (decrease) in notes and accounts payable	(19,620,054)	22,957,718
Increase (decrease) in other payables	566,018	(2,894,100)
Increase (decrease) in refund liabilities	59,950	263,047
Increase (decrease) in provisions	45,928	24,367
Increase (decrease) in contract liabilities	28,515	(168,306)
Increase (decrease) in other current liabilities	124,161	(627,174)
Others	(10,948)	(8,644)
Total changes in operating liabilities	(18,761,955)	19,563,566
Total changes in operating assets and liabilities	(14,164,570)	(13,754,253)
Total adjustments	(11,532,086)	(11,511,237)
Cash inflow generated from operations	(4,414,895)	(7,577,424)
Interest received	822,817	938,906
Dividends received	82,647	7,427
Interest paid	(507,814)	(724,485)
Income taxes paid	(1,410,904)	(1,087,351)
Net cash flows from (used in) operating activities	(5,428,149)	(8,442,927)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(819,254)	(77,434)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	-	44,915
Acquisition of investments accounted for using equity method	(17,189)	-
Proceeds from disposal of investments accounted for using equity method	-	8,306
Proceeds from liquidation of investments	104	-
Acquisition of property, plant and equipment	(5,837,184)	(2,719,361)
Proceeds from disposal of property, plant and equipment	85,522	72,250
Increase in receipts in advance from disposal of property	1,236,766	-
Acquisition of intangible assets	(463,929)	(222,866)
Acquisition of right-of-use assets	-	(321,745)
Others	(333,132)	(93,902)
Net cash flows from (used in) investing activities	(6,148,296)	(3,309,837)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	13,487,175	10,954,098
Proceeds from long-term borrowings	23,964,960	31,087,890
Repayments of long-term borrowings	(26,288,988)	(37,387,288)
Payment of lease liabilities	(404,067)	(450,693)
Cash dividends paid	(6,971,408)	-
Change in non-controlling interests	(849,446)	(930)
Others	105,646	(32,063)
Net cash flows from (used in) financing activities	3,043,872	4,171,014
Effect of exchange rate changes on cash and cash equivalents	(1,124,484)	(713,178)
Net increase (decrease) in cash and cash equivalents	(9,657,057)	(8,294,928)
Cash and cash equivalents at beginning of period	89,126,923	66,559,397
Cash and cash equivalents at end of period	\$ 79,469,866	58,264,469

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Compal Electronics, Inc. (“the Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company and its subsidiaries (together referred to as the “Group” and individually as the (“Group entities”)) primarily are involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on August 12, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the guidelines of IAS 34 Interim Financial Reporting which are endorsed by the FSC. These consolidated interim financial statements do not include all of the information required by the Regulations and by the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC) for a complete set of the annual financial statements.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Except as described in the following paragraph, the significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2020. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2020.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are consistent with the consolidated financial statement for the year ended December 31, 2020. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2020.

The list of subsidiaries in the consolidated financial statements as follows:

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of June 30, 2021, which represented 0.7% of the Company's outstanding shares. (Note 1 and Note 2)
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of June 30, 2021, which represented 0.4% of the Company's outstanding shares.
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	"	100%	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. ("Arcadyan")	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	35%	35%	35%	The Group had the ability to control Arcadyan.
The Company	Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	100%	
"	Mactech Co., Ltd. ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	91%	70%	70%	
"	Shennona Taiwan Co., Ltd. ("Shennona TW")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	100%	
"	Aco Smartcare Co., Ltd. ("Aco Smartcare")	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	52%	
"	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	100%	
"	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	100%	
"	Just International Ltd. ("Just")	Investment	100%	100%	100%	
"	Compal International Holding Co., Ltd. ("CIH")	"	100%	100%	100%	
"	Compal Electronics (Holding) Ltd. ("CEH")	"	100%	100%	100%	
"	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	100%	(Note 1 and Note 2)
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	100%	(Note 1 and Note 2)
The Company and BSH	High Shine Industrial Corp. ("HSI")	"	100%	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. ("CEP")	Maintenance and warranty services of notebook PCs	100%	100%	100%	
"	Big Chance International Co., Ltd. ("BCI")	Investment	100%	100%	100%	
"	Compal Rayonnant Holdings Limited ("CRH")	"	100%	100%	100%	
"	Core Profit Holdings Limited ("CORE")	"	100%	100%	100%	
"	Compalead Electronics B.V. ("CPE")	"	100%	100%	100%	
"	CGS Technology (Poland) Sp. z o.o. (CGSP)	Maintenance and warranty services of notebook PCs	100%	100%	-	CGSP was established in September 2020.
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB")	Manufacturing of notebook PCs	100%	100%	100%	(Note 1 and Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
Panpal and Gempal	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	100%	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda (CEA)	Manufacturing of notebook PCs	100%	100%	-	CEA was established in September 2020.
Just	Compal Display Holding (HK) Limited ("CDH (HK)")	Investment	100%	100%	100%	
"	Compal Electronics International Ltd. ("CII")	"	100%	100%	100%	
"	Compal International Ltd. ("CPI")	"	100%	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	100%	
CII	Smart International Trading Ltd. ("Smart")	"	100%	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	100%	100%	100%	
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	"	100%	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	100%	
"	Fortune Way Technology Corp. ("FWT")	"	100%	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. ("CET")	Manufacturing of notebook PCs	100%	100%	100%	
"	Compal Information (Kunshan) Co., Ltd. ("CIC")	"	100%	100%	100%	
"	Coompal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	100%	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
CIH (HK)	Compal Digital Technology (Kunshan) Co., Ltd. ("CDT")	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	100%	
BT	Compower Global Service Co., Ltd. ("CGS")	Maintenance and warranty service of notebook PCs	100%	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. ("CIJ")	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	100%	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	100%	
"	Palcom International Corporation ("Palcom")	Sales of mobile phones	100%	100%	100%	
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	"	100%	100%	100%	
"	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	"	100%	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	100%	
"	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	100%	100%	
"	Compal Wise Electronic (Vietnam) Co., Ltd. (CWV)	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	-	CWV was established in August 2020.
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Sales of wireless network products	100%	100%	100%	(Note 2)
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Technical support and sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
Arcadyan	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless network products	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	Sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	Sales of wireless network products	100%	100%	100	Arcadyan RU was established in June 2020. (Note 1 and Note 2)
”	Zhi-bao Technology Inc. (“Zhi-bao”)	Investment	100%	100%	100%	(Note 2)
”	Tatung Technology Inc. (“TTI”)	R&D and sales of household digital electronic products	61%	61%	61%	
”	AcBel Telecom Inc. (“AcBel Telecom”)	Investment	51%	51%	51%	(Note 1 and Note 2)
Arcadyan and Zhi-bao	Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	Sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan India Private Limited (“Arcadyan India”)	Sales of wireless network products	100%	-	-	The subsidiary was incorporated on March 25, 2021.
The Company, Arcadyan and its subsidiaries	Compal Broadband Network Inc. (“CBN”)	R&D and sales of cable modem, digital set-up box, and other communication products	64%	64%	64%	
CBN	Compal Broadband Networks Belgium BVBA (“CBNB”)	Import and export business, technical support and consulting service of broadband networks	100%	100%	100%	
”	Compal Broadband Networks Netherlands B.V. (“CBNN”)	”	100%	100%	100%	
The Company and CBN	Starmems Semiconductor Corp. (“Starmems”)	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	45%	-	-	The subsidiary was incorporated in April 2021 and the Group has substantial control over it.
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment	100%	100%	100%	(Note 2)
”	Arcadyan Technology (Shanghai) Corp. (“SVA Arcadyan”)	R&D and sales of wireless network products	100%	100%	100%	
”	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment	100%	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless network products	100%	100%	100%	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless network products	100%	100%	100%	(Note 2)
AcBel Telecom	Leading Images Ltd. (“Leading Images”)	Investment	-	-	100%	The liquidation procedures had been completed on December 7, 2020. (Note 2)
Leading Images	Astoria Networks GmbH (“Astoria GmbH”)	Sales of wireless network products	-	-	100%	The liquidation procedures had been completed on October 14, 2020. (Note 2)
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
TTI	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Sales of household digital electronic products	100%	100%	100%	(Note 2)
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment	100%	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	Manufacturing of household digital electronic products	100%	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. (“IUE”)	Investment	100%	100%	100%	
“	Goal Reach Enterprises Ltd. (“Goal”)	“	100%	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. (“CVC”)	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	100%	
Goal	Compal Development & Management (“Vietnam”) Co., Ltd. (“CDM”)	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	100%	
Payonnant Technology and CRH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	100%	
APH	Primetek Enterprises Limited (“PEL”)	“	100%	100%	100%	
“	Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	“	100%	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	100%	
HHA	HengHao Holdings B Co., Ltd. (“HHB”)	“	100%	100%	100%	
HHB	HengHao Trading Co., Ltd.	“	-	-	100%	The liquidation procedures had been completed on December 2020.
“	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	100%	
“	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	100%	100%	
BCI	Center Mind International Co., Ltd. (“CMI”)	Investment	100%	100%	100%	
“	Prisco International Co., Ltd. (“PRI”)	“	100%	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. (“CIS”)	Outward investment and consulting services	100%	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. (“CEQ”)	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 2020	
CIS	Compal Electronics (Chengdu) Co., Ltd. ("CEC")	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	100%	
"	Compal Management (Chengdu) Co., Ltd. ("CMC")	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	100%	
CORE	Billion Sea Holdings Limited ("BSH")	Investment	100%	100%	100%	
BSH	Mithera Capital Io LP ("Mithera")	"	99%	99%	99%	
GLB	Rapha Bio Ltd. ("RBL")	Detector and feature	100%	100%	100%	
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	51%	51%	51%	

Note 1: The financial statements of the subsidiary as of June 30, 2021 have not been reviewed by CPA.

Note 2: The financial statements of the subsidiary as of June 30, 2020 have not been reviewed by CPA.

(c) **Income taxes**

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(d) **Employee benefits**

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

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(e) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with Regulations as well as IFRSs (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated interim financial statements, the major sources of significant accounting assumptions, judgments and estimation uncertainty are consistent with note (5) of the annual consolidated financial statements for the year ended December 31, 2020.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference compared with the consolidated financial statements for the year ended December 31, 2020. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2020 and for other related information.

(a) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	\$ 13,657	18,637	15,683
Checking accounts and demand deposits	19,549,915	19,537,842	11,854,112
Time deposits	59,906,294	69,560,444	46,094,641
Bonds purchased under resale agreements	-	10,000	300,033
	<u>\$ 79,469,866</u>	<u>89,126,923</u>	<u>58,264,469</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Please refer to note (6)(aa) for the disclosure of the exchange rate risk, the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Structured deposits	\$ 1,092,417	2,234,184	1,139,451
Stock unlisted in domestic markets	109,215	100,190	87,550
Fund in domestic or foreign markets	113,887	101,419	83,696
Derivative instruments not used for hedging			
Foreign exchange contracts	15,143	-	56,682
Swap contracts	<u>7,688</u>	<u>11,069</u>	<u>17,747</u>
Total	<u>\$ 1,338,350</u>	<u>2,446,862</u>	<u>1,385,126</u>
Current	\$ 1,115,248	2,245,254	1,213,880
Non-current	<u>223,102</u>	<u>201,608</u>	<u>171,246</u>
	<u>\$ 1,338,350</u>	<u>2,446,862</u>	<u>1,385,126</u>
	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 178,483	130,865	22,190
Swap contracts	<u>2,609</u>	<u>5,752</u>	<u>322</u>
	<u>\$ 181,092</u>	<u>136,617</u>	<u>22,512</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Group uses derivative instruments to hedge foreign currency risk the Group is exposed to arising from its operating activities. The following derivative instruments not applied hedge accounting were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

	June 30, 2021		
	Contract amount (in thousand)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 31,000	EUR to USD	July 9~September 14, 2021
Forward exchange sold	EUR 1,000	EUR to TWD	August 5, 2021
Forward exchange purchased	USD 3,000	USD to CNY	September 14, 2021
Swap contracts:			
Currency Swap	USD 37,000	USD to TWD	July 13~August 30, 2021
Derivative financial liabilities:			
Forward exchange purchased	USD 129,200	USD to BRL	July 8, 2021~June 21, 2022
Forward exchange purchased	EUR 297	USD to RUB	August 30, 2021
Forward exchange purchased	USD 23,000	USD to CNY	July 14 ~August 13, 2021
Swap contracts:			
Currency swap	USD 23,500	USD to TWD	July 29~ September 15, 2021
	December 31, 2020		
	Contract amount (in thousand)	Currency	Maturity date
Derivative financial assets:			
Swap contracts:			
Currency swap	USD 37,000	USD to TWD	January 13~February 26, 2021
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange sold	EUR 49,000	EUR to USD	January 13~April 14, 2021
Forward exchange purchased	USD 122,300	USD to BRL	January 7~August 26, 2021
Swap contracts:			
Currency swap	USD 45,500	USD to TWD	March 12~April 29, 2021

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	June 30, 2020			
	Contract amount (in thousand)	Currency	Maturity date	
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	EUR 9,000	EUR to USD	August 25~November 27, 2020	
Forward exchange purchased	USD 330	USD to RUB	September 29, 2020	
Forward exchange purchased	USD 105,000	USD to BRL	July 2, 2020~June 24, 2021	
Swap contracts:				
Currency swap	USD 48,000	USD to TWD	July 13~October 14, 2020	
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange sold	EUR 29,000	EUR to USD	July 10~December 14, 2020	
Forward exchange purchased	USD 30,000	USD to TWD	July 10, 2020	
Swap contracts:				
Currency swap	USD 12,000	USD to TWD	September 18~September 29, 2020	

The market risk related to the financial instruments please refer to note (6)(aa).

