

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2021 and 2020, as well as the changes in equity and cash flows for the nine months ended September 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 \$13,418,155 thousand and \$17,146,044 thousand, constituting 2.6% and 3.9% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounting to \$1,730,830 thousand and \$2,736,810 thousand, constituting 0.4% and 0.8% of consolidated total liabilities as of September 30, 2021 and 2020, and the absolute value of total comprehensive income (loss) amounting to \$(60,651) thousand, \$(22,140) thousand, \$(144,101) thousand and \$(239,480) thousand, constituting 1.4%, 1.2%, 1.6% and 8.1% of consolidated total comprehensive income (loss) for the three months and nine months ended September 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, as well as its consolidated cash flows for the nine months ended September 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)
November 11, 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 September 30, 2021 and 2020

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31, 2020, and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2021		December 31, 2020		September 30, 2020			September 30, 2021		December 31, 2020		September 30, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets													
Current assets:							Liabilities and Equity						
1100 Cash and cash equivalents (note (6)(a))	\$ 79,209,934	15.1	89,126,923	19.1	85,505,998	19.7	2100 Short-term borrowings (note (6)(m))	\$ 124,888,489	23.8	92,838,733	19.9	77,205,342	17.8
1110 Current financial assets at fair value through profit or loss (note (6)(b))	4,037,220	0.8	2,245,254	0.5	5,519,175	1.3	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	8,796	-	136,617	-	26,874	-
1135 Current financial assets for hedging (note (6)(d))	19,510	-	-	-	8,778	-	2125 Current financial liabilities for hedging (note (6)(d))	-	-	2,192	-	23,069	-
1170 Notes and accounts receivable, net (note (6)(e))	257,412,777	49.1	231,830,964	49.7	192,679,953	44.3	2130 Current contract liabilities (note (6)(w))	930,171	0.2	820,016	0.2	896,192	0.2
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	34,259	-	378,934	0.1	114,424	-	2170 Notes and accounts payable	215,319,152	41.1	196,837,439	42.2	190,131,940	43.8
1200 Other receivables, net (notes (6)(e), 6(k), and (7))	3,399,275	0.6	1,628,657	0.3	1,234,529	0.3	2180 Notes and accounts payable to related parties (note (7))	2,609,100	0.5	2,888,624	0.6	2,043,079	0.5
1310 Inventories (note (6)(f))	130,715,602	24.9	96,151,959	20.6	104,673,857	24.1	2200 Other payables (note (7))	26,620,379	5.1	23,397,683	5.0	20,650,649	4.8
1470 Other current assets (note (8))	4,046,551	0.8	3,097,944	0.6	3,012,165	0.7	2230 Current tax liabilities	5,956,984	1.1	5,378,651	1.2	4,492,123	1.0
	<u>478,875,128</u>	<u>91.3</u>	<u>424,460,635</u>	<u>90.9</u>	<u>392,748,879</u>	<u>90.4</u>	2250 Current provisions (note (6)(q))	1,167,374	0.2	870,050	0.2	836,906	0.2
Non-current assets:							2280 Current lease liabilities (note (6)(p))	670,126	0.1	377,161	0.1	436,424	0.1
1550 Investments accounted for using equity method (note (6)(g))	7,878,305	1.5	7,949,925	1.7	7,653,291	1.8	2300 Other current liabilities	1,874,938	0.4	1,470,466	0.3	1,199,149	0.3
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	249,718	-	201,608	0.1	183,380	-	2365 Current refund liabilities	1,757,421	0.3	1,574,469	0.3	1,480,474	0.3
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	5,879,124	1.1	4,817,011	1.0	4,434,116	1.0	2321 Bonds payable, current portion (note (6)(o))	879,379	0.2	-	-	-	-
1600 Property, plant and equipment (notes (6)(k) and (8))	24,810,806	4.7	22,085,340	4.7	21,629,512	5.0	2322 Long-term borrowings, current portion (note (6)(n))	14,944,031	2.8	8,932,615	1.9	9,200,175	2.1
1755 Right-of-use assets (note (6)(l))	3,111,223	0.6	3,496,952	0.8	3,626,841	0.8		<u>397,626,340</u>	<u>75.8</u>	<u>335,524,716</u>	<u>71.9</u>	<u>308,622,396</u>	<u>71.1</u>
1780 Intangible assets (note (8)(h))	1,630,629	0.3	1,506,101	0.3	1,554,557	0.4	Non-Current liabilities:						
1840 Deferred tax assets	1,552,150	0.3	1,514,208	0.3	1,760,092	0.4	2530 Bonds payable (note (6)(o))	-	-	980,219	0.2	976,769	0.2
1990 Other non-current assets (note (8))	1,235,614	0.2	893,918	0.2	726,259	0.2	2540 Long-term borrowings (note (6)(n))	6,553,700	1.2	10,401,738	2.2	8,971,031	2.1
	<u>46,347,569</u>	<u>8.7</u>	<u>42,465,063</u>	<u>9.1</u>	<u>41,568,048</u>	<u>9.6</u>	2570 Deferred tax liabilities	1,032,534	0.2	992,470	0.2	1,011,738	0.2
Total assets	<u>\$ 525,222,697</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<u>434,316,927</u>	<u>100.0</u>	2580 Non-current lease liabilities (note (6)(p))	1,630,833	0.3	1,910,601	0.4	1,849,864	0.4
							2640 Non-current net defined benefit liability	770,328	0.1	786,173	0.2	725,564	0.2
							2670 Non-current liabilities, others (note (6)(g))	436,198	0.1	340,131	0.1	303,108	0.1
								<u>10,423,593</u>	<u>1.9</u>	<u>15,411,332</u>	<u>3.3</u>	<u>13,838,074</u>	<u>3.2</u>
							Total liabilities	<u>408,049,933</u>	<u>77.7</u>	<u>350,936,048</u>	<u>75.2</u>	<u>322,460,470</u>	<u>74.3</u>
							Equity:						
							Equity attributable to owners of parent (note (6)(t)):						
							3110 Ordinary share	44,071,466	8.4	44,071,466	9.4	44,071,466	10.1
							3200 Capital surplus	6,679,077	1.3	8,342,813	1.8	8,341,023	1.9
							3300 Retained earnings	66,538,581	12.7	62,566,181	13.4	58,031,868	13.4
							3400 Other equity interest	(8,385,932)	(1.6)	(7,266,708)	(1.6)	(6,562,580)	(1.5)
							3500 Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)
								<u>108,021,945</u>	<u>20.6</u>	<u>106,832,505</u>	<u>22.8</u>	<u>103,000,530</u>	<u>23.7</u>
							36XX Non-controlling interests	9,150,819	1.7	9,157,145	2.0	8,855,927	2.0
							Total equity	<u>117,172,764</u>	<u>22.3</u>	<u>115,989,650</u>	<u>24.8</u>	<u>111,856,457</u>	<u>25.7</u>
							Total liabilities and equity	<u>\$ 525,222,697</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<u>434,316,927</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 nine months ended September 30, 2021 and 2020