As of June 30, 2021, December 31 and June 30, 2020, the Group did not provide any aforementioned financial assets as collaterals for its loans.

(c) Financial assets at fair value through other comprehensive income

	June 30, 2021	December 31, 2020	June 30, 2020
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 2,671,532	1,972,849	1,729,551
Stock listed in foreign markets	778,800	491,243	337,880
Stock unlisted in domestic markets	2,285,218	2,152,542	1,976,919
Stock unlisted in foreign markets	352,487	200,377	174,860
Total	\$ 6,088,037	4,817,011	4,219,210

The purpose that the Group invests in the above-mentioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, these equity securities are designated as at FVOCI.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In order to strengthen the business cooperation with its related party, Kinpo Electronics, Inc. (“Kinpo”), the Group acquired 46,197 thousand common stocks of Kinpo from its related party, Jipo Investment Inc. in May 2021, with a transaction price amounting to \$616,864. The transaction has been completed and the price has been fully paid.

The liquidation procedures of Horizon Ventures Fund I, LP, measured at fair value through other comprehensive income by the Group, had been completed in January 2021. The proceed from the liquidation was \$104, resulting in a cumulative valuation loss of \$142,441, which was reclassified from other comprehensive income to retained earnings.

During the first two quarter of 2020, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in Global BioPharma, Inc. The fair value of the shares upon disposal amounted to \$44,915, resulting in a cumulative loss of \$55,085, which was reclassified from other comprehensive income to retained earnings.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the six months ended June 30, 2021 and 2020, will be \$304,402 and \$210,961, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

The Group’s information of market risk please refer to note (6)(aa).

As of June 30, 2021, December 31 and June 30, 2020, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Financial instruments used for hedging

(i) Financial instruments used for hedging were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ <u>18,050</u>	<u>-</u>	<u>23,565</u>
Financial liabilities used for hedging:			
Forward exchange contracts	<u>\$ -</u>	<u>2,192</u>	<u>-</u>

(ii) Cash flow hedge

The Group’s strategy is to use forward exchange contracts to hedge its foreign currency exposure in respect of forecasted future sales.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of June 30, 2021, December 31 and June 30, 2020, the amounts related to the items designated as hedge instruments were as follows:

June 30, 2021				
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>	<u>Average strike price</u>
Derivative financial assets used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 28,000	EUR to USD	July 29~December 29, 2021	1.2149
December 31, 2020				
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>	<u>Average strike price</u>
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 6,000	EUR to USD	April 29~June 29, 2021	1.2192
June 30, 2020				
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>	<u>Average strike price</u>
Derivative financial assets used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 49,000	EUR to USD	July 27~December 29, 2020	1.1407

- (iii) For the three months and six months ended June 30, 2021 and 2020, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$0, \$5,335, \$0 and \$4,255, respectively, recorded as “other gains and losses, net”.
- (iv) For the three months and six months ended June 30, 2021 and 2020, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss is recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(e) Notes and accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivables from operating activities	\$ 103,092	40,059	15,792
Accounts receivables – measured at amortized cost	179,265,256	197,650,813	186,592,671
Accounts receivables – fair value through other comprehensive income	<u>29,823,608</u>	<u>38,429,954</u>	<u>35,373,059</u>
	209,191,956	236,120,826	221,981,522
Less: allowance for uncollectible accounts	<u>(3,913,308)</u>	<u>(3,910,928)</u>	<u>(3,922,621)</u>
	<u>\$ 205,278,648</u>	<u>232,209,898</u>	<u>218,058,901</u>
Notes and accounts receivable	<u>\$ 205,245,493</u>	<u>231,830,964</u>	<u>218,004,310</u>
Notes and accounts receivable – related parties	<u>\$ 33,155</u>	<u>378,934</u>	<u>54,591</u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

(i) The loss allowance provision of IT product segment of the Group was determined as follows:

<u>June 30, 2021</u>				
<u>Credit rating</u>	<u>Carrying amount of notes and accounts receivable</u>	<u>Weighted- average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit- impaired</u>
Level A	\$ 186,981,152	0%	-	No
Level B	10,905,635	0.63%	68,675	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 201,704,127</u>		<u>3,886,015</u>	
<u>December 31, 2020</u>				
<u>Credit rating</u>	<u>Carrying amount of notes and accounts receivable</u>	<u>Weighted- average ECL rate</u>	<u>Lifetime ECLs</u>	<u>Credit- impaired</u>
Level A	\$ 213,584,823	0%	-	No
Level B	11,779,368	0.57%	66,757	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 229,181,531</u>		<u>3,884,097</u>	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

June 30, 2020

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 202,139,528	0%	-	No
Level B	9,747,856	0.701%	68,331	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 215,704,724</u>		<u>3,885,671</u>	

- (ii) The loss allowance provision of strategically integrated product segment of the Group was determined as follows:

June 30, 2021

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 3,001,838	0%	-	No
Level B	3,956,998	0.10%	3,998	No
Level C	510,806	1.00%	5,108	No
Level D	-	-	-	-
Level E	<u>18,187</u>	100%	<u>18,187</u>	Yes
	<u>\$ 7,487,829</u>		<u>27,293</u>	

December 31, 2020

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,705,044	0%	-	No
Level B	3,772,573	0.10%	3,814	No
Level C	443,092	1.00%	4,431	No
Level D	-	-	-	-
Level E	<u>18,586</u>	100%	<u>18,586</u>	Yes
	<u>\$ 6,939,295</u>		<u>26,831</u>	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

June 30, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,584,760	0%	-	No
Level B	3,016,539	0.1%	3,053	No
Level C	648,083	1%	6,481	No
Level D	-	-	-	-
Level E	27,416	100%	27,416	Yes
	\$ 6,276,798		36,950	

The aging analysis of notes and accounts receivable was determined as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Overdue 1 to 180 days	\$ 994,597	2,073,442	1,311,212
Overdue 181 to 365 days	-	104,264	30,700
	\$ 994,597	2,177,706	1,341,912

The movement in the allowance for notes and accounts receivable was as follows:

	For the six months ended June 30,	
	2021	2020
Balance at January 1	\$ 3,910,928	3,928,716
Impairment losses recognized (reversed)	3,475	(4,082)
Effect of changes in exchange rates	(1,095)	(2,013)
Balance at June 30	\$ 3,913,308	3,922,621

Allowance for uncollectible account is the balance of accounts receivable which are uncollectable. Except for evaluating the situation of the customers' payment records and widely analyzing the credit rating of customers, the Group also takes all the necessary procedures for collection. The Group believes that there is no doubt for the recovery of the due but unimpaired accounts receivable, therefore, no allowance recognized.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Group entered into accounts receivable factoring agreements with banks. As of June 30, 2021, December 31 and June 30, 2020, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,600,000 thousand and EUR 32,000 thousand, USD 1,600,000 thousand and EUR 59,700 thousand, USD 1,000,000 thousand and EUR 59,700 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of June 30, 2021, December 31 and June 30, 2020, the factored account receivable with no advance amounting \$32,538, \$42,550 and \$16,697, respectively, is accounted for as other receivables.

The Group, customers and banks signed the three-party contracts in which the banks purchase accounts receivable from the Group. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Group's customers. Based on the contracts, the banks have no right to request the Company to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of June 30, 2021, December 31 and June 30, 2020, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of June 30, 2021, December 31 and June 30, 2020, the details of the factored accounts receivable but unsettled were as follows:

June 30, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	<u>\$ 22,439,663</u>	<u>-</u>	<u>22,407,125</u>	<u>32,538</u>	<u>-</u>	<u>22,439,663</u>	0.45%~0.85%
December 31, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	<u>\$ 42,597,772</u>	<u>-</u>	<u>42,555,222</u>	<u>42,550</u>	<u>-</u>	<u>42,597,772</u>	0.58%~0.93%
June 30, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	<u>\$ 23,906,479</u>	<u>-</u>	<u>23,889,782</u>	<u>16,697</u>	<u>-</u>	<u>23,906,479</u>	0.64%~0.73%

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of June 30, 2021, December 31 and June 30, 2020, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Finished goods	\$ 24,696,670	23,237,892	22,912,036
Work in progress	9,405,000	9,630,864	7,990,853
Raw materials	83,533,708	62,694,104	54,635,803
Raw materials in transit	<u>1,044,860</u>	<u>589,099</u>	<u>979,245</u>
	<u>\$ 118,680,238</u>	<u>96,151,959</u>	<u>86,517,937</u>

(i) For the three months and six months ended June 30, 2021 and 2020, inventory cost recognized as cost of sales amounted to \$252,222,686, \$255,384,585, \$512,612,637 and \$431,485,720, respectively.

(ii) The loss due to the write-down of inventories to net realizable value amounted \$614,603 for the three months ended June 30, 2021 and amounted to \$675,995 and \$292,252, for the six months ended June 30, 2021 and 2020, respectively. The Group reversed its allowance for inventory valuation loss amounted to \$176,539 due to the sale and disposal of its obsolete inventories for the three months ended June 30, 2020.

(iii) As of June 30, 2021, December 31 and June 30, 2020, the Group did not provide any inventories as collaterals for its loans.

(g) Non-current assets held for sale

To activate its assets, the Group signed an agreement regarding the disposal of property on May 7, 2021, with a non-related party Kunshan Xingcheng Construction and Development Co., Ltd., with a total amount of CNY 956,012 thousand. As of June 30, 2021, the Group had received the prepayment of CNY 286,800, which was reported under other current liabilities.

The Group expects to complete the above-mentioned transactions and recognizes the gains on disposal in the third quarter of 2021, and accordingly recognizes the related assets as non-current assets held for sale.

As of June 30, 2021, the disposal group comprised the following assets:

	June 30, 2021
Right-of-use-assets-Land	\$ 324,991
Buildings and building improvement	1,118,454
Other equipment	<u>2,584</u>
	<u>\$ 1,446,029</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The above assets did not have any impairment loss after measuring at the lower of other carrying amount and fair value less costs to sell.

(h) Investments accounted for using equity method

A summary of the Group's financial information for equity-accounted investees at the reporting date is as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates	\$ 8,002,516	8,036,165	7,409,141
Joint venture	<u>(16,811)</u>	<u>(17,106)</u>	<u>(15,707)</u>
	7,985,705	8,019,059	7,393,434
Plus: credit balance of investment in equity method (other non-current liability)	42,746	43,177	41,516
Less: unrealized profits or losses	<u>(109,942)</u>	<u>(112,311)</u>	<u>(116,704)</u>
	<u><u>\$ 7,918,509</u></u>	<u><u>7,949,925</u></u>	<u><u>7,318,246</u></u>

(i) Associates

- 1) The fair value of the shares of listed company based on the closing price was as follow:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,024,346	2,075,813	2,497,749
Avalue Technology Inc. ("Avalue")	<u>782,021</u>	<u>828,286</u>	<u>1,004,390</u>
	<u><u>\$ 2,806,367</u></u>	<u><u>2,904,099</u></u>	<u><u>3,502,139</u></u>

- 2) The Group's share of the net gain (loss) of associates was as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
The Group's share of the gain (loss) of associates	<u>\$ 150,582</u>	<u>282,535</u>	<u>190,550</u>	<u>363,287</u>

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- 3) The Group's financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>	
Carrying amount of individually immaterial associates	<u>\$ 8,002,516</u>	<u>8,036,165</u>	<u>7,409,141</u>	
	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
The Group's share of the net income (loss) of associates:				
Profit (loss) from continuing operations	\$ 150,582	282,535	190,550	363,287
Other comprehensive income	<u>(41,665)</u>	<u>(91,877)</u>	<u>(81,937)</u>	<u>(238,133)</u>
Total comprehensive income	<u>\$ 108,917</u>	<u>190,658</u>	<u>108,613</u>	<u>125,154</u>

- 4) For the six months ended June 30, 2020, the Group had sold parts of its shares held in Avalue, with a consideration (net of costs of disposal) amounting to \$8,306. The transaction has been completed and the price has been fully received, wherein the Group recognized a gain of \$3,914, which was accounted for as other gain and loss.

(ii) Joint venture

In April 2010, the Group and another company established a jointly controlled entity, Compal Connector Manufacture Ltd. ("CCM"), and obtained an ownership interest of 51%. CCM's actual paid-in capital amounted to USD10,000 thousands. Moreover, in May 2014, the Group and another company established a jointly controlled entity, Zheng Ying Electronics (Chongqing) Co., Ltd., ("Zheng Ying"), and obtained an ownership interest of 51%. Zheng Ying's actual paid-in capital amounted to USD 2,500 thousands.

The Group's financial information for investment accounted for using the equity method that are individually insignificant was as follows:

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
The carrying amount of the Group's interests in all individually insignificant joint ventures	<u>\$ (16,811)</u>	<u>(17,106)</u>	<u>(15,707)</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
The Group's share of the net income (loss) of joint ventures:				
Losses from continuing operations (also the total comprehensive losses)	\$ 478	(349)	436	(1,930)

(iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.

(iv) As of June 30, 2021, December 31 and June 30, 2020, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(i) Changes in subsidiaries' equity

Except for the following disclosures, there were no significant transactions for the six months ended June 30, 2021 and 2020. Please refer to note (6)(h) of the consolidated financial statement for the year ended December 31, 2020.

Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of Hippo Screen amounting to \$70,000 in January 2021, resulting in an increase in the ownership of the Group in Hippo Screen by 21%.

The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

	2021
Carrying amount of additional interest purchased	\$ 64,617
Consideration paid	<u>(70,000)</u>
Retained Earnings – changes in ownership interest in subsidiaries	<u>\$ (5,383)</u>

(j) Material non-controlling interests of subsidiaries

There were no significant transactions for the six months ended June 30, 2021 and 2020. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2020.

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(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2021	\$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Additions	479,748	163,478	1,119,993	729,196	3,407,632	5,900,047
Disposals and derecognitions	-	(3,007)	(594,431)	(506,517)	-	(1,103,955)
Transferred to non-current assets held for sale	-	(1,640,219)	-	(311,667)	-	(1,951,886)
Reclassifications	-	53,360	959,954	113,423	(1,126,737)	-
Effect of movements in exchange rates	(960)	(261,195)	(600,154)	(374,071)	(39,590)	(1,275,970)
Balance on June 30, 2021	<u>\$ 2,422,882</u>	<u>16,832,290</u>	<u>29,383,553</u>	<u>11,536,061</u>	<u>3,462,090</u>	<u>63,636,876</u>
Balance on January 1, 2020	\$ 1,705,220	16,966,779	27,044,641	11,289,433	1,310,558	58,316,631
Additions	4,611	45,718	754,050	559,070	812,190	2,175,639
Disposals and derecognitions	-	(26,886)	(348,395)	(342,607)	-	(717,888)
Reclassifications	222,770	427,699	256,099	115,558	(1,022,126)	-
Effect of movements in exchange rates	1	(172,086)	(452,040)	(266,226)	(81,105)	(971,456)
Balance on June 30, 2020	<u>\$ 1,932,602</u>	<u>17,241,224</u>	<u>27,254,355</u>	<u>11,355,228</u>	<u>1,019,517</u>	<u>58,802,926</u>
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Depreciation for the period	-	490,470	1,217,056	915,886	-	2,623,412
Disposals and derecognitions	-	(3,007)	(536,354)	(460,682)	-	(1,000,043)
Transferred to non-current assets held for sale	-	(521,765)	-	(309,083)	-	(830,848)
Effect of movements in exchange rates	-	(28,073)	(594,341)	(365,135)	-	(987,549)
Balance on June 30, 2021	<u>\$ -</u>	<u>10,792,734</u>	<u>20,658,006</u>	<u>8,337,532</u>	<u>-</u>	<u>39,788,272</u>
Balance on January 1, 2020	\$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Depreciation for the period	-	424,439	1,165,398	666,539	-	2,256,376
Disposals and derecognitions	-	(26,886)	(289,971)	(337,270)	-	(654,127)
Effect of movements in exchange rates	-	(107,257)	(399,660)	(188,745)	-	(695,662)
Balance on June 30, 2020	<u>\$ -</u>	<u>10,642,730</u>	<u>20,326,026</u>	<u>8,282,115</u>	<u>-</u>	<u>39,250,871</u>
Carrying amounts:						
Balance on January 1, 2021	<u>\$ 1,944,094</u>	<u>7,664,764</u>	<u>7,926,546</u>	<u>3,329,151</u>	<u>1,220,785</u>	<u>22,085,340</u>
Balance on June 30, 2021	<u>\$ 2,422,882</u>	<u>6,039,556</u>	<u>8,725,547</u>	<u>3,198,529</u>	<u>3,462,090</u>	<u>23,848,604</u>
Balance on January 1, 2020	<u>\$ 1,705,220</u>	<u>6,614,345</u>	<u>7,194,382</u>	<u>3,147,842</u>	<u>1,310,558</u>	<u>19,972,347</u>
Balance on June 30, 2020	<u>\$ 1,932,602</u>	<u>6,598,494</u>	<u>6,928,329</u>	<u>3,073,113</u>	<u>1,019,517</u>	<u>19,552,055</u>

As of June 30, 2021, December 31 and June 30, 2020, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

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(l) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee is presented as below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and Other</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	450,157	-	11,536	461,693
Deductions	-	(69,468)	-	(7,425)	(76,893)
Transferred to non-current assets held for sale	(362,689)	-	-	-	(362,689)
Effect of movements in exchange rates	(36,284)	(13,820)	(198)	(21)	(50,323)
Balance on June 30, 2021	<u>\$ 869,156</u>	<u>3,745,336</u>	<u>76,732</u>	<u>79,059</u>	<u>4,770,283</u>
Balance on January 1, 2020	\$ 1,110,813	2,809,991	86,661	88,712	4,096,177
Additions	321,745	631,468	-	5,816	959,029
Deductions	-	(123,066)	(9,115)	(7,358)	(139,539)
Effect of movements in exchange rates	(17,576)	(40,265)	(1,572)	(1,066)	(60,479)
Balance on June 30, 2020	<u>\$ 1,414,982</u>	<u>3,278,128</u>	<u>75,974</u>	<u>86,104</u>	<u>4,855,188</u>
Depreciation and impairment loss:					
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	13,347	399,990	6,175	10,575	430,087
Deductions	-	(68,069)	-	(7,425)	(75,494)
Transferred to non-current assets held for sale	(37,698)	-	-	-	(37,698)
Effect of movements in exchange rates	(10,232)	(5,537)	(151)	-	(15,920)
Balance on June 30, 2021	<u>\$ 20,173</u>	<u>1,502,073</u>	<u>30,773</u>	<u>49,499</u>	<u>1,602,518</u>
Balance on January 1, 2020	\$ 31,587	659,467	22,270	32,681	746,005
Depreciation for the period	31,645	405,632	6,418	18,042	461,737
Deductions	-	(100,243)	(9,803)	(6,285)	(116,331)
Effect of movements in exchange rates	(763)	(7,947)	(759)	(456)	(9,925)
Balance on June 30, 2020	<u>\$ 62,469</u>	<u>956,909</u>	<u>18,126</u>	<u>43,982</u>	<u>1,081,486</u>
Carrying amount:					
Balance on January 1, 2021	<u>\$ 1,213,373</u>	<u>2,202,778</u>	<u>52,181</u>	<u>28,620</u>	<u>3,496,952</u>
Balance on June 30, 2021	<u>\$ 848,983</u>	<u>2,243,263</u>	<u>45,959</u>	<u>29,560</u>	<u>3,167,765</u>
Balance on January 1, 2020	<u>\$ 1,079,226</u>	<u>2,150,524</u>	<u>64,391</u>	<u>56,031</u>	<u>3,350,172</u>
Balance on June 30, 2020	<u>\$ 1,352,513</u>	<u>2,321,219</u>	<u>57,848</u>	<u>42,122</u>	<u>3,773,702</u>

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unsecured bank loans	<u>\$ 106,325,908</u>	<u>92,838,733</u>	<u>71,905,942</u>
Unused credit line for short-term borrowings	<u>\$ 109,458,000</u>	<u>95,910,000</u>	<u>104,939,000</u>
Range of interest rates	<u>0.40%~7.56%</u>	<u>0.25%~2.58%</u>	<u>0.25%~7.15%</u>

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For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(aa).

(n) Long-term borrowings

The details of long-term borrowings were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured bank loans	\$ 16,320,000	19,105,440	19,181,540
Secured bank loans	690,325	228,913	267,500
Less: current portion	<u>(8,072,175)</u>	<u>(8,932,615)</u>	<u>(9,958,715)</u>
Total	<u>\$ 8,938,150</u>	<u>10,401,738</u>	<u>9,490,325</u>
Unused credit line for long-term borrowings	<u>\$ 17,939,000</u>	<u>15,327,000</u>	<u>18,144,000</u>
Range of interest rates	<u>0.55%~1.50%</u>	<u>0.66%~1.50%</u>	<u>0.65%~1.50%</u>

For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(aa).

The Group pledges property, plant and equipment as collateral for its partial long-term borrowings. Please refer to note (8).

(o) Unsecured convertible corporate bonds

(i) The Company's subsidiary, Arcadyan, issued the first domestic unsecured convertible corporate bonds on June 6, 2019. The details were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	(11,978)	(18,527)	(24,978)
Unamortized issuance costs on corporate bonds payable	(816)	(1,254)	(1,691)
Accumulated converted amount	<u>(4,200)</u>	<u>-</u>	<u>-</u>
Balance of bonds payable of the reporting date	<u>\$ 983,006</u>	<u>980,219</u>	<u>973,331</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 48,463</u>	<u>48,667</u>	<u>48,667</u>
	For the three months ended June 30,	For the six months ended June 30,	
	2021	2020	2021
Interest expenses	<u>\$ 3,461</u>	<u>3,426</u>	<u>6,918</u>
			<u>6,839</u>

The effective interest rate of the first issued convertible corporate bonds was 1.3284%.

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- (ii) The maturity date of the above-mentioned convertible corporate bonds was June 6, 2022; therefore, the bonds were classified as current liabilities on June 30, 2021.
- (iii) As of March 31, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$479 with a par value of \$4,200, and the capital surplus were recognized for \$3,856 (including the stock option conversion premium of \$204 and the unamortized discounts on corporate bonds payable of 69).
- (iv) There were no significant issues, repurchases and repayments of bonds payable for the six months ended June 30, 2021 and 2020. For related information, please refer to Note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2020.

(p) Lease liabilities

The details of leases liabilities were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Current	<u>\$ 660,304</u>	<u>377,161</u>	<u>515,821</u>
Non-current	<u>\$ 1,683,685</u>	<u>1,910,601</u>	<u>1,914,644</u>

For the maturity analysis, please refer to note (6)(aa).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Interest on lease liabilities	<u>\$ 12,104</u>	<u>11,369</u>	<u>23,773</u>	<u>22,934</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 799</u>	<u>971</u>	<u>1,386</u>	<u>1,563</u>
Expenses relating to leases of low-value assets or short-term leases	<u>\$ 33,783</u>	<u>25,750</u>	<u>70,010</u>	<u>50,042</u>

The amounts recognized in the consolidated statement of cash flows for the Group were as follows:

	For the six months ended June 30,	
	2021	2020
Total cash outflow for leases	<u>\$ 499,236</u>	<u>525,232</u>

(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1~19 years, and of land leasehold rights for 45~50 years.

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(ii) Other leases

The Group leases vehicles and equipment with lease terms of 1~5 years.

The Group also leases some equipment and vehicles with contract terms of 1~3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Provisions

There is no significant changes of provisions for the six months ended June 30, 2021 and 2020. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2020 for related information.

(r) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating cost	\$ 244	250	498	497
Selling expenses	150	182	309	357
Administrative expenses	552	788	1,113	1,566
Research and development expenses	<u>1,441</u>	<u>2,056</u>	<u>2,948</u>	<u>4,132</u>
Total	<u>\$ 2,387</u>	<u>3,276</u>	<u>4,868</u>	<u>6,552</u>

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$117,853, \$110,054, \$236,699 and \$219,399 for the three months and six months ended June 30, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

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Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$279,188, \$59,917, \$529,014 and \$309,643 for the three months and six months ended June 30, 2021 and 2020, respectively.

(s) Income taxes

- (i) The Group entities are subject to income tax rates according to the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management in all the year. The amounts of income tax were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current tax expense	<u>\$ 728,187</u>	<u>659,313</u>	<u>1,488,193</u>	<u>976,671</u>

- (ii) The amounts of income tax recognized in other comprehensive income were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of the defined benefit liability	\$ (178)	-	(178)	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>49,476</u>	<u>7,794</u>	<u>67,857</u>	<u>(47,169)</u>
	<u>\$ 49,298</u>	<u>7,794</u>	<u>67,679</u>	<u>(47,169)</u>
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	<u>\$ (11,377)</u>	<u>(7,577)</u>	<u>(11,454)</u>	<u>(5,735)</u>

- (iii) Examination and approval

The Company's tax returns for the year through 2018 were assessed by the Taipei National Tax Administration.