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

	For the three months ended September 30				For the nine months ended September 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net sales revenue (notes (6)(w) and (7))								
	\$ 336,861,180	100.0	269,241,623	100.0	867,846,747	100.0	714,942,173	100.0	
5000	Cost of sales (notes (6)(f),(6)(r), (7) and (12))								
	<u>326,186,874</u>	<u>96.8</u>	<u>260,248,397</u>	<u>96.7</u>	<u>838,799,511</u>	<u>96.7</u>	<u>691,734,117</u>	<u>96.8</u>	
	Gross profit								
	<u>10,674,306</u>	<u>3.2</u>	<u>8,993,226</u>	<u>3.3</u>	<u>29,047,236</u>	<u>3.3</u>	<u>23,208,056</u>	<u>3.2</u>	
	Operating expenses: (notes (6)(r) and (12))								
6100	Selling expenses	2,019,623	0.6	1,225,059	0.5	4,817,058	0.6	3,183,441	0.4
6200	Administrative expenses	1,174,707	0.3	1,006,848	0.4	3,298,275	0.4	3,070,896	0.4
6300	Research and development expenses	<u>3,875,780</u>	<u>1.2</u>	<u>3,709,712</u>	<u>1.4</u>	<u>11,503,742</u>	<u>1.3</u>	<u>10,614,730</u>	<u>1.5</u>
		<u>7,070,110</u>	<u>2.1</u>	<u>5,941,619</u>	<u>2.3</u>	<u>19,619,075</u>	<u>2.3</u>	<u>16,869,067</u>	<u>2.3</u>
	Net operating income	<u>3,604,196</u>	<u>1.1</u>	<u>3,051,607</u>	<u>1.0</u>	<u>9,428,161</u>	<u>1.0</u>	<u>6,338,989</u>	<u>0.9</u>
	Non-operating income and expenses:								
7100	Interest income (note (6)(y))	551,884	0.1	338,289	0.1	1,534,885	0.2	1,245,680	0.2
7210	Gains on disposals of property, plant and equipment (notes (6)(d), (6)(g), (6)(k), (6)(y) and (6)(aa))	2,040,786	0.6	(40,046)	-	2,452,288	0.3	(262,324)	-
7050	Finance costs (notes (6)(o) and (6)(p))	(258,145)	(0.1)	(271,199)	(0.1)	(752,874)	(0.1)	(895,587)	(0.1)
7190	Other income (note (6)(y))	250,041	0.1	133,026	-	488,655	0.1	383,643	-
7590	Miscellaneous disbursements	(6,238)	-	(15,651)	-	(42,386)	-	(41,919)	-
7670	Impairment loss (note (6)(k))	(404,513)	(0.1)	-	-	(404,513)	-	-	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	<u>(6,433)</u>	<u>-</u>	<u>16,005</u>	<u>-</u>	<u>184,553</u>	<u>-</u>	<u>377,362</u>	<u>-</u>
	Total non-operating income and expenses	<u>2,167,382</u>	<u>0.6</u>	<u>160,424</u>	<u>-</u>	<u>3,460,608</u>	<u>0.5</u>	<u>806,855</u>	<u>0.1</u>
7900	Profit from continuing operations before tax	<u>5,771,578</u>	<u>1.7</u>	<u>3,212,031</u>	<u>1.0</u>	<u>12,888,769</u>	<u>1.5</u>	<u>7,145,844</u>	<u>1.0</u>
7950	Less: Income tax expenses (note (6)(s))	<u>1,154,020</u>	<u>0.3</u>	<u>654,521</u>	<u>0.2</u>	<u>2,642,213</u>	<u>0.3</u>	<u>1,631,192</u>	<u>0.2</u>
	Profit	<u>4,617,558</u>	<u>1.4</u>	<u>2,557,510</u>	<u>0.8</u>	<u>10,246,556</u>	<u>1.2</u>	<u>5,514,652</u>	<u>0.8</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)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(200,470)	(0.1)	219,009	0.1	269,090	-	(462,766)	(0.1)
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	(6,256)	-	1,431	-	(15,896)	-	(58,679)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	<u>(52,842)</u>	<u>-</u>	<u>40,460</u>	<u>-</u>	<u>14,837</u>	<u>-</u>	<u>(6,709)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(153,884)</u>	<u>(0.1)</u>	<u>179,980</u>	<u>0.1</u>	<u>237,468</u>	<u>-</u>	<u>(516,674)</u>	<u>(0.1)</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	(69,168)	-	(1,066,944)	(0.4)	(1,493,161)	(0.2)	(2,038,247)	(0.3)
8368	Gains (losses) on hedging instrument (note (6)(z))	1,460	-	(37,856)	-	21,702	-	(9,420)	-
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	(27,873)	-	166,666	0.1	(100,170)	-	(11,357)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(s))	<u>(2,379)</u>	<u>-</u>	<u>(5,582)</u>	<u>-</u>	<u>(13,833)</u>	<u>-</u>	<u>(11,317)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(93,202)</u>	<u>-</u>	<u>(932,552)</u>	<u>(0.3)</u>	<u>(1,557,796)</u>	<u>(0.2)</u>	<u>(2,047,707)</u>	<u>(0.3)</u>
8300	Other comprehensive income	<u>(247,086)</u>	<u>(0.1)</u>	<u>(752,572)</u>	<u>(0.2)</u>	<u>(1,320,328)</u>	<u>(0.2)</u>	<u>(2,564,381)</u>	<u>(0.4)</u>
8500	Total comprehensive income	<u>\$ 4,370,472</u>	<u>1.3</u>	<u>1,804,938</u>	<u>0.6</u>	<u>8,926,228</u>	<u>1.0</u>	<u>2,950,271</u>	<u>0.4</u>
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 4,351,753	1.3	2,188,491	0.7	9,438,907	1.1	4,780,214	0.7
8620	Profit, attributable to non-controlling interests	<u>265,805</u>	<u>0.1</u>	<u>369,019</u>	<u>0.1</u>	<u>807,649</u>	<u>0.1</u>	<u>734,438</u>	<u>0.1</u>
		<u>\$ 4,617,558</u>	<u>1.4</u>	<u>2,557,510</u>	<u>0.8</u>	<u>10,246,556</u>	<u>1.2</u>	<u>5,514,652</u>	<u>0.8</u>
	Comprehensive income attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 4,114,098	1.2	1,477,177	0.5	8,147,090	0.9	2,253,359	0.3
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>256,374</u>	<u>0.1</u>	<u>327,761</u>	<u>0.1</u>	<u>779,138</u>	<u>0.1</u>	<u>696,912</u>	<u>0.1</u>
		<u>\$ 4,370,472</u>	<u>1.3</u>	<u>1,804,938</u>	<u>0.6</u>	<u>8,926,228</u>	<u>1.0</u>	<u>2,950,271</u>	<u>0.4</u>
	Earnings per share (note 6(v))								
9750	Basic earnings per share	<u>\$ 1.00</u>		<u>0.50</u>		<u>2.17</u>		<u>1.10</u>	
9850	Diluted earnings per share	<u>\$ 0.99</u>		<u>0.50</u>		<u>2.14</u>		<u>1.09</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 nine months ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity attributable to owners of parent	Non- controlling interests	Total equity	
	Retained earnings					Total other equity interest								
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest				Treasury shares
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 nine months ended September 30, 2020	-	-	-	-	4,780,214	4,780,214	-	-	-	-	-	4,780,214	734,438	5,514,652
Other comprehensive income	-	-	-	-	(851)	(851)	(2,008,646)	(515,051)	(2,307)	(2,526,004)	-	(2,526,855)	(37,526)	(2,564,381)
Total comprehensive income	-	-	-	-	4,779,363	4,779,363	(2,008,646)	(515,051)	(2,307)	(2,526,004)	-	2,253,359	696,912	2,950,271
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	-	1,490	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,490	-	1,490
Changes in equity of associates and joint ventures accounted for using equity method	-	1,682	-	-	(9,057)	(9,057)	-	8,978	-	8,978	-	1,603	-	1,603
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	-	-	-	-	(24,844)	(24,844)	-	24,844	-	24,844	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(627,696)	(627,696)
Balance at September 30, 2020	\$ 44,071,466	8,341,023	20,414,740	4,101,743	33,515,385	58,031,868	(5,803,626)	(754,941)	(4,013)	(6,562,580)	(881,247)	103,000,530	8,855,927	111,856,457
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 nine months ended September 30, 2021	-	-	-	-	9,438,907	9,438,907	-	-	-	-	-	9,438,907	807,649	10,246,556
Other comprehensive income	-	-	-	-	(599)	(599)	(1,543,533)	244,752	7,563	(1,291,218)	-	(1,291,817)	(28,511)	(1,320,328)
Total comprehensive income	-	-	-	-	9,438,308	9,438,308	(1,543,533)	244,752	7,563	(1,291,218)	-	8,147,090	779,138	8,926,228
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	-	16,456	-	-	(5,338)	(5,338)	-	-	-	-	-	11,118	-	11,118
Changes in equity of associates and joint ventures accounted for using equity method	-	1,683	-	-	(29,553)	(29,553)	-	29,553	-	29,553	-	1,683	-	1,683
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	-	-	-	-	-	-	-	-	-	-	-	-	(785,464)	(785,464)
Balance at September 30, 2021	\$ 44,071,466	6,679,077	21,339,412	7,266,708	37,932,461	66,538,581	(8,432,510)	39,794	6,784	(8,385,932)	(881,247)	108,021,945	9,150,819	117,172,764

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 nine months ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 12,888,769	7,145,844
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	5,069,765	4,586,462
Increase (decrease) in expected credit loss	3,828	(1,104)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(8,259)	(8,021)
Finance cost	752,874	895,587
Interest income	(1,534,885)	(1,245,680)
Dividend income	(138,312)	(108,996)
Compensation cost of share-based payments	24,432	59,075
Share of loss (profit) of associates and joint ventures accounted for using equity method	(184,553)	(377,362)
Gain on disposal of property, plant and equipment, and right-of-use assets	(1,963,009)	(17,894)
Gain on disposal of investments	-	(29,757)
Impairment loss on financial assets	404,513	-
Others	230	-
Total adjustments to reconcile profit (loss)	<u>2,426,624</u>	<u>3,752,310</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(1,791,967)	(4,172,796)
Decrease (increase) in notes and accounts receivable	(25,109,328)	(1,054,645)
Decrease (increase) in other receivables	(27,597)	864,870
Decrease (increase) in inventories	(34,352,403)	(26,240,319)
Decrease (increase) in other current assets	(266,119)	60,496
Decrease (increase) in other non-current assets	(4,815)	57,845
Total changes in operating assets	<u>(61,552,229)</u>	<u>(30,484,549)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	(127,821)	21,020
Increase (decrease) in notes and accounts payable	18,077,837	47,729,242
Increase (decrease) in other payables	3,643,217	(2,714,229)
Increase (decrease) in refund liabilities	182,952	98,100
Increase (decrease) in provisions	297,324	6,149
Increase (decrease) in contract liabilities	110,155	(60,263)
Increase (decrease) in other current liabilities	404,472	(791,094)
Others	(15,752)	(12,600)
Total changes in operating liabilities	<u>22,572,384</u>	<u>44,276,325</u>
Total changes in operating assets and liabilities	<u>(38,979,845)</u>	<u>13,791,776</u>
Total adjustments	<u>(36,553,221)</u>	<u>17,544,086</u>
Cash inflow generated from operations	(23,664,452)	24,689,930
Interest received	1,475,806	1,151,026
Dividends received	296,970	230,451
Interest paid	(748,151)	(990,844)
Income taxes paid	(2,024,138)	(1,504,869)
Net cash flows from (used in) operating activities	<u>(24,663,965)</u>	<u>23,575,694</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(844,254)	(85,013)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	-	52,105
Acquisition of investments accounted for using equity method	(17,189)	(155,076)
Proceeds from disposal of investments accounted for using equity method	-	38,952
Net cash flow from acquisition of subsidiaries	(197,002)	-
Proceeds from liquidation of investments	8,502	4,085
Acquisition of property, plant and equipment	(8,635,132)	(4,224,646)
Proceeds from disposal of property, plant and equipment and right-of-use assets	1,956,903	119,135
Acquisition of intangible assets	(538,633)	(370,970)
Acquisition of right-of-use assets	-	(320,318)
Others	(1,015,571)	(166,483)
Net cash flows from (used in) investing activities	<u>(9,282,376)</u>	<u>(5,108,229)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	31,891,013	16,253,498
Proceeds from long-term borrowings	35,369,909	45,190,669
Repayments of long-term borrowings	(33,206,531)	(52,767,901)
Payment of lease liabilities	(618,724)	(650,642)
Cash dividends paid	(6,971,408)	(5,228,555)
Change in non-controlling interests	(914,965)	(685,550)
Others	96,506	56,422
Net cash flows from (used in) financing activities	<u>25,645,800</u>	<u>2,167,941</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,616,448)</u>	<u>(1,688,805)</u>
Net increase (decrease) in cash and cash equivalents	<u>(9,916,989)</u>	<u>18,946,601</u>
Cash and cash equivalents at beginning of period	<u>89,126,923</u>	<u>66,559,397</u>
Cash and cash equivalents at end of period	<u>\$ 79,209,934</u>	<u>85,505,998</u>

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

September 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 November 11, 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

(Continued)

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

- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (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
			September 30, 2021	December 31, 2020	September 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 September 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
			September 30, 2021	December 31, 2020	September 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%	100%	CGSP was established in September 2020.
Panpal and Gempal	Compalead Elettronica 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
			September 30, 2021	December 31, 2020	September 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%	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 Eletronics 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
			September 30, 2021	December 31, 2020	September 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%	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
			September 30, 2021	December 31, 2020	September 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)

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment	100%	100%	100%	
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%	
Rayonnant 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 in 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
			September 30, 2021	December 31, 2020	September 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%	
"	Compal USA (Indiana), Inc. ("CIN")	Foundry of automotive electronic products	100%	-	-	The Group acquired 100% of its shares in September 2021.
GLB	Rapha Bio Ltd. ("RBL")	Detector and feature	-	100%	100%	The liquidation had been completed in July 2021.
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	100%	51%	51%	

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

Note 2: The financial statements of the subsidiary as of September 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.