The ROC tax authorities have assessed the income tax returns of Rayonnant Technology, Palcom, Panpal, Gempal, Hong Ji, Hong Jin, Unicore, Raycore, Hippo Screen, Ripal, Arcadyan Zhi-Bao, Acbel Telecom, Mactech, RBL Shenona, Aco Smartcare through 2019, of UCGI, CBN, HengHao, GLB, through 2018, and of TTI through 2017.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(t) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 2021 and 2020. Please refer to note (6)(t) of the consolidated financial statement for the year ended December 31, 2020.

(i) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-in capital	\$ 3,660,158	5,422,060	5,421,061
Treasury share transactions	2,621,933	2,541,906	2,541,906
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	64,342	60,850	59,919
Changes in equity of associates and joint ventures accounted for using equity method	<u>282,801</u>	<u>281,231</u>	<u>280,042</u>
	<u>\$ 6,666,000</u>	<u>8,342,813</u>	<u>8,339,694</u>

The Company's Board of Directors meeting held on March 30, 2020, approved to distribute the cash dividend of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The Company's Board of Directors meeting held on March 26, 2021, approved to distribute the cash dividend of \$1,762,859 (representing 0.4 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post System website.

(ii) Retained earnings

Based on the Company's articles of incorporation, if there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve 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 General shareholders' meeting.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

Distribution for the earnings of 2020 and 2019 was approved in the Board of Directors meeting held on March 26, 2021 and March 30, 2020, respectively. The relevant information was as follows:

	2020		2019	
	Amount per share	Total amount	Amount per share	Total amount
Cash dividends distributed to common shareholders	\$ 1.2	<u>5,288,576</u>	1.0	<u>4,407,147</u>

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the six months ended June 30, 2021 and 2020. As of June 30, 2021, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 22.35, 20.70 and 19.25 New Taiwan dollars per share as of June 30, 2021, December 31 and June 30, 2020, respectively.

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	(1,382,758)	546,291	7,058	(829,409)
Associates	(72,297)	9,100	-	(63,197)
Balance on June 30, 2021	<u>\$ (8,344,032)</u>	<u>178,439</u>	<u>6,279</u>	<u>(8,159,314)</u>
Balance on January 1, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Group	(950,569)	(579,535)	8,806	(1,521,298)
Associates	(178,023)	(51,306)	-	(229,329)
Balance on June 30, 2020	<u>\$ (4,923,572)</u>	<u>(937,604)</u>	<u>7,100</u>	<u>(5,854,076)</u>

(u) Share-based payment

There were no significant changes in share-based payment during the six months ended June 30, 2021 and 2020. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2020 for related information.

(v) Earnings per share

The Group's basic and diluted earnings per share are calculated as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	<u>\$ 2,466,990</u>	<u>1,986,712</u>	<u>5,087,154</u>	<u>2,591,723</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>2,466,990</u>	<u>1,986,712</u>	<u>5,087,154</u>	<u>2,591,723</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares				
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130	4,357,130	4,357,130
Effect of potential diluted common stock				
Employee compensation (in thousands)	<u>24,408</u>	<u>16,006</u>	<u>43,866</u>	<u>36,795</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,381,538</u>	<u>4,373,136</u>	<u>4,400,996</u>	<u>4,393,925</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the three months ended June 30, 2021</u>		
	<u>IT Product Segment</u>	<u>Strategically Integrated Product Segment</u>	<u>Total</u>
Primary geographical markets:			
United states	\$ 105,311,254	1,624,247	106,935,501
China	32,761,216	148,951	32,910,167
Netherlands	18,378,193	446,214	18,824,407
United Kingdom	9,806,144	1,524,357	11,330,501
Others	<u>85,188,865</u>	<u>5,804,593</u>	<u>90,993,458</u>
	<u>\$ 251,445,672</u>	<u>9,548,362</u>	<u>260,994,034</u>
Major products:			
5C related electronics products	\$ 251,041,954	9,291,943	260,333,897
Others	<u>403,718</u>	<u>256,419</u>	<u>660,137</u>
	<u>\$ 251,445,672</u>	<u>9,548,362</u>	<u>260,994,034</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the three months ended June 30, 2020		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 119,743,447	1,781,697	121,525,144
China	30,653,853	243,845	30,897,698
Netherlands	21,583,369	222,294	21,805,663
United Kingdom	11,192,858	1,459,561	12,652,419
India	5,483,565	439	5,484,004
Others	<u>67,047,934</u>	<u>4,240,642</u>	<u>71,288,576</u>
	<u>\$ 255,705,026</u>	<u>7,948,478</u>	<u>263,653,504</u>
Major products:			
5C related electronics products	\$ 255,332,364	7,727,100	263,059,464
Others	<u>372,662</u>	<u>221,378</u>	<u>594,040</u>
	<u>\$ 255,705,026</u>	<u>7,948,478</u>	<u>263,653,504</u>
	For the six months ended June 30, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 204,080,156	3,667,701	207,747,857
China	64,381,890	238,233	64,620,123
Netherlands	38,796,373	864,991	39,661,364
United Kingdom	23,504,278	3,402,894	26,907,172
Others	<u>181,049,693</u>	<u>10,999,358</u>	<u>192,049,051</u>
	<u>\$ 511,812,390</u>	<u>19,173,177</u>	<u>530,985,567</u>
Major products:			
5C related electronics products	\$ 510,876,877	18,740,242	529,617,119
Others	<u>935,513</u>	<u>432,935</u>	<u>1,368,448</u>
	<u>\$ 511,812,390</u>	<u>19,173,177</u>	<u>530,985,567</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the six months ended June 30, 2020		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 184,048,890	3,531,340	187,580,230
China	57,206,798	312,758	57,519,556
Netherlands	43,041,858	399,368	43,441,226
United Kingdom	18,486,228	2,246,589	20,732,817
India	10,671,452	439	10,671,891
Others	<u>117,153,831</u>	<u>8,600,999</u>	<u>125,754,830</u>
	<u>\$ 430,609,057</u>	<u>15,091,493</u>	<u>445,700,550</u>
Major products:			
5C related electronics products	\$ 429,662,906	14,780,723	444,443,629
Others	<u>946,151</u>	<u>310,770</u>	<u>1,256,921</u>
	<u>\$ 430,609,057</u>	<u>15,091,493</u>	<u>445,700,550</u>
(ii) Contract balances			

	June 30, 2021	December 31, 2020	June 30, 2020
Notes and accounts receivable (including related parties)	\$ 209,191,956	236,120,826	221,981,522
Less: allowance for impairment	<u>(3,913,308)</u>	<u>(3,910,928)</u>	<u>(3,922,621)</u>
Total	<u>\$ 205,278,648</u>	<u>232,209,898</u>	<u>218,058,901</u>
Contract liabilities	<u>\$ 848,531</u>	<u>820,016</u>	<u>788,149</u>

For the details on accounts receivable and allowance for impairment, please refer to note (6)(e).

The amount of revenue recognized for the six months ended June 30, 2021 and 2020 that were included in the balance of contract liability at the beginning of the period was \$631,555 and \$792,356, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(x) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$262,920, \$237,226, \$545,508 and \$308,116, and directors' compensation of \$13,903, \$12,672, \$28,846 and \$16,459 for the three months and six months ended June 30, 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting.

The Company accrued and recognized its employee compensation of \$974,694 and \$731,322, and directors' compensation of \$51,541 and \$38,672 for the years ended December 31, 2020 and 2019, respectively. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements, the related information can be accessed through the Market Observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 483,453	428,096	982,923	907,286
Other interest income	44	52	78	105
Total Interest income	<u>\$ 483,497</u>	<u>428,148</u>	<u>983,001</u>	<u>907,391</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Other income

The other incomes for the three months and six months ended June 30, 2021 and 2020, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Dividend revenue	\$ 74,448	103,473	82,647	103,473
Other revenue	76,522	79,103	155,967	147,144
	<u>\$ 150,970</u>	<u>182,576</u>	<u>238,614</u>	<u>250,617</u>

(iii) Other gains and losses

The other gains and losses for the three months and six months ended June 30, 2021 and 2020, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Gains on disposal of investments	\$ -	-	-	4,899
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	(423,986)	75,477	(14,279)	552,486
Foreign currency exchange gains (losses), net	794,420	(251,183)	444,171	(788,152)
Gains (losses) on disposal of property, plant, and equipment, net	(20,233)	7,401	(18,390)	8,489
	<u>\$ 350,201</u>	<u>(168,305)</u>	<u>411,502</u>	<u>(222,278)</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(z) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months and six months ended June 30, 2021 and 2020, were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Cash flow hedge:				
Gains (losses) from current period	\$ 13,198	(22,212)	25,173	80,332
Less: reclassification of gains (losses) included in profit or loss	<u>2,705</u>	<u>27,911</u>	<u>4,931</u>	<u>51,896</u>
Profit (loss) recognized in other comprehensive income	<u>\$ 10,493</u>	<u>(50,123)</u>	<u>20,242</u>	<u>28,436</u>

(aa) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(aa) of the consolidated financial statements for the year ended December 31, 2020 for related information.

(i) Credit risk

Information of exposure to credit risk of notes and accounts receivable please refer to note (6)(e).

Other financial assets at amortized cost include other receivables, investments in corporate bonds and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g)) of the consolidated financial statements for the year ended December 31, 2020. Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the six months ended June 30, 2021 and 2020 were as follows:

	Other receivables
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	<u>95</u>
Balance on June 30, 2021	<u>\$ 2,487</u>
Balance on January 1, 2020	\$ 1,012
Impairment losses recognized (reversed)	<u>1,429</u>
Balance on June 30, 2020	<u>\$ 2,441</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. In addition to lease liabilities and bonds payable, excluding estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2021					
Non-derivative financial liabilities					
Secured borrowings	\$ 690,325	(690,325)	(77,175)	(37,800)	(575,350)
Unsecured borrowings	122,645,908	(122,645,908)	(114,320,908)	(7,325,000)	(1,000,000)
Lease liabilities— current and non-current	2,343,989	(2,449,223)	(697,080)	(516,249)	(1,235,894)
Notes and accounts payable	180,106,009	(180,106,009)	(180,106,009)	-	-
Other payables and dividends payable	23,998,689	(23,998,689)	(23,998,689)	-	-
Bonds payable	983,006	(995,800)	(995,800)	-	-
Derivative financial liabilities					
Forward exchange contracts:	178,483				
Outflow		(4,503,691)	(4,503,691)	-	-
Inflow		4,249,436	4,249,436	-	-
Currency swap contracts	2,609				
Outflow		(655,533)	(655,533)	-	-
Inflow		652,289	652,289	-	-
	<u>\$ 330,949,018</u>	<u>(331,143,453)</u>	<u>(320,453,160)</u>	<u>(7,879,049)</u>	<u>(2,811,244)</u>
December 31, 2020					
Non-derivative financial liabilities					
Secured borrowings	\$ 228,913	(228,913)	(77,175)	(77,175)	(74,563)
Unsecured borrowings	111,944,173	(111,944,173)	(101,694,173)	(5,125,000)	(5,125,000)
Lease liabilities— current and non-current	2,287,762	(2,401,961)	(486,124)	(562,952)	(1,352,885)
Notes and accounts payable	199,726,063	(199,726,063)	(199,726,063)	-	-
Other payables and dividends payable	23,397,683	(23,397,683)	(23,397,683)	-	-
Bonds payable	980,219	(1,000,000)	-	(1,000,000)	-
Forward exchange contracts:	130,865				
Outflow		(5,279,091)	(5,279,091)	-	-
Inflow		5,143,059	5,143,059	-	-
Currency swap contracts:	5,752				
Outflow		(1,295,840)	(1,295,840)	-	-
Inflow		1,285,715	1,285,715	-	-
Forward exchange contracts used for hedging:	2,192				
Outflow		(209,640)	(209,640)	-	-
Inflow		208,331	208,331	-	-
	<u>\$ 338,703,622</u>	<u>(338,846,259)</u>	<u>(325,528,684)</u>	<u>(6,765,127)</u>	<u>(6,552,448)</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2020					
Non-derivative financial liabilities					
Secured borrowings	\$ 267,500	(267,500)	(77,175)	(77,175)	(113,150)
Unsecured borrowings	91,087,482	(91,087,482)	(81,787,482)	(2,975,000)	(6,325,000)
Lease liabilities— current and non-current	2,430,465	(2,558,764)	(559,032)	(1,526,858)	(472,874)
Notes and accounts payable	167,403,495	(167,403,495)	(167,403,495)	-	-
Other payables and dividends payable	24,285,533	(24,285,533)	(24,285,533)	-	-
Bonds payable	973,331	(1,000,000)	-	(1,000,000)	-
Derivative financial liabilities					
Forward exchange contracts:	22,190				
Outflow		(1,853,730)	(1,853,730)	-	-
Inflow		1,836,095	1,836,095	-	-
Forward exchange contracts for hedging:	322				
Outflow		(354,960)	(354,960)	-	-
Inflow		355,404	355,404	-	-
	<u>\$ 286,470,318</u>	<u>(286,619,965)</u>	<u>(274,129,908)</u>	<u>(5,579,033)</u>	<u>(6,911,024)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: thousands of foreign currency / thousands of New Taiwan Dollars