(Continued)

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

(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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 13,847	18,637	19,888
Checking accounts and demand deposits	24,760,545	19,537,842	16,820,102
Time deposits	54,435,542	69,560,444	67,333,991
Bonds purchased under resale agreements	-	10,000	1,332,017
	<u>\$ 79,209,934</u>	<u>89,126,923</u>	<u>85,505,998</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Structured deposits	\$ 2,425,344	2,234,184	5,333,670
Stock unlisted in domestic markets	138,230	100,190	97,525
Fund in domestic or foreign markets	1,504,574	101,419	85,855
Derivative instruments not used for hedging			
Foreign exchange contracts	217,713	-	166,456
Swap contracts	1,077	11,069	19,049
Total	<u>\$ 4,286,938</u>	<u>2,446,862</u>	<u>5,702,555</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current	\$ 4,037,220	2,245,254	5,519,175
Non-current	<u>249,718</u>	<u>201,608</u>	<u>183,380</u>
	<u>\$ 4,286,938</u>	<u>2,446,862</u>	<u>5,702,555</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 4,792	130,865	26,874
Swap contracts	<u>4,004</u>	<u>5,752</u>	<u>-</u>
	<u>\$ 8,796</u>	<u>136,617</u>	<u>26,874</u>

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:

	<u>September 30, 2021</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 44,100	EUR to USD	October 8, 2021~ January 14, 2022
Forward exchange sold	EUR 1,500	EUR to TWD	January 5, 2022
Forward exchange purchased	USD155,500	USD to BRL	October 6, 2021~July 4, 2022
Swap contracts:			
Currency Swap	10,000	USD to TWD	October 14, 2021
Foreign exchange contracts:			
Forward exchange purchased	USD 23,000	USD to CNY	October 28, 2021~November 29, 2021
Swap contracts:			
Currency swap	USD 40,000	USD to TWD	October 28, 2021~November 29, 2021

(Continued)

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

	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
	September 30, 2020			
	Contract amount (in thousand)		Currency	Maturity date
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	EUR 11,000		EUR to USD	October 8, 2020~February 25, 2021
Forward exchange purchased	USD 95,500		USD to BRL	October 1, 2020~August 26, 2021
Swap contracts:				
Currency swap	USD 42,500		USD to TWD	October 13~December 18, 2020
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange sold	EUR 24,000		EUR to USD	October 29, 2020~January 28, 2021
Forward exchange sold	EUR 1,000		EUR to TWD	October 8, 2020

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

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

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

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 2,761,142	1,972,849	1,701,936
Stock listed in foreign markets	576,312	491,243	486,451
Stock unlisted in domestic markets	2,178,889	2,152,542	2,022,760
Stock unlisted in foreign markets	<u>362,781</u>	<u>200,377</u>	<u>222,969</u>
Total	<u>\$ 5,879,124</u>	<u>4,817,011</u>	<u>4,434,116</u>

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.

In order to strengthen 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. Proceed from the liquidation was amounted to \$104, resulting in a cumulative valuation loss of \$142,441, which was reclassified from other comprehensive income to retained earnings.

During the first three quarter of 2020, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in Global BioPharma, Inc. and Taiwan Sanga Co., LTD. The fair value of the shares upon disposal amounted to \$52,105, resulting in a cumulative loss of \$57,895, 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 nine months ended September 30, 2021 and 2020, will be \$293,956 and \$221,706, 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 September 30, 2021, December 31 and September 30, 2020, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

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

(d) Financial instruments used for hedging

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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ 19,510	-	8,778
Financial liabilities used for hedging:			
Forward exchange contracts	\$ -	2,192	23,069

(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.

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

				September 30, 2021		
		Contract amount (in thousands)	Currency	Maturity period	Average strike price	
Derivative financial assets used for hedging						
Foreign exchange contracts:						
Forward exchange sold	EUR 13,000	EUR to USD	October 28~ December 29, 2021		1.2157	
				December 31, 2020		
		Contract amount (in thousands)	Currency	Maturity period	Average strike price	
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	

(Continued)

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

	September 30, 2020			
	Contract amount (in thousands)	Currency	Maturity period	Average strike price
Derivative financial assets used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 11,000	EUR to USD	October 29~ December 29, 2020	1.1980
Derivative financial liabilities used for hedging				
Forward exchange sold	USD 26,000	EUR to USD	October 26~ December 29, 2020	1.1423

(iii) For the three months and nine months ended September 30, 2021 and 2020, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$0, \$(3,117), \$0 and \$1,138, respectively, recorded as “other gains and losses, net”.

(iv) For the three months and nine months ended September 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).

(e) Notes and accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Notes receivables from operating activities	\$ 35,295	40,059	28,314
Accounts receivables – measured at amortized cost	226,696,749	197,650,813	169,175,554
Accounts receivables – fair value through other comprehensive income	34,628,113	38,429,954	27,516,157
	261,360,157	236,120,826	196,720,025
Less: allowance for uncollectible accounts	(3,913,121)	(3,910,928)	(3,925,648)
	\$ 257,447,036	232,209,898	192,794,377
Notes and accounts receivable	\$ 257,412,777	231,830,964	192,679,953
Notes and accounts receivable – related parties	\$ 34,259	378,934	114,424

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.

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

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:

September 30, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 237,868,347	0%	-	No
Level B	12,374,397	0.54%	66,245	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 254,060,084</u>		<u>3,883,585</u>	
December 31, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
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>	
September 30, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 174,601,427	0%	-	No
Level B	10,718,853	0.739%	79,190	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 189,137,620</u>		<u>3,896,530</u>	

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

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

September 30, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,601,268	0%	-	No
Level B	3,944,774	0.10%	4,049	No
Level C	735,909	1.00%	7,365	No
Level D	-	-	-	-
Level E	18,122	100%	18,122	Yes
	\$ 7,300,073		29,536	
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	18,586	100%	18,586	Yes
	\$ 6,939,295		26,831	
September 30, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 3,373,279	0%	-	No
Level B	3,538,387	0.10%	3,598	No
Level C	651,736	1.00%	6,517	No
Level D	-	-	-	-
Level E	19,003	100%	19,003	Yes
	\$ 7,582,405		29,118	

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Overdue 1 to 180 days	\$ 1,383,785	2,073,442	1,505,736
Overdue 181 to 365 days	<u>7,711</u>	<u>104,264</u>	<u>-</u>
	<u>\$ 1,391,496</u>	<u>2,177,706</u>	<u>1,505,736</u>

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

	For the nine months ended September 30,	
	2021	2020
Balance at January 1	\$ 3,910,928	3,928,716
Impairment losses recognized (reversed)	3,356	(2,474)
Effect of changes in exchange rates	<u>(1,163)</u>	<u>(594)</u>
Balance at September 30	<u>\$ 3,913,121</u>	<u>3,925,648</u>

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.