	<u>June 30, 2021</u>			<u>December 31, 2020</u>			<u>June 30, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 12,100,886	27.86	337,130,684	13,926,339	28.48	396,622,135	11,408,296	29.63	338,027,810
USD to CNY	18,557	6.4604	516,998	13,381	6.5386	381,091	13,822	7.07465	409,546
EUR to TWD	60,341	33.15	2,000,304	60,677	35.02	2,124,909	58,401	33.27	1,943,001
CNY to USD	3,823,064	0.1548	16,487,835	3,646,117	0.1529	15,877,352	2,498,268	0.1413	10,459,546
Non-monetary items									
THB to TWD	893,017	0.8721	778,800	516,989	0.9502	491,243	351,922	0.9601	337,880
Financial liabilities									
Monetary items									
USD to TWD	12,349,115	27.86	344,046,344	14,056,045	28.48	400,316,162	11,216,835	29.63	332,354,821
USD to CNY	2,465	6.4604	68,675	3,132	6.5386	89,199	3,634	7.07465	107,675
USD to BRL	147,885	5.0022	4,120,076	131,487	5.1967	3,744,750	110,234	5.476	3,266,233
EUR to NTD	12,755	33.15	422,828	12,616	35.02	441,812	12,716	33.27	423,061
CNY to USD	3,044,431	0.1548	13,129,803	3,149,932	0.1529	13,716,669	2,644,222	0.1413	11,070,614

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of each major foreign currency against Group entities' functional currency as of June 30, 2021 and 2020, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
USD (against the TWD)		
Strengthening 5%	\$ (345,783)	283,649
Weakening 5%	345,783	(283,649)
USD (against the CNY)		
Strengthening 5%	22,416	15,094
Weakening 5%	(22,416)	(15,094)
USD (against the BRL)		
Strengthening 5%	(206,004)	(163,312)
Weakening 5%	206,004	163,312
EUR (against the TWD)		
Strengthening 5%	78,874	75,997
Weakening 5%	(78,874)	(75,997)
CNY (against the USD)		
Strengthening 5%	167,902	(30,553)
Weakening 5%	(167,902)	30,553

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$794,420, \$(251,183), \$444,171 and \$(788,152), respectively.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Group's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the six months ended June 30, 2021 and 2020, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the six months ended June 30,	
	2021	2020
Interest increased by 0.25%	\$ 13,232	161
Interest decreased by 0.25%	(13,232)	(161)

(v) Fair value information

1) The categories and fair value of financial instruments

The Group's financial assets at fair value through profit or loss, financial instruments used for hedging and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	June 30, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 22,831	-	22,831	-	22,831
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,315,519	-	1,092,417	223,102	1,315,519
Subtotal	1,338,350				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	June 30, 2021				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Derivative financial assets for hedging	<u>18,050</u>	-	18,050	-	18,050
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,671,532	2,671,532	-	-	2,671,532
Stocks listed on foreign markets	778,800	778,800	-	-	778,800
Stocks unlisted on domestic markets	2,285,218	-	-	2,285,218	2,285,218
Stocks unlisted on foreign markets	352,487	-	-	352,487	352,487
Accounts receivable	<u>29,823,608</u>	-	29,823,608	-	29,823,608
Subtotal	<u>35,911,645</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	79,469,866	-	-	-	-
Notes and accounts receivable, net	175,421,885	-	-	-	-
Notes and accounts receivable due from related parties, net	33,155	-	-	-	-
Other receivables	2,262,922	-	-	-	-
Refundable deposits	<u>855,345</u>	-	-	-	-
Subtotal	<u>258,043,173</u>				
Total	<u>\$ 295,311,218</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	<u>\$ 181,092</u>	-	181,092	-	181,092
Financial liabilities measured at amortized cost					
Short-term borrowings	106,325,908	-	-	-	-
Notes and accounts payable	177,919,901	-	-	-	-
Notes and accounts payable to related parties	2,186,108	-	-	-	-
Other payables and dividends payable	23,998,689	-	-	-	-
Bonds payable	983,006	-	-	-	-
Lease liabilities – current and non-current	2,343,989	-	-	-	-
Long-term borrowings current portion	8,072,175	-	-	-	-
Long-term borrowings	8,938,150	-	-	-	-
Deposits received	<u>390,878</u>	-	-	-	-
Subtotal	<u>331,158,804</u>				
Total	<u>\$ 331,339,896</u>				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	December 31, 2020				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 11,069	-	11,069	-	11,069
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>2,435,793</u>	-	2,234,184	201,609	2,435,793
Subtotal	<u>2,446,862</u>				
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,972,849	1,972,849	-	-	1,972,849
Stocks listed on foreign markets	491,243	491,243	-	-	491,243
Stocks unlisted on domestic markets	2,152,542	-	-	2,152,542	2,152,542
Stocks unlisted on foreign markets	200,377	-	-	200,377	200,377
Accounts receivable	<u>38,429,954</u>	-	38,429,954	-	38,429,954
Subtotal	<u>43,246,965</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	89,126,923	-	-	-	-
Notes and accounts receivable, net	193,401,010	-	-	-	-
Notes and accounts receivable due from related parties, net	378,934	-	-	-	-
Other receivables	1,628,657	-	-	-	-
Refundable deposits	<u>522,213</u>	-	-	-	-
Subtotal	<u>285,057,737</u>				
Total	<u>\$ 330,751,564</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>136,617</u>	-	136,617	-	136,617
Derivative financial liabilities for hedging	<u>2,192</u>	-	2,192	-	2,192
Financial liabilities measured at amortized cost					
Short-term borrowings	92,838,733	-	-	-	-
Notes and accounts payable	196,837,439	-	-	-	-
Notes and accounts payable to related parties	2,888,624	-	-	-	-
Other payables and dividends payable	23,397,683	-	-	-	-
Bonds payable	980,219	-	-	-	-
Lease liabilities—current and non-current	2,287,762	-	-	-	-
Long-term borrowings current portion	8,932,615	-	-	-	-
Long-term borrowings	10,401,738	-	-	-	-
Deposits received	<u>285,232</u>	-	-	-	-
Subtotal	<u>338,850,045</u>				
Total	<u>\$ 338,988,854</u>				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	June 30, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 74,429	-	74,429	-	74,429
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>1,310,697</u>	-	1,139,451	171,246	1,310,697
Subtotal	<u>1,385,126</u>				
Derivative financial assets for hedging	<u>23,565</u>	-	23,565	-	23,565
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,729,551	1,729,551	-	-	1,729,551
Stocks listed on foreign markets	337,880	337,880	-	-	337,880
Stocks unlisted on domestic markets	1,976,919	-	-	1,976,919	1,976,919
Stocks unlisted on foreign markets	174,860	-	-	174,860	174,860
Accounts receivable	<u>35,373,059</u>	-	35,373,059	-	35,373,059
Subtotal	<u>39,592,269</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	58,264,469	-	-	-	-
Notes and accounts receivable, net	182,631,251	-	-	-	-
Notes and accounts receivable due from related parties, net	54,591	-	-	-	-
Other receivables	1,976,666	-	-	-	-
Refundable deposits	<u>429,799</u>	-	-	-	-
Subtotal	<u>243,356,776</u>				
Total	<u>\$ 284,357,736</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>22,512</u>	-	22,512	-	22,512
Financial liabilities measured at amortized cost					
Short-term borrowings	71,905,942	-	-	-	-
Notes and accounts payable	165,195,046	-	-	-	-
Notes and accounts payable to related parties	2,208,449	-	-	-	-
Other payables and dividends payable	24,285,533	-	-	-	-
Bonds payable	973,331	-	-	-	-
Lease liabilities—current and non-current	2,430,465	-	-	-	-
Long-term borrowings current portion	9,958,715	-	-	-	-
Long-term borrowings	9,490,325	-	-	-	-
Deposits received	<u>157,006</u>	-	-	-	-
Subtotal	<u>286,604,812</u>				
Total	<u>\$ 286,627,324</u>				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

2) Fair value valuation technique of financial instruments not measured at fair value

The Group estimates financial instruments that not measured at fair value by the following methods and assumptions:

a) Financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfer from one level to another

There was no transfer from one level to another in the six months ended June 30, 2021 and 2020.

5) Changes in level 3

The change in level 3 at fair value in the six months ended June 30, 2021 and 2020, were as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	6,643	-	6,643
In other comprehensive income	-	100,185	100,185
Purchased	14,850	187,540	202,390
Proceeds from liquidation of investments	-	(104)	(104)
Effect of changes in exchange rates	-	(2,835)	(2,835)
Balance on June 30, 2021	<u>\$ 223,102</u>	<u>2,637,705</u>	<u>2,860,807</u>
Balance on January 1, 2020	\$ 115,359	2,424,053	2,539,412
Total gains and losses recognized:			
In profit or loss	(4,113)	-	(4,113)
In other comprehensive income	-	(241,239)	(241,239)
Purchased	60,000	17,434	77,434
Disposal	-	(44,915)	(44,915)
Proceeds from capital reduction of investments	-	(1,980)	(1,980)
Effect of changes in exchange rates	-	(1,574)	(1,574)
Balance on June 30, 2020	<u>\$ 171,246</u>	<u>2,151,779</u>	<u>2,323,025</u>

For the six months ended June 30, 2021 and 2020, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income” were as follows:

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	For the six months ended June 30,	
	2021	2020
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u>6,643</u>	<u>(4,113)</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u>100,316</u>	<u>(200,499)</u>
6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement		

The Group’s financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, financial assets at fair value through profit or loss.

Most of fair value measurements of the Group which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.79~7.95, 1.72~7.9 and 0.9~7.34, respectively, on June 30, 2021, December 31 and June 30, 2020)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (17.69, 14.68 and 11.62, respectively, on June 30, 2021, December 31 and June 30, 2020)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (35%~85%, on June 30, 2021, December 31 and June 30, 2020)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

		<u>Move up or down</u>	<u>Other comprehensive income</u>	
<u>Input</u>			<u>Favorable change</u>	<u>Unfavorable change</u>
June 30, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>49,599</u>	<u>46,664</u>
	Multiples of earnings	5%	\$ <u>5,258</u>	<u>4,962</u>
	Lack-of-Marketability discount rate	5%	\$ <u>2,719</u>	<u>671</u>
December 31, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>36,119</u>	<u>35,448</u>
	Multiples of earnings	5%	\$ <u>5,734</u>	<u>5,801</u>
	Lack-of-Marketability discount rate	5%	\$ <u>3,942</u>	<u>3,942</u>
June 30, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>40,296</u>	<u>39,252</u>
	Multiples of earnings	5%	\$ <u>4,737</u>	<u>4,675</u>
	Lack-of-Marketability discount rate	5%	\$ <u>4,928</u>	<u>3,942</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

8) Offsetting financial assets and financial liabilities

The Group has financial instruments transactions applicable to the International Financial Reporting Standards NO. 32 Sections 42 endorsed by the FSC which requested for offsetting. Financial assets and liabilities relating to those transactions are recognized in the net amount of the balance sheets.

The following tables present the aforesaid offsetting financial assets and financial liabilities.

Unit: thousands of New Taiwan Dollars / thousands of US Dollars

June 30, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other current assets	\$ 374,887,020	374,887,020	-	-	-	-
	(USD 13,455,791)	(USD 13,455,791)				

June 30, 2021						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term borrowings	\$ 374,887,020	374,887,020	-	-	-	-
	(USD 13,455,791)	(USD 13,455,791)				

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other current assets	\$ 199,267,863	199,267,863	-	-	-	-
	(USD 6,996,765)	(USD 6,996,765)				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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December 31, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term borrowings	\$ 199,267,863	199,267,863	-	-	-	-
	(USD 6,996,765)	(USD 6,996,765)				

June 30, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other current assets	\$ 203,441,166	203,441,166	-	-	-	-
	(USD 6,866,054)	(USD 6,866,054)				

June 30, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term borrowings	\$ 203,441,166	203,441,166	-	-	-	-
	(USD 6,866,054)	(USD 6,866,054)				

(ab) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note (6)(ab) of the consolidated financial statements for the year ended December 31, 2020.

(ac) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2020. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2020. Please refer to note (6)(ac) of the consolidated financial statements for the year ended December 31, 2020.