The Group entered into accounts receivable factoring agreements with banks. As of September 30, 2021, December 31 and September 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 September 30, 2021, December 31 and September 30, 2020, the factored account receivable with no advance amounting \$28,826, \$42,550 and \$8,818, 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 September 30, 2021, December 31 and September 30, 2020, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

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

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

September 30, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>33,020,840</u>	-	<u>32,992,014</u>	<u>28,826</u>	-	<u>33,020,840</u>	0.46%~0.78%

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>42,555,222</u>	<u>42,550</u>	-	<u>42,597,772</u>	0.58%~0.93%

September 30, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>25,730,810</u>	-	<u>25,721,992</u>	<u>8,818</u>	-	<u>25,730,810</u>	0.58%~1.44%

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

(f) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Finished goods	\$ 23,060,102	23,237,892	20,376,851
Work in progress	9,949,349	9,630,864	12,431,249
Raw materials	95,284,414	62,694,104	70,892,499
Raw materials in transit	<u>2,421,737</u>	<u>589,099</u>	<u>973,258</u>
	<u>\$ 130,715,602</u>	<u>96,151,959</u>	<u>104,673,857</u>

- (i) For the three months and nine months ended September 30, 2021 and 2020, inventory cost recognized as cost of sales amounted to \$326,186,874, \$260,248,397, \$838,799,511 and \$691,734,117, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted \$778,781, \$27,233, \$1,454,776 and \$319,485 for the three months and nine months ended September 30, 2021 and 2020.
- (iii) As of September 30, 2021, December 31 and September 30, 2020, the Group did not provide any inventories as collaterals for its loans.

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

(g) 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates	\$ 7,962,797	8,036,165	7,742,086
Joint venture	<u>(17,327)</u>	<u>(17,106)</u>	<u>(16,482)</u>
	7,945,470	8,019,059	7,725,604
Plus: credit balance of investment in equity method (other non-current liability)	42,738	43,177	42,367
Less: unrealized profits or losses	<u>(109,903)</u>	<u>(112,311)</u>	<u>(114,680)</u>
	<u><u>\$ 7,878,305</u></u>	<u><u>7,949,925</u></u>	<u><u>7,653,291</u></u>

(i) Associates

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,436,078	2,075,813	1,921,414
Avalue Technology Inc. ("Avalue")	<u>759,635</u>	<u>828,286</u>	<u>764,112</u>
	<u><u>\$ 3,195,713</u></u>	<u><u>2,904,099</u></u>	<u><u>2,685,526</u></u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 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><u>\$ (5,913)</u></u>	<u><u>23,819</u></u>	<u><u>184,637</u></u>	<u><u>387,106</u></u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Carrying amount of individually immaterial associates	<u><u>\$ 7,962,797</u></u>	<u><u>8,036,165</u></u>	<u><u>7,742,086</u></u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
The Group's share of the net income (loss) of associates:				
Profit (loss) from continuing operations	\$ (5,913)	23,819	184,637	387,106
Other comprehensive income	<u>(34,129)</u>	<u>168,097</u>	<u>(116,066)</u>	<u>(70,036)</u>
Total comprehensive income	<u>\$ (40,042)</u>	<u>191,916</u>	<u>68,571</u>	<u>317,070</u>

- 4) For the nine months ended September 30, 2020, the Group had sold parts of its shares held in Avalue, with a consideration (net of costs of disposal) amounting to \$38,952. The transaction has been completed and the price has been fully received, wherein the Group recognized a gain of \$28,772, 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:

	September	December 31,	September	
	30, 2021	2020	30, 2020	
The carrying amount of the Group's interests in all individually insignificant joint ventures	<u>\$ (17,327)</u>	<u>(17,106)</u>	<u>(16,482)</u>	
	For the three months ended		For the nine months ended	
	September 30,		September 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)	<u>\$ (520)</u>	<u>(7,814)</u>	<u>(84)</u>	<u>(9,744)</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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- (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 September 30, 2021, December 31 and September 30, 2020, the Group did not provide any investments accounted for using equity method as collaterals for its loans.
- (h) Acquisition of the subsidiary

In order to expand the automotive electronics business and build an automotive electronics production base in the US, the Group's indirect investee company, Billion Sea Holdings Ltd., acquired 100% ownership of Cal-Comp USA (Indiana), Inc. from the Group's related party— Cal-Comp Electronics (USA) Co., Ltd. (“CCUS”). Cal-Comp USA (Indiana), Inc. was renamed to be Compal USA (Indiana), Inc. (“CIN”) after the acquisition. The Company signed a contract with CCUS on September 30, 2021, to acquire 100% of the equity in the amount of \$226,421, and the payment and delivery of the above-mentioned consideration and shares had been completed.

Since the acquisition of 100% equity of CIN was completed on September 30, 2021, the revenue and net profit contributed by CIN for the nine months ended September 30, 2021 are both \$0. The management authority estimates that the Group’s revenue in 2021 will increase by \$490,751 and net profit will decrease by \$8,992, if the transaction of acquisition occurred on January 1, 2021. When determining these amounts, the management assumed that the transaction occurred on January 1, 2021, and the provisional fair value adjustments on the acquisition date were the same.

The main categories of consideration transferred, the assets acquired, and the liabilities assumed on the acquisition date, and the amount of goodwill recognized are as follows:

- (i) Consideration transferred

cash	\$ <u><u>226,421</u></u>
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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(ii) The identifiable assets acquired and the liabilities assumed

The fair value details of the identifiable assets acquired and the liabilities assumed on the acquisition date are as follows:

Cash and cash equivalents	\$ 29,419
Notes and accounts receivable, net	130,003
Other receivables	29,994
Inventories, net	211,240
Prepayments and other current assets	3,798
Property, plant and equipment	93,373
Short-term borrowings	(158,743)
Accounts payable	(124,352)
Other payables	<u>(27,525)</u>
	<u>\$ 187,207</u>

(iii) Goodwill arising from the acquisition of 100% equity is as follows:

Consideration transferred	\$ 226,421
Less: fair value of identifiable net assets	<u>(187,207)</u>
	<u>\$ 39,214</u>

Goodwill is mainly derived from the business value of CIN in the automotive electronics market. It is expected that CIN and the Group's business will be integrated to generate synergy.

(i) Changes in subsidiaries' equity

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

(i) 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%.

(ii) The acquisition of additional equity in the subsidiary

In August 2021, the Group acquired 49% of equity interest in Raycore Biotech from minority shareholders with \$15,129 in cash, increasing the equity from 51% to 100%.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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	\$ 79,791
Consideration paid	(85,129)
Retained Earnings	<u><u>\$ (5,338)</u></u>

(j) Material non-controlling interests of subsidiaries

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

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 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
Acquisition through business combination	10,892	87,477	162,654	4,376	-	265,399
Additions	479,509	173,190	1,713,374	1,339,263	4,498,019	8,203,355
Disposals and derecognitions	-	(1,703,957)	(753,320)	(986,146)	-	(3,443,423)
Reclassifications	-	104,535	1,222,805	163,280	(1,490,620)	-
Effect of movements in exchange rates	(749)	(348,699)	(368,620)	(588,991)	(41,329)	(1,348,388)
Balance on September 30, 2021	<u>\$ 2,433,746</u>	<u>16,832,419</u>	<u>30,475,084</u>	<u>11,817,479</u>	<u>4,186,855</u>	<u>65,745,583</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	1,454,658	1,428,865	1,024,794	1,865,443	5,778,371
Disposals and derecognitions	-	(34,423)	(469,334)	(402,591)	-	(906,348)
Reclassifications	222,770	546,993	700,454	236,214	(1,706,431)	-
Effect of movements in exchange rates	1	(318,866)	(835,496)	(563,234)	(87,692)	(1,805,287)
Balance on September 30, 2020	<u>\$ 1,932,602</u>	<u>18,615,141</u>	<u>27,869,130</u>	<u>11,584,616</u>	<u>1,381,878</u>	<u>61,383,367</u>
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Acquisition through business combination	-	18,824	148,912	4,290	-	172,026
Depreciation for the period	-	687,175	1,788,354	1,503,050	-	3,978,579
Impairment loss	-	-	378,072	26,441	-	404,513
Disposals and derecognitions	-	(576,417)	(646,760)	(902,611)	-	(2,125,788)
Effect of movements in exchange rates	-	(121,262)	(1,099,478)	(257,113)	-	(1,477,853)
Balance on September 30, 2021	<u>\$ -</u>	<u>10,863,429</u>	<u>21,140,745</u>	<u>8,930,603</u>	<u>-</u>	<u>40,934,777</u>