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(ad) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2021 and 2020 were acquisition of right-of-use assets by leasing, please refer to note (6)(l).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flow	Other non-cash changes	June 30, 2021
Short-term borrowings	\$ 92,838,733	13,487,175	-	106,325,908
Proceeds from issuance of convertible bonds	980,219	-	2,787	983,006
Long-term borrowings	19,334,353	(2,324,028)	-	17,010,325
Lease liabilities	2,287,762	(404,067)	460,294	2,343,989
Guarantee deposits and others	340,131	105,646	(431)	445,346
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>10,864,726</u>	<u>462,650</u>	<u>127,108,574</u>
	January 1, 2020	Cash flow	Other non-cash changes	June 30, 2020
Short-term borrowings	\$ 60,951,844	10,954,098	-	71,905,942
Proceeds from issuance of convertible bonds	966,492	-	6,839	973,331
Long-term borrowings	25,748,438	(6,299,398)	-	19,449,040
Lease liabilities	2,267,088	(450,693)	614,070	2,430,465
Guarantee deposits and others	246,038	(32,063)	(203)	213,772
Total liabilities from financing activities	<u>\$ 90,179,900</u>	<u>4,171,944</u>	<u>620,706</u>	<u>94,972,550</u>

(7) Related-party transactions:

(a) Name and relationship with related parties

The followings are the entities that have had transactions with the Group during the periods covered in the financial statement.

Name of related party	Relationship with the Group
Compal Precision Module (Jiangsu) Co., Ltd. ("CPM")	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. ("Changbao")	An associate
Avalue	An associate
Crownpo Technology Inc. ("Crownpo")	An associate
Kinpo Group Management Consultant Company ("Kinpo Group Management")	An associate

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<u>Name of related party</u>	<u>Relationship with the Group</u>
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Acbel Polytech Inc. (“Acbel”) and its subsidiaries	The same Chairman of the Board with the Company
Cal-Comp Electronics & Communications Company Limited (“Cal-Comp”)	The same Chairman of the Board with the Company
Kinpo	The same Chairman of the Board with the Company
Jipo Investment Inc. (“Jipo Investment”)	The same Chairman of the Board with the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 162,301	176,330	340,282	311,382
Post-employment benefits	1,964	2,168	3,969	4,274
Share-based payments	<u>1,443</u>	<u>6,271</u>	<u>2,886</u>	<u>13,840</u>
	<u>\$ 165,708</u>	<u>184,769</u>	<u>347,137</u>	<u>329,496</u>

There are no termination benefits and other long-term benefits. Please refer to note (6)(u) for explanations related to share-based payments.

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Group and related parties were as follows:

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Associates	\$ 47,492	73,695	91,848	124,526
Other related parties	<u>2,313</u>	<u>390</u>	<u>33,793</u>	<u>409</u>
	<u>\$ 49,805</u>	<u>74,085</u>	<u>125,641</u>	<u>124,935</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 60~120 days for related parties.

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(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Group and related parties were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Associates	\$ 1,618,356	1,185,833	2,829,811	1,948,635
Other related parties	989,001	618,302	1,923,047	1,041,535
	\$ 2,607,357	1,804,135	4,752,858	2,990,170

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~165 days for related parties.

(iii) Receivables due from relate parties

The receivables arising from the transactions mentioned above and others on behalf of related parties were as follows:

Account	Related party categories	June 30, 2021	December 31, 2020	June 30, 2020
Notes and accounts receivable	Associates	\$ 33,155	29,643	54,337
Notes and accounts receivable	Other related parties	-	349,291	254
Other receivables	Associates	1,149	908	-
Other receivables	Other related parties	156	64	73
		\$ 34,460	379,906	54,664

(iv) Payables to related parties

The payables arising from the transactions mentioned above and rendering of services from other related parties were as follows:

Account	Related party categories	June 30, 2021	December 31, 2020	June 30, 2020
Notes and accounts payable	Associates	\$ 1,149,932	1,632,862	1,345,781
Notes and accounts payable	Other related parties	1,036,176	1,255,762	862,668
Other payables	Associates	39	600	11,089
		\$ 2,186,147	2,889,224	2,219,538

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (v) Property transactions-acquisitions of financial assets

<u>Relationship</u>	<u>Account</u>	<u>For the six months ended June 30, 2021</u>		
		<u>Number of shares</u>	<u>Object</u>	<u>Acquisition price</u>
Other related parties-Jipo Investment	Non-Current financial assets at fair value through other comprehensive income	46,197 thousand shares	Common stocks of Kinpo	616,864

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Other current assets	Bail for court mandatory execution	\$ 41,090	41,090	41,090
Property, plant and equipment	Long-term borrowings (including current portion)	476,450	486,581	496,439
Other non-current assets	Guarantee of post-release duty payment to the customs and guarantee of the customs	500	500	500
		<u>\$ 518,040</u>	<u>528,171</u>	<u>538,029</u>

(9) Commitments and contingencies:

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. After accepting the case, the Taipei District Court declared that the judgement whether the Group violates the Trade Secret Law should depend on whether the employee actually had violated the Trade Secret Law and Copyright Law. Therefore, the case is determined to be paused until the judgements of the criminal cases of the employee are made at the beginning of the year. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (c) As of June 30, 2021, December 31 and June 30, 2020, the Group's signed commitments to purchase property, plant and equipment amounted to \$259,480, \$473,370 and \$210,397, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(12) Other:

- (a) The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function By item	Three months ended June 30, 2021			Three months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	3,618,730	3,506,758	7,125,488	4,468,831	3,158,648	7,627,479
Labor and health insurance	253,751	225,295	479,046	131,451	201,305	332,756
Pension	262,362	137,066	399,428	65,377	107,870	173,247
Others	541,653	148,957	690,610	340,795	142,955	483,750
Depreciation	1,243,122	270,743	1,513,865	1,027,287	265,315	1,292,602
Amortization	21,575	152,701	174,276	8,494	125,484	133,978

By function By item	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	7,707,156	6,796,359	14,503,515	8,085,926	6,023,789	14,109,715
Labor and health insurance	491,953	460,396	952,349	341,464	414,738	756,202
Pension	494,713	275,868	770,581	300,421	235,173	535,594
Others	1,103,883	295,913	1,399,796	1,028,020	304,320	1,332,340
Depreciation	2,485,081	568,418	3,053,499	2,203,535	514,578	2,718,113
Amortization	33,173	276,112	309,285	18,235	222,097	240,332

- (b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

(13) Other disclosures:

- (a) Information on significant transactions

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six month ended June 30, 2020:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
 - (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 6
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 8
 - (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)
 - (x) Business relationships and significant intercompany transactions: Please refer to Table 9
- (b) Information on investees: Please refer to Table 10
 - (c) Information on investment in mainland China: Please refer to Table 11
 - (d) Major shareholders: There were no shareholders holding more than 5% shares.

(14) Segment information:

	Three months ended June 30, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>251,445,672</u>	<u>9,548,362</u>	<u>260,994,034</u>
Reportable segment profit	\$ <u>2,948,382</u>	<u>500,168</u>	<u>3,448,550</u>
	Three months ended June 30, 2020		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>255,705,026</u>	<u>7,948,478</u>	<u>263,653,504</u>
Reportable segment profit	\$ <u>2,369,723</u>	<u>475,430</u>	<u>2,845,153</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Six months ended June 30, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ 511,812,390	19,173,177	530,985,567
Reportable segment profit	\$ 6,032,085	1,085,106	7,117,191
	Six months ended June 30, 2020		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ 430,609,057	15,091,493	445,700,550
Reportable segment profit	\$ 3,002,224	931,589	3,933,813

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 1 Loans to other parties:
(June 30, 2021)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	250,000	250,000	220,000	1.08%	Short-term financing	-	Operating demand	-	-	-	20,778,945	41,557,890	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	20,778,945	41,557,890	(Note 1)
0	The Company	CEB	Other receivables	Y	1,983,950	1,950,200	557,200	1.02%~2.05%	Short-term financing	-	Operating demand	-	-	-	20,778,945	41,557,890	(Note 1)
0	The Company	CEA	Other receivables	Y	835,800	835,800	557,200	1.02%	Short-term financing	-	Operating demand	-	-	-	20,778,945	41,557,890	(Note 1)
1	CIH	CEP	Other receivables	Y	57,070	55,720	55,720	3.50%	Short-term financing	-	Operating demand	-	-	-	35,228,322	35,228,322	(Note 2)
2	CPC	CDE	Other receivables	Y	1,315,200	1,292,700	1,292,700	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
2	CPC	CIC	Other receivables	Y	438,400	430,900	-	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	1,997,450	1,950,200	1,571,304	2.00%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	137,098	69,650	-	1.30%~4.35%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	856,050	835,800	417,900	1.30%	Short-term financing	-	Operating financing	-	-	-	20,913,770	20,913,770	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	998,725	975,100	975,100	2.00%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
4	CPO	CIT	Other receivables	Y	657,600	646,350	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
5	CET	BT	Other receivables	Y	523,740	258,540	172,360	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	4,761,295	4,761,295	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	570,700	557,200	557,200	2.00%	Short-term financing	-	Operating demand	-	-	-	8,030,552	8,030,552	(Note 7)
7	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	1.08%	Short-term financing	-	Operating demand	-	-	-	2,222,153	2,222,153	(Note 8)
8	Arcadyan	Arcadyan Brasil	Other receivables	Y	57,020	55,790	36,264	1.00%	Short-term financing	-	Operating financing	-	-	-	2,216,412	4,432,825	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	285,100	278,950	-	1.00%	Transaction for business between two parties	4,383,783	-	-	-	-	2,216,412	4,432,825	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	285,100	278,950	-	1.00%	Transaction for business between two parties	4,379,515	-	-	-	-	2,216,412	4,432,825	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	255,510	-	-	1.00%	Transaction for business between two parties	5,416,846	-	-	-	-	2,216,412	4,432,825	(Note 9)
8	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	6,934	6,934	1.00%	Transaction for business between two parties	167,279	-	-	-	-	133,823	4,432,825	(Note 9)
9	Arcadyan Holding	CNC	Other receivables	Y	484,670	474,215	474,215	1.00%	Short-term financing	-	Operating financing	-	-	-	2,132,291	2,132,291	(Note 10)
10	SVA	CNC	Other receivables	Y	153,440	-	-	3.85%	Short-term financing	-	Operating financing	-	-	-	25,803	25,803	(Note 11 & 12)

Note 1: According to the Company's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.

Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(June 30, 2021)

- Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9: According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.
- Note 10: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.
- Note 11: According to SVA's Procedure for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of SVA. Also, the amount shall be combined with the SVA's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be the investee of the parent company. The total amount for lending the borrower shall not exceed 20% of the net worth of SVA and shall be combined with SVA's endorsements/guarantees for the borrower when calculating. In addition, when lending to the parent company or its 100% directly and indirectly owned subsidiaries, the total amount or individual amount shall not exceed the net worth of the latest financial statements of SVA.
- Note 12: SVA completed capital reduction procedures in April 2021. However, the credit line for CNC had been approved in November 2020, which was cancelled in April 2021. Therefore, the amount SVA lending CNC did not exceed the limit in the period.
- Note 13: The transactions had been eliminated in the consolidated financial statements.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties:

(June 30, 2021)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 & 2)	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEB	(Note 4)	25,973,681	57,070	55,720	55,720	-	0.05%	51,947,362	Y	-	-
0	The Company	CEA	(Note 4)	25,973,681	102,726	100,296	100,296	-	0.10%	51,947,362	Y	-	-
0	The Company	CEP	(Note 3)	25,973,681	151,129	127,544	127,544	-	0.12%	51,947,362	Y	-	-
1	Arcadyan	Arcadyan AU	(Note 4)	1,447,608	209,212	209,212	-	-	1.89%	4,432,825	Y	-	-

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2: According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3: Subsidiary whose over 50% common stock is directly owned.

Note 4: Subsidiary whose over 50% common stock is indirectly owned.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 3 Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):
 (June 30, 2021)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	704,954	2%	704,954	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,606,367	9%	1,606,367	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	239,631	778,800	5%	778,800	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	23,322	10%	23,322	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	19,800	11%	19,800	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	48,040	3%	48,040	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	36,432	10%	36,432	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	663	7,046	3%	7,046	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	2,500	24,375	8%	24,375	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	84,840	19%	84,840	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		285,502			
	Total				<u>3,619,478</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	707,335	1%	707,335
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,369	898,337	5%	898,337	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	867,240	5%	867,240	
AcBel		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	147,593	1%	147,593	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	6,995	118,536	4%	118,536	
Others			Financial assets at fair value through other comprehensive income-non-current		238,285			
Total				<u>2,977,326</u>				
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	410,555	-	410,555	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	213,658	6%	213,658	
	Others		Financial assets at fair value through other comprehensive income-non-current		2,139			
	Total				<u>626,352</u>			

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 3 Securities held as of June 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):
 (June 30, 2021)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	40,217	7%	40,217	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	27,274	7%	27,274	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	
	Total				<u>67,491</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>8,700</u>	-	8,700	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>125,370</u>	-	125,370	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,312</u>	17%	4,312	
CIT	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>398,445</u>	-	398,445	
CPO	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>260,572</u>	-	260,572	
CET	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>174,184</u>	-	174,184	
CNC	Structured deposits - SPD Bank Yield Plus Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>129,685</u>	-	129,685	
CNC	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>129,531</u>	-	129,531	

Note 1: The transaction had been eliminated in the consolidated financial statements.