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

	<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>
Balance on January 1, 2020	\$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Depreciation for the period	-	658,251	1,761,867	1,136,783	-	3,556,901
Disposals and derecognitions	-	(33,777)	(384,927)	(386,403)	-	(805,107)
Effect of movements in exchange rates	-	(219,604)	(697,413)	(425,206)	-	(1,342,223)
Balance on September 30, 2020	<u>\$ -</u>	<u>10,757,304</u>	<u>20,529,786</u>	<u>8,466,765</u>	<u>-</u>	<u>39,753,855</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 September 30, 2021	<u>\$ 2,433,746</u>	<u>5,968,990</u>	<u>9,334,339</u>	<u>2,886,876</u>	<u>4,186,855</u>	<u>24,810,806</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 September 30, 2020	<u>\$ 1,932,602</u>	<u>7,857,837</u>	<u>7,339,344</u>	<u>3,117,851</u>	<u>1,381,878</u>	<u>21,629,512</u>

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

In order to activate the assets of the Group, the Board of Directors passed a resolution on May 7, 2021, that the subsidiary CDE and Kunshan Xincheng Construction Development Co., Ltd., a non-related party, signed a real estate purchase and sale contract. The transaction targets include land use rights and existing land building, with the transaction price of \$4,147,946 (CNY 956,012) in total. The Group has completed the above transaction in the third quarter of 2021. The Group recognized a disposal gain of \$1,961,419, which was accounted for as other gains and losses, after deducting the book value of assets and related transaction costs from the transaction price. The balance of the consideration of \$1,648,721 is recognized in other receivables, which has been fully collected after the period.

In September 2021, the Group carried out the impairment test toward the partial production lines in Henghao Technology and its subsidiaries, and assessed that the recoverable amount of the machinery and equipment was lower than its book value. The impairment loss of \$404,513 was recognized, and accounted for non-operating income and expenses.

(1) 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	-	695,352	-	17,650	713,002
Deductions	(362,689)	(261,732)	-	(8,522)	(632,943)
Effect of movements in exchange rates	(37,587)	(25,383)	(412)	(209)	(63,591)
Balance on September 30, 2021	<u>\$ 867,853</u>	<u>3,786,704</u>	<u>76,518</u>	<u>83,888</u>	<u>4,814,963</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and Other</u>	<u>Total</u>
Balance on January 1, 2020	\$ 1,110,813	2,809,991	86,661	88,712	4,096,177
Additions	320,318	762,755	-	6,797	1,089,870
Deductions	-	(216,631)	(9,115)	(10,077)	(235,823)
Effect of movements in exchange rates	(39,934)	(25,814)	(1,216)	(1,004)	(67,968)
Balance on September 30, 2020	<u>\$ 1,391,197</u>	<u>3,330,301</u>	<u>76,330</u>	<u>84,428</u>	<u>4,882,256</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	30,494	595,337	9,245	15,593	650,669
Deductions	(37,698)	(180,651)	-	(8,522)	(226,871)
Effect of movements in exchange rates	(12,904)	(8,310)	(261)	(126)	(21,601)
Balance on September 30, 2021	<u>\$ 34,648</u>	<u>1,582,065</u>	<u>33,733</u>	<u>53,294</u>	<u>1,703,740</u>
Balance on January 1, 2020	\$ 31,587	659,467	22,270	32,681	746,005
Depreciation for the period	26,988	611,116	9,194	25,875	673,173
Deductions	-	(117,315)	(9,803)	(9,001)	(136,119)
Effect of movements in exchange rates	(1,561)	(25,371)	(300)	(412)	(27,644)
Balance on September 30, 2020	<u>\$ 57,014</u>	<u>1,127,897</u>	<u>21,361</u>	<u>49,143</u>	<u>1,255,415</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 September 30, 2021	<u>\$ 833,205</u>	<u>2,204,639</u>	<u>42,785</u>	<u>30,594</u>	<u>3,111,223</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 September 30, 2020	<u>\$ 1,334,183</u>	<u>2,202,404</u>	<u>54,969</u>	<u>35,285</u>	<u>3,626,841</u>

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank loans	<u>\$ 124,888,489</u>	<u>92,838,733</u>	<u>77,205,342</u>
Unused credit line for short-term borrowings	<u>\$ 104,779,000</u>	<u>95,910,000</u>	<u>114,514,000</u>
Range of interest rates	<u>0.05%~3.04%</u>	<u>0.25%~2.58%</u>	<u>0.25%~7.15%</u>

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

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(n) Long-term borrowings

The details of long-term borrowings were as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank loans	\$ 20,826,700	19,105,440	17,923,000
Secured bank loans	671,031	228,913	248,206
Less: current portion	<u>(14,944,031)</u>	<u>(8,932,615)</u>	<u>(9,200,175)</u>
Total	<u>\$ 6,553,700</u>	<u>10,401,738</u>	<u>8,971,031</u>
Unused credit line for long-term borrowings	<u>\$ 17,888,000</u>	<u>15,327,000</u>	<u>19,243,000</u>
Range of interest rates	<u>0.55%~1.50%</u>	<u>0.66%~1.50%</u>	<u>0.60%~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:

	September 30, 2021	December 31, 2020	September 30, 2020
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	(7,702)	(18,527)	(21,758)
Unamortized issuance costs on corporate bonds payable	(619)	(1,254)	(1,473)
Accumulated converted amount	<u>(112,300)</u>	<u>-</u>	<u>-</u>
Balance of bonds payable of the reporting date	<u>\$ 879,379</u>	<u>980,219</u>	<u>976,769</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 43,201</u>	<u>48,667</u>	<u>48,667</u>
	For the three months ended September 30,	For the nine months ended September 30,	
	2021	2020	2021
Interest expenses	<u>\$ 3,100</u>	<u>3,438</u>	<u>10,018</u>
			<u>10,277</u>

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

(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.

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- (iii) As of September 30, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$13,582 with a par value of \$112,300, and the capital surplus were recognized for \$102,741 (including the stock option conversion premium of \$5,465 and the unamortized discounts on corporate bonds payable of 1,442).
- (iv) There were no significant issues, repurchases and repayments of bonds payable for the nine months ended September 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:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	<u>\$ 670,126</u>	<u>377,161</u>	<u>436,424</u>
Non-current	<u>\$ 1,630,833</u>	<u>1,910,601</u>	<u>1,849,864</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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Interest on lease liabilities	<u>\$ 11,019</u>	<u>8,728</u>	<u>34,792</u>	<u>31,662</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 795</u>	<u>793</u>	<u>2,181</u>	<u>2,356</u>
Expenses relating to leases of low-value assets or short-term leases	<u>\$ 169,032</u>	<u>39,355</u>	<u>239,042</u>	<u>89,397</u>

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

	For the nine months ended September 30,	
	2021	2020
Total cash outflow for leases	<u>\$ 894,739</u>	<u>774,057</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 nine months ended September 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 nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Operating cost	\$ 254	249	752	746
Selling expenses	153	183	462	540
Administrative expenses	545	761	1,658	2,327
Research and development expenses	<u>1,482</u>	<u>2,086</u>	<u>4,430</u>	<u>6,218</u>
Total	<u>\$ 2,434</u>	<u>3,279</u>	<u>7,302</u>	<u>9,831</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 \$136,857, \$111,648, \$373,556 and \$331,047 for the three months and nine months ended September 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 \$316,546, \$329,092, \$845,560 and \$638,735 for the three months and nine months ended September 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>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Current tax expense	<u>\$ 1,154,020</u>	<u>654,521</u>	<u>2,642,213</u>

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

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 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)	-
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>(52,842)</u>	<u>40,460</u>	<u>15,015</u>	<u>(6,709)</u>
	<u>\$ (52,842)</u>	<u>40,460</u>	<u>14,837</u>	<u>(6,709)</u>

Items that will be reclassified subsequently to profit or loss:

Foreign currency translation differences of foreign operations	<u>\$ (2,379)</u>	<u>(5,582)</u>	<u>(13,833)</u>	<u>(11,317)</u>
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- (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, Shennona, Aco Smartcare through 2019, of UCGI, CBN, Heng Hao, GLB, through 2018, and of TTI through 2019. However, TTI's tax returns through 2018 has not yet been approved.

(Continued)

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

(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 September 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:

	September 30, 2021	December 31, 2020	September 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	77,306	60,850	60,605
Changes in equity of associates and joint ventures accounted for using equity method	<u>282,914</u>	<u>281,231</u>	<u>280,685</u>
	<u>\$ 6,679,077</u>	<u>8,342,813</u>	<u>8,341,023</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
Notes to Consolidated Financial Statements

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 nine months ended September 30, 2021 and 2020. As of September 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 23.60, 20.70 and 19.05 New Taiwan dollars per share as of September 30, 2021, December 31 and September 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	(1,443,363)	402,867	7,563	(1,032,933)
Associates	(100,170)	13,879	-	(86,291)
Balance on September 30, 2021	<u>\$ (8,432,510)</u>	<u>39,794</u>	<u>6,784</u>	<u>(8,385,932)</u>
Balance on January 1, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Group	(1,997,289)	(398,303)	(2,307)	(2,397,899)
Associates	(11,357)	(49,875)	-	(61,232)
Balance on September 30, 2020	<u>\$ (5,803,626)</u>	<u>(754,941)</u>	<u>(4,013)</u>	<u>(6,562,580)</u>

(u) Share-based payment

There were no significant changes in share-based payment during the nine months ended September 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 September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>4,351,753</u>	<u>2,188,491</u>	<u>9,438,907</u>	<u>4,780,214</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>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>4,351,753</u>	<u>2,188,491</u>	<u>9,438,907</u>	<u>4,780,214</u>

(Continued)

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
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>42,195</u>	<u>29,177</u>	<u>55,167</u>	<u>43,036</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,399,325</u>	<u>4,386,307</u>	<u>4,412,297</u>	<u>4,400,166</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 130,847,063	2,194,361	133,041,424
China	47,385,579	70,562	47,456,141
Netherlands	23,979,615	479,505	24,459,120
United Kingdom	12,695,127	1,663,292	14,358,419
India	17,436,202	2,594	17,438,796
Others	<u>95,036,306</u>	<u>5,070,974</u>	<u>100,107,280</u>
	<u>\$ 327,379,892</u>	<u>9,481,288</u>	<u>336,861,180</u>
Major products:			
5C related electronics products	\$ 326,779,868	9,167,845	335,947,713
Others	<u>600,024</u>	<u>313,443</u>	<u>913,467</u>
	<u>\$ 327,379,892</u>	<u>9,481,288</u>	<u>336,861,180</u>

(Continued)

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

	For the three months ended September 30, 2020		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 111,502,687	2,338,597	113,841,284
China	32,654,550	160,703	32,815,253
Netherlands	17,630,049	530,462	18,160,511
United Kingdom	10,822,368	1,272,599	12,094,967
India	11,383,207	69,154	11,452,361
Others	<u>75,696,974</u>	<u>5,180,273</u>	<u>80,877,247</u>
	<u>\$ 259,689,835</u>	<u>9,551,788</u>	<u>269,241,623</u>
Major products:			
5C related electronics products	\$ 259,168,653	9,434,550	268,603,203
Others	<u>521,182</u>	<u>117,238</u>	<u>638,420</u>
	<u>\$ 259,689,835</u>	<u>9,551,788</u>	<u>269,241,623</u>
	For the nine months ended September 30, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 334,927,219	5,862,062	340,789,281
China	111,767,469	308,795	112,076,264
Netherlands	62,775,988	1,344,496	64,120,484
United Kingdom	36,199,405	5,066,186	41,265,591
India	35,219,970	99,931	35,319,901
Others	<u>258,302,231</u>	<u>15,972,995</u>	<u>274,275,226</u>
	<u>\$ 839,192,282</u>	<u>28,654,465</u>	<u>867,846,747</u>
Major products:			
5C related electronics products	\$ 837,656,745	27,908,087	865,564,832
Others	<u>1,535,537</u>	<u>746,378</u>	<u>2,281,915</u>
	<u>\$ 839,192,282</u>	<u>28,654,465</u>	<u>867,846,747</u>

(Continued)

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

	For the nine months ended September 30, 2020		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 295,551,577	5,869,937	301,421,514
China	89,861,348	473,461	90,334,809
Netherlands	60,671,907	929,830	61,601,737
United Kingdom	29,308,596	3,519,188	32,827,784
India	22,054,659	69,593	22,124,252
Others	<u>192,850,805</u>	<u>13,781,272</u>	<u>206,632,077</u>
	<u>\$ 690,298,892</u>	<u>24,643,281</u>	<u>714,942,173</u>
Major products:			
5C related electronics products	\$ 688,831,559	24,215,273	713,046,832
Others	<u>1,467,333</u>	<u>428,008</u>	<u>1,895,341</u>
	<u>\$ 690,298,892</u>	<u>24,643,281</u>	<u>714,942,173</u>
(ii) Contract balances			

	September 30, 2021	December 31, 2020	September 30, 2020
Notes and accounts receivable (including related parties)	\$ 261,360,157	236,120,826	196,720,025
Less: allowance for impairment	<u>(3,913,121)</u>	<u>(3,910,928)</u>	<u>(3,925,648)</u>
Total	<u>\$ 257,447,036</u>	<u>232,209,898</u>	<u>192,794,377</u>
Contract liabilities	<u>\$ 930,171</u>	<u>820,016</u>	<u>896,192</u>

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

The amount of revenue recognized for the nine months ended September 30, 2021 and 2020 that were included in the balance of contract liability at the beginning of the period was \$329,751 and \$469,151, 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.