Note 2: The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:
(For the Six months ended June 30, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Gain (loss) on disposal	Others		Ending Balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost		Shares/ Units	Amount	Shares/ Units	Amount
Pampal	Stock : Kinpo	Financial assets at fair value through other comprehensive income-non-current	Jipo Investment	Related party	23,172	281,546	46,197	616,864	-	-	-	-	-	(73) (Note 1)	69,369	898,337
CIT	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	1,470,031	-	1,665,748	-	2,759,053	2,737,306	21,747 (Note 2)	-	(28) (Note 1)	-	398,445
CIT	Structured deposits- Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	870,979	-	880,063	870,979	9,084 (Note 2)	-	-	-	-
CEC	Structured deposits- Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	544,362	-	548,366	544,362	4,004 (Note 2)	-	-	-	-
CPO	Structured deposits- Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	522,588	-	528,038	522,588	5,450 (Note 2)	-	-	-	-
CPO	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	522,588	-	263,509	261,294	2,215 (Note 2)	-	(722) (Note 1)	-	260,572
CIC	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	261,366	-	496,458	-	764,110	757,824	6,286 (Note 2)	-	-	-	-
CET	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	241,113	-	239,519	-	308,749.00	306,436	2,313 (Note 2)	-	(12) (Note 1)	-	174,184
CET	Structured deposits- Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	391,941	-	397,018	391,941	5,077 (Note 2)	-	-	-	-

Note 1: Others were valuation gains and losses and foreign exchange gains and losses.

Note 2: Including gains and losses on disposal and foreign exchange gains and losses.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(June 30, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan	Land located at Guangfu Road, Hsinchu City	March 17, 2021 (Note 1)	415,480	Depending on the contract	Natural person	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal and price negotiation	Operational use	None

Note 1 : In response to business operation, the Group authorized the chairman to purchase land within \$500,000 by a resolution of the Board of Directors on March 17, 2021. In addition, the Group has signed an agreement with non-related parties on April 7, 2021 to purchase land.

Table 6 Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(June 30, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually received	Gain (losses) on disposal	Counter-party	Relationship with the company	Purpose of disposal	References for determine price	Others
CDE	Right-of-use assets — land and building	May 7, 2021 (Note 1)	2011~2016	1,446,029	CNY 956,012 thousand	Prepayments of CNY 286,800 thousand	(Note 2)	Kunshan XinCheng Construction and Development Co., Ltd.	Non-related party	Activating the assets	Appraisal and price negotiation	None

Note 1: To activate its assets, the Group signed an agreement with a non-related party regarding the disposal of property on May 7, 2021.

Note 2: The Group expects to complete the transaction in the third quarter of 2021. The actual gains or losses on disposal should include related cost and tax, which would be reported after the transaction is completed.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(For the six months ended June 30, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(426,156)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	347,772	0.2%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(312,028)	(0.1)%	90 days	Similar to non-related parties	There is no significant difference	306,590	0.2%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Purchase	110,493	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	65,692,615	12.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(39,832,536)	(26.3)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	83,439,379	15.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,343,356)	(2.2)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	11,598,321	2.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(940,279)	(0.6)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	17,084,385	3.3%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(11,806,340)	(7.8)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	9,363,678	1.8%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,523,253)	(1.7)%	(Note 2)
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(83,628,944)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	3,343,356	99.7%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(102,761)	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	57,887	0.1%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	113,242	0.2%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(68,389)	(0.1)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(65,911,495)	(94.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	39,832,536	91.3%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(160,657)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	133,436	0.2%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(1,530,399)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	3,052,656	4.1%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,805,858)	(2.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,780,133	3.8%	(Note 2)
	Henghao	With the same ultimate parent company	Purchase	143,380	0.2%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(49,599)	(0.1)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	278,835	0.4%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(63,525)	(0.1)%	(Note 2)
Just and its subsidiaries	With the same ultimate parent company	Purchase	102,833	0.2%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(57,887)	(0.1)%	(Note 2)	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(For the six months ended June 30, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CIH and its subsidiaries	CPM	An associate	Purchase	2,021,507	2.9%	120 days	Similar to non-related parties	There is no significant difference	(789,173)	(1.1)%	
	Changbao	An associate	Purchase	485,512	0.7%	120 days	Similar to non-related parties	There is no significant difference	(163,590)	(0.2)%	
CBN	Acbel and its subsidiaries	With the same chairman	Purchase	517,492	0.8%	120 days	Similar to non-related parties	There is no significant difference	(432,164)	(0.6)%	
	Compal Electronic, Inc.	Parent company	Purchase	314,816	26.0%	Net 90 days from delivery	-	There is no significant difference	(306,590)	(37.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(17,201,970)	(89.1)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	11,806,340	85.9%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(591,706)	(6.4)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,894,230	9.1%	(Note 2)
CEB	CEB	With the same ultimate parent company	Sale	(308,939)	(1.6)%	120 days	According to markup pricing	There is no significant difference	1,301,760	3.4%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(133,873)	(0.7)%	120 days	According to markup pricing	There is no significant difference	98,527	0.3%	(Note 2)
CIH and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,528,600	8.0%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(3,052,656)	(8.1)%	(Note 2)
	CPM	An associate	Purchase	230,720	1.2%	120 days	Similar to non-related parties	There is no significant difference	(123,285)	(0.3)%	
CEB	Acbel and its subsidiaries	With the same chairman	Purchase	254,791	1.3%	120 days	Similar to non-related parties	There is no significant difference	(210,393)	(0.6)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	299,803	8.2%	120 days	Similar to non-related parties	There is no significant difference	(1,301,760)	(56.7)%	(Note 2)
CEA	Cal-Comp	With the same chairman	Purchase	1,005,323	27.6%	120 days	Similar to non-related parties	There is no significant difference	(183,901)	(18.2)%	
	CEA	With the same ultimate parent company	Sale	(103,122)	(2.6)%	120 days	Similar to non-related parties	There is no significant difference	113,404	8.5%	(Note 2)
CIH and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Purchase	156,288	40.1%	120 days	Similar to non-related parties	There is no significant difference	(133,436)	(20.5)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	130,133	33.4%	120 days	Similar to non-related parties	There is no significant difference	(98,527)	(15.2)%	(Note 2)
Etrade and its subsidiaries	CEB	With the same ultimate parent company	Purchase	103,122	26.5%	120 days	Similar to non-related parties	There is no significant difference	(113,404)	(17.4)%	(Note 2)
	Compal Electronic, Inc.	Parent company	Sale	(9,360,105)	(99.2)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	2,523,253	98.3%	(Note 2)
UCGI	HSI and its subsidiaries	With the same ultimate parent company	Purchase	808,791	12.2%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(271,224)	(8.7)%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	425,268	96.1%	120 days	Similar to non-related parties	There is no significant difference	(347,772)	(97.6)%	(Note 2)
HengHao	CIH and its subsidiaries	With the same ultimate parent company	Sale	(143,468)	(2.6)%	120 days	Similar to non-related parties	There is no significant difference	49,599	1.7%	(Note 2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(112,033)	(99.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(11,601,407)	(86.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	940,279	85.4%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(113,633)	(0.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	68,389	0.9%	(Note 2)
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(846,723)	(6.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	271,224	4.2%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(For the six months ended June 30, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(278,739)	(2.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	63,525	0.9%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,814,247	11.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,780,133)	(13.3)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	400,002	6.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,894,230)	(16.1)%	(Note 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(728,198)	(4.0)%	Net 150 days from delivery	-	-	391,238	5.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(3,082,572)	(17.0)%	Net 120 days from delivery	-	-	843,244	12.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(255,138)	(1.0)%	Net 60 days from the end of the month of delivery	-	-	150,156	2.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	6,381,600	26.0%	Net 120 days from delivery	According to markup pricing	-	(2,607,747)	(29.0)%	(Note 1 · 2)
CNC	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	407,367	2.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 · 2)
	Arcadyan	With the same ultimate parent company	Sale	(6,381,600)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,607,747	99.0%	(Note 1 · 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(407,367)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 · 2)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	728,198	100.0%	Net 150 days from delivery	-	-	(391,238)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	3,082,572	100.0%	Net 120 days from delivery	-	-	(843,244)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	255,138	100.0%	Net 120 days from the end of the month of delivery	-	-	(150,156)	(99.0)%	(Note 2)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.

Note 2: The transactions had been eliminated in the consolidated financial statements.

Note 3: The amount of other receivables on June 30, 2021 is 788,856 thousand dollars.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 8 Receivables from related parties with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(June 30, 2021)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period		Allowance for bad debts
					Amount	Action taken			
The Company	CBN	The Company's subsidiary	306,590	2.08	-	-	41,772	(Note 1)	-
The Company	UCGI	The Company's subsidiary	347,772	2.75	-	-	82,158	(Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	3,343,356	33.81	-	-	-	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	39,832,536	2.88	-	-	37,841,999	(Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	133,436	4.82	-	-	58,248	(Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	3,052,656	1.33	-	-	-	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,780,133	1.36	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	11,806,340	3.08	-	-	11,806,340	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,894,230	0.45	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,301,760	0.46	-	-	46,932	(Note 1)	-
CEB	CEA	With the same ultimate parent company	113,404	3.64	-	-	-	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,523,253	5.95	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	940,279	3.30	-	-	-	(Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	271,224	6.06	-	-	-	(Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	391,238	4.59	-	-	83,261	(Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	843,244	6.55	-	-	407,734	(Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	150,156	5.92	-	-	70,981	(Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	788,856	(Note 4)	-	-	-	(Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	2,607,747 (Note 5)	4.24	-	-	1,276,738	(Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	134,177 (Note 6)	-	18,428	Enhanced the collection	28,479	(Note 3)	-

Note 1:Balance as of August 3, 2021.

Note 2:Balance as of July 29, 2021.

Note 3:Balance as of August 6, 2021.

Note 4:Other receivables due to purchasing on behalf of related parties.

Note 5:Accounts receivables due to processing raw material.

Note 6:Other receivables due to processing and sales of raw material.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 9 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	CBN	1	Sales Revenue	312,028	There is no significant difference of price to non-related parties. The credit period is net 90 days.	0.1%
0	The Company	UCGI	1	Accounts Receivable	306,590	"	0.1%
0	The Company	UCGI	1	Sales Revenue	426,156	There is no significant difference of price to non-related parties. The credit period is net 120 days.	0.1%
1	JUST and its subsidiaries	The Company	2	Accounts Receivable	347,772	"	0.1%
1	JUST and its subsidiaries	The Company	2	Sales Revenue	83,628,944	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	15.7%
1	JUST and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	3,343,356	"	0.7%
1	JUST and its subsidiaries	CIH and its subsidiaries	3	Sale Revenue	102,761	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	The Company	2	Accounts Receivable	57,887	"	-
2	CIH and its subsidiaries	The Company	2	Sales Revenue	65,911,495	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.4%
2	CIH and its subsidiaries	CEA	3	Accounts Receivable	39,832,536	"	8.7%
2	CIH and its subsidiaries	CEA	3	Sales Revenue	160,657	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable	133,436	"	-
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	1,530,399	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	3,052,656	"	0.7%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	1,805,858	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
3	BCI and its subsidiaries	The Company	2	Accounts Receivable	2,780,133	"	0.6%
3	BCI and its subsidiaries	The Company	2	Sales Revenue	17,201,970	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	3.2%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	11,806,340	"	2.6%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	591,706	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
3	BCI and its subsidiaries	CEB	3	Accounts Receivable	2,894,230	"	0.6%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	308,939	The price is based on the operating cost. The credit period is net 120 days.	0.1%
3	BCI and its subsidiaries	CEA	3	Accounts Receivable	1,301,760	"	0.3%
3	BCI and its subsidiaries	CEA	3	Sale Revenue	133,873	The price is based on the operating cost. The credit period is net 120 days.	-
4	CEB	CEA	3	Accounts Receivable	98,527	"	-
4	CEB	CEA	3	Sale Revenue	103,122	The price is based on the operating cost. The credit period is net 120 days.	-
5	Etrade and its subsidiaries	The Company	2	Accounts Receivable	113,404	"	-
5	Etrade and its subsidiaries	The Company	2	Sales Revenue	9,360,105	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.8%
				Accounts Receivable	2,523,253	"	0.6%

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 9 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
6	HHT	CIH and its subsidiaries	2	Sales Revenue	143,468	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
				Accounts Receivable	49,599	"	-
7	CEP	The Company	2	Sales Revenue	112,033	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	-	"	-
8	HSI and its subsidiaries	The Company	2	Sales Revenue	11,601,407	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	2.2%
				Accounts Receivable	940,279	"	0.2%
8	HSI and its subsidiaries	Just and its subsidiaries	3	Sales Revenue	113,633	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	68,389	"	-
8	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	846,723	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.2%
				Accounts Receivable	271,224	"	0.1%
8	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	278,739	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	63,525	"	-
9	Arcadyan	Arcadyan Germany	3	Sales Revenue	728,198	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	391,238	"	0.1%
9	Arcadyan	Arcadyan USA	3	Sales Revenue	3,082,572	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	0.6%
				Accounts Receivable	843,244	"	0.2%
9	Arcadyan	Arcadyan AU	3	Sales Revenue	255,138	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	0.0%
				Accounts Receivable	150,156	"	-
9	Arcadyan	Arcadyan Vietnam	3	Other Receivable	788,856	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.2%
10	CNC	Arcadyan	3	Processing Revenue	6,381,600	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.2%
				Accounts Receivable	2,607,747	"	0.6%
11	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	407,367	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.1%

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 10 The information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):
 (June 30, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	415,233	(11,018)	(7,281)	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	7,933,235	348,913	348,913	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	35,504,071	1,041,416	1,041,416	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	5,005,238 (Note 1)	49,057	(1,580)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,738,622 (Note 1)	81,123	51,732	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,893	601	234	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	90,912	10,309	7,431	(Note 2)
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	114,013	(9,093)	(11,270)	(Note 2)
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,283,535	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	3,127	355	355	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	353,677	168,205	34,339	
	Maxima Ventures I, Inc. ("Maxima")	Taipei City	Investment	-	1,260	-	-	-	-	-	
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	62,906	(20,482)	(10,658)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	710,806	293,889	144,005	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	772,070	982	982	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	-	3,500	35%	34,954	(130)	(46)	(Note 2)
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	71,397	41,569	13,815	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,082,061	41,048	41,048	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	335,103	18,536	18,536	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	224,970	(10,929)	(5,625)	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	123,496	1,401	1,401	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	20%	2,278,403	835,812	165,644	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,733,857	(28,964)	(28,964)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,131	(65)	(65)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	(189,432)	(545,362)	(545,362)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	5,569	(11,547)	(9,355)	(Note 2)

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Table 10 The information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):
 (June 30, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	42,000	9,100	91%	70,081	(12,720)	(11,485)	(Note 2)
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	109,837	4,648	28%	32,057	7,768	2,127	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,529,757	5,529,757	20,015	100%	(287,769)	(23,651)	(23,651)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	6,650,996	332,870	332,870	(Note 2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	690,098	13,981	6,066	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	135,807	19,118	13,320	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	206,757	20,121	20,121	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	961,543	5,148	1,788	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(482,359)	177,717	226,256	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	625,717	62,028	62,028	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,294,241	(6,106)	(6,106)	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	199,999	199,999	10,000	100%	(348,776)	32,404	32,452	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	110,187	1,490	1,040	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	596,187	49,320	12,207	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,209,088	12,711	12,711	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	325,111	13,931	7,092	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	37	37	-	100%	(182)	(184)	(184)	(Note 2)
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	53,063	(20,347)	(6,789)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	148,839	(7,372)	(2,212)	
								82,684,533		1,929,296	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	496,655	835,812	Investment gain(losses) recognized by Panpal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	101,915	168,205	Investment gain(losses) recognized by Panpal	
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	587,565	835,812	Investment gain(losses) recognized by Gempal	(Note 2)

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Table 10 The information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):
(June 30, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Gempal	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	112,107	168,205	Investment gain(losses) recognized by Gempal	
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	587,565	835,812	Investment gain(losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	24,757	168,205	Investment gain(losses) recognized by Hong Ji	
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	276,853	835,812	Investment gain(losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,735,608	1,735,608	62,298	100%	5,679,907	346,095	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	257,566	257,566	9,245	100%	234,343	(235)	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	13,930	13,930	500	100%	835,421	1,428	Investment gain(losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	28	28	1	100%	353	(2)	Investment gain(losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	27,860	27,860	1,000	100%	43,891	(247)	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	229,399	229,399	-	100%	190,108	14	Investment gain(losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	28	28	-	100%	28	-	Investment gain(losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,083,998	2,083,998	74,803	100%	34,206,943	1,188,792	Investment gain(losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	204,771	204,771	7,350	100%	99,147	182	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	28	28	1	100%	429,592	4,241	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	415,114	415,114	14,900	100%	415,580	-	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	142,086	142,086	5,100	51%	25,935	855	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,866,620	1,866,620	67,000	100%	545,461	(547,531)	Investment gain(losses) recognized by HSI	(Note 2)

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Table 10 The information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):
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(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HSI	Goal	British Virgin Islands	Investment	353,822	353,822	12,700	100%	295,927	2,168	Investment gain(losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,866,620	1,866,620	67,000	100%	545,461	(547,531)	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	353,822	353,822	12,700	100%	297,423	2,168	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,251,645	2,251,645	80,820	100%	4,074,564	118,723	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	278,600	278,600	10,000	100%	2,576,432	214,147	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,095,420	4,095,420	147,000	100%	7,209,088	12,711	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	139,300	139,300	-	99%	131,808	(1,521)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,030,820	1,030,820	37,000	46%	1,030,820	(545,362)	Investment gain(losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain(losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	55,720	55,720	-	100%	(2,381)	(5,576)	Investment gain(losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	696,500	696,500	25,000	35%	(57,051)	177,717	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	25,500	25,500	1,275	51%	15,130	(1,214)	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,359,732	64,780	100%	2,085,096	31,765	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	100,389	34,809	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	73,220	110	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	21,204	8,310	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	418,227	3,010	Investment gain(losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	512,601	480	Investment gain(losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,739	76	Investment gain(losses) recognized by Arcadyan	(Note 2)

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Table 10 The information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):
(June 30, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	3,931	368	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	44,309	1,740	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	2,492	-	100%	6,879	(547)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	13,307	13,981	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(10,854)	5,389	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	13,507	-	3,500	100%	13,191	(75)	Investment gain(losses) recognized by Arcadyan	(Note 2 - 3)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	810,350	531,400	29,050	100%	751,993	29,102	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	307,152	307,152	35	100%	864,327	(4,169)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	33,474	33,474	1,200	100%	(3,728)	(34,349)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	4,501	(974)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	32,637	32,637	1,170	100%	(14,505)	(34,342)	Investment gain(losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	808,955	530,005	-	100%	747,893	29,102	Investment gain(losses) recognized by Sinoprime	(Note 2)
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	20%	327,919	13,981	Investment gain(losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	137,664	36,284	Investment gain(losses) recognized by Rayonnant	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain(losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	348,250	348,250	12,500	59%	206,757	36,284	Investment gain(losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	87,787	87,787	3,151	100%	39,436	2,207	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	501,480	501,480	18,000	100%	297,554	34,077	Investment gain(losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(281,441)	(103,272)	Investment gain(losses) recognized by HHT	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 10 The information on investees for the six months ended June 30, 2021 (excluding information on investees in Mainland China):
(June 30, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HHA	HHB	British Virgin Islands	Investment	1,306,133	1,306,133	46,882	100%	(281,382)	(103,272)	Investment gain(losses) recognized by HHA	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,888	(126)	Investment gain(losses) recognized by CBN	(Note 2)
	CBNN	The Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,416	(99)	Investment gain(losses) recognized by CBN	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	10,000	-	1,000	10%	9,987	(130)	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,500,588	2,500,588	95,862	37%	4,797,699	(79,152)	Investment gain(losses) recognized by FGH	(Note 2)
GLB	RBL	New Taipei City	Detectors and test strip	6,500	6,500	1,275	100%	(36)	-	Investment gain(losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	28,471	(13,137)	Investment gain(losses) recognized by Mactech	(Note 2)

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.

Note 2: The transactions had been eliminated in the consolidated financial statements.

Note 3: The subsidiary was incorporated on March 25, 2021.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 11 Information on investment in Mainland China:

(June 30, 2021)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,030,820	(Note 1)	1,030,820	-	-	1,030,820	367,483	100%	367,483	2,315,665	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	557,200	(Note 2)	557,200	-	-	557,200	(22,241)	100%	(22,241)	78,436	-
CET	Manufacturing of notebook PCs	334,320	(Note 2)	334,320	-	-	334,320	28,932	100%	28,932	4,693,617	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	258,738	(Note 2)	(Note 3)	-	-	-	178,096	100%	178,096	189,586	-
Zheng Ying Electronics (Chongqing) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	68,031	(Note 2)	(Note 3)	-	-	-	-	51%	-	(42,746)	-
BT	Manufacturing of notebook PCs	27,860	(Note 2)	27,860	-	-	27,860	3,279	100%	3,279	(183,557)	-
CGS	Maintenance and warranty service of notebook PCs	8,625	(Note 2)	(Note 3)	-	-	-	(23,020)	100%	(23,020)	(48,125)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	891,520	(Note 1)	371,374	-	-	371,374	260,616	43%	112,534	534,160	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components(chip resistors, ceramic chip diode ; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	557,200	(Note 1)	40,954	-	-	40,954	200,755	48%	95,559	550,402	-
CIC	Manufacturing of notebook PCs	334,320	(Note 2)	334,320	-	-	334,320	350,934	100%	350,934	8,202,722	-
CPO	Manufacturing and sales of LCD TVs	337,106	(Note 1)	337,106	-	-	337,106	26,176	100%	26,176	2,797,054	-
CIT	Manufacturing of notebook PCs	668,640	(Note 2)	668,640	-	-	668,640	843,545	100%	843,545	21,292,627	-
CST	International trade and distribution of computers and electronic components	39,004	(Note 2)	39,004	-	-	39,004	1,015	100%	1,015	48,023	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Table 11 Information on investment in Mainland China:

(June 30, 2021)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	278,600	(Note 2)	142,086	-	-	142,086	855	51%	436	29,678	-
CIJ	Investment and consulting services	434,616	(Note 2)	434,616	-	-	434,616	(64,236)	100%	(64,236)	502,302	-
CDE	Manufacturing and sales of LCD TVs	417,900	(Note 2)	(Note 3)	-	-	-	(64,565)	100%	(64,565)	469,552	-
CIS	Outward investment and consulting services	2,251,645	(Note 1)	2,251,645	-	-	2,251,645	118,723	100%	118,723	4,074,564	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,228,800	(Note 2)	(Note 3)	-	-	-	118,775	100%	118,775	4,046,336	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	22,288	(Note 2)	(Note 3)	-	-	-	(65)	100%	(65)	22,282	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	278,600	(Note 1)	278,600	-	-	278,600	214,147	100%	214,147	2,576,432	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	11,701,200	(Note 2)	2,301,988	-	-	2,301,988	154,969	37%	56,750	5,385,027	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,671,600	(Note 2)	319,164	-	-	319,164	(53,400)	37%	(19,555)	783,257	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	501,480	(Note 2)	348,250	-	-	348,250	34,077	100%	34,077	298,099	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	752,220	(Note 1)	612,920	-	-	612,920	(21,215)	100%	(21,215)	(926,930)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	161,588	(Note 1)	161,588	-	-	161,588	1,042	100%	1,042	86,617	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,365,140	(Note 1)	529,340	-	-	529,340	198,908	100%	198,908	646,742	-
Hanhelt	R&D and manufacturing of electronic communication equipment	55,720	(Note 1)	55,720	-	-	55,720	(169)	100%	(169)	2,675	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	225,950	(Note 1)	513,826 (Note 7)	-	139,475	374,351	4,029	100%	4,029	25,803	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 11 Information on investment in Mainland China:

(June 30, 2021)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CNC	Manufacturing and wireless network products	347,293	(Note 1)	307,152 (Note 8)	-	-	307,152	(4,169)	100%	(4,169)	864,327	-
THAC	Manufacturing of household electronics products	93,448	(Note 1 - 10)	32,079	-	-	32,079	(34,342)	100%	(34,342)	(14,980)	-
HengHao HengHao Optoelectronic Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	1,114,400	(Note 1)	1,108,912	-	-	1,108,912	(104,075)	100%	(104,075)	(407,787)	-
Lucom Display Technology (Kunshan) Limited ("Lucom")	Manufacturing of notebook PCs and related modules	417,900	(Note 2)	181,063 (Note 12)	-	-	181,063	789	100%	789	126,178	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	15,115,081 (US\$542,537) (Note 5)	21,353,576 (US\$766,460)	(Note 6)
Arcadyan	713,582 (US\$25,581)	713,582 (US\$25,581)	6,649,238
HengHao	1,305,854 (US\$46,872)	1,305,854 (US\$46,872)	(Note 13)

Note 1: Indirectly investment in Mainland China through companies registered in the third region.

Note 2: Indirectly investment in Mainland China through an existing company registered in the third region.

Note 3: Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIJ"), Compal Electronic (Sichuan) Co., Ltd. ("CIS"), and Compal Electronics (China) Co., Ltd. ("CPC") through their own funds.

Note 4: The investment income (loss), except for Compal Precision Module (Jiangsu) Co., Ltd., was determined based on the financial report reviewed by the CPAs.

Note 5: Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount form merging with Compal Communication Co., Ltd.

Note 6: As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.

Note 7: Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Accton Asia through Arcadyan Holding in 2010.

Note 8: Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 9: SVA Arcadyan decreased its capital amounting to US\$15,000 thousand to offset accumulated losses in March 2009, and returned its capital amounting to US\$5,000 thousand on April 7, 2021.

Note 10: Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 11: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12: The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 13: The net equity of HengHao is negative at June 30, 2021.

(iii) Significant transactions:

For the six months ended June 30, 2021, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany transactions".