(Continued)

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 \$450,292, \$247,708, \$995,800 and \$555,824, and directors' compensation of \$23,811, \$13,232, \$52,657 and \$29,691 for the three months and nine months ended September 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 nine months ended	
	September 30		September 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 551,841	338,241	1,534,764	1,245,527
Other interest income	43	48	121	153
Total Interest income	\$ 551,884	338,289	1,534,885	1,245,680

(Continued)

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

(ii) Other income

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

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Dividend revenue	\$ 55,665	5,523	138,312	108,996
Other revenue	194,376	127,503	350,343	274,647
	<u>\$ 250,041</u>	<u>133,026</u>	<u>488,655</u>	<u>383,643</u>

(iii) Other gains and losses

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

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Gains on disposal of investments	\$ -	24,858	-	29,757
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	329,246	49,123	314,967	601,609
Foreign currency exchange gains (losses), net	(269,629)	(123,432)	174,542	(911,584)
Gains on disposal of property, plant, and equipment	1,981,399	9,405	1,963,009	17,894
Others	(230)	-	(230)	-
	<u>\$ 2,040,786</u>	<u>(40,046)</u>	<u>2,452,288</u>	<u>(262,324)</u>

(Continued)

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 nine months ended September 30, 2021 and 2020, were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Cash flow hedge:				
Gains (losses) from current period	\$ 14,674	(63,334)	39,846	16,998
Less: reclassification of gains (losses) included in profit or loss	<u>13,214</u>	<u>(25,478)</u>	<u>18,144</u>	<u>26,418</u>
Profit (loss) recognized in other comprehensive income	<u><u>\$ 1,460</u></u>	<u><u>(37,856)</u></u>	<u><u>21,702</u></u>	<u><u>(9,420)</u></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 nine months ended September 30, 2021 and 2020 were as follows:

	Other receivables
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	<u>472</u>
Balance on September 30, 2021	<u><u>\$ 2,864</u></u>
Balance on January 1, 2020	\$ 1,012
Impairment losses recognized (reversed)	<u>1,370</u>
Balance on September 30, 2020	<u><u>\$ 2,382</u></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>
September 30, 2021					
Non-derivative financial liabilities					
Secured borrowings	\$ 671,031	(671,031)	(67,331)	(121,133)	(482,567)
Unsecured borrowings	145,715,189	(145,715,189)	(139,765,189)	(5,450,000)	(500,000)
Lease liabilities – current and non-current	2,300,959	(2,398,561)	(705,035)	(496,866)	(1,196,660)
Notes and accounts payable	217,928,252	(217,928,252)	(217,928,252)	-	-
Other payables	26,620,379	(26,620,379)	(26,620,379)	-	-
Bonds payable	879,379	(887,700)	(887,700)	-	-
Derivative financial liabilities					
Forward exchange contracts:	4,792				
Outflow		(645,405)	(645,405)	-	-
Inflow		639,285	639,285	-	-
Currency swap contracts	4,004				
Outflow		(1,111,800)	(1,111,800)	-	-
Inflow		1,110,649	1,110,649	-	-
	<u>\$ 394,123,985</u>	<u>(394,228,383)</u>	<u>(385,981,157)</u>	<u>(6,067,999)</u>	<u>(2,179,227)</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	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>
September 30, 2020					
Non-derivative financial liabilities					
Secured borrowings	\$ 248,206	(248,206)	(77,175)	(67,331)	(103,700)
Unsecured borrowings	95,128,342	(95,128,342)	(86,328,342)	(4,850,000)	(3,950,000)
Lease liabilities— current and non-current	2,286,288	(2,406,886)	(476,120)	(1,456,568)	(474,198)
Notes and accounts payable	192,175,019	(192,175,019)	(192,175,019)	-	-
Other payables	20,650,649	(20,650,649)	(20,650,649)	-	-
Bonds payable	976,769	(1,000,000)	-	(1,000,000)	-
Derivative financial liabilities					
Forward exchange contracts:	26,874				
Outflow		(850,000)	(850,000)	-	-
Inflow		825,921	825,921	-	-
Forward exchange contracts for hedging:	23,069				
Outflow		(884,000)	(884,000)	-	-
Inflow		864,826	864,826	-	-
	<u>\$ 311,515,216</u>	<u>(311,652,355)</u>	<u>(299,750,558)</u>	<u>(7,373,899)</u>	<u>(4,527,898)</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>September 30, 2021</u>			<u>December 31, 2020</u>			<u>September 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	\$ 15,733,778	27.85	438,185,717	13,926,339	28.48	396,622,135	11,001,048	29.1	320,130,497
USD to CNY	22,251	6.4596	619,690	13,381	6.5386	381,091	15,669	6.8086	455,968
EUR to TWD	71,448	32.32	2,309,199	60,677	35.02	2,124,909	63,633	34.15	2,173,067
CNY to USD	3,840,963	0.1548	16,559,083	3,646,117	0.1529	15,877,352	3,320,783	0.1469	14,195,650
Non-monetary items									
THB to TWD	700,428	0.8228	576,312	516,989	0.9502	491,243	526,348	0.9242	486,451
Financial liabilities									
Monetary items									
USD to TWD	15,924,254	27.85	443,490,474	14,056,045	28.48	400,316,162	11,002,218	29.1	320,164,544
USD to CNY	1,277	6.4596	35,564	3,132	6.5386	89,199	3,995	6.8086	116,255
USD to BRL	185,445	5.4394	5,164,643	131,487	5.1967	3,744,750	99,301	5.6407	2,889,659
EUR to NTD	11,329	32.32	366,153	12,616	35.02	441,812	12,837	34.15	438,384
CNY to USD	3,261,957	0.1548	14,062,884	3,149,932	0.1529	13,716,669	3,214,701	0.1469	13,742,172

(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 the each major foreign currency against Group entities' functional currency as of September 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>September 30,</u> <u>2021</u>	<u>September 30,</u> <u>2020</u>
USD (against the TWD)		
Strengthening 5%	\$ (265,238)	(1,702)
Weakening 5%	265,238	1,702
USD (against the CNY)		
Strengthening 5%	29,206	16,986
Weakening 5%	(29,206)	(16,986)
USD (against the BRL)		
Strengthening 5%	(258,232)	(144,483)
Weakening 5%	258,232	144,483
EUR (against the TWD)		
Strengthening 5%	97,152	86,734
Weakening 5%	(97,152)	(86,734)
CNY (against the USD)		
Strengthening 5%	124,810	22,674
Weakening 5%	(124,810)	(22,674)

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 nine months ended September 30, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$(269,629), \$(123,432), \$174,542 and \$(911,584), 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 nine months ended September 30, 2021 and 2020, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the nine months ended September 30,	
	2021	2020
Interest increased by 0.25%	\$ 25,377	11,424
Interest decreased by 0.25%	(25,377)	(11,424)

(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.

	September 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	\$ 218,790	-	218,790	-	218,790
Non-derivative financial assets mandatorily measured at fair value through profit or loss	4,068,148	-	3,818,430	249,718	4,068,148
Subtotal	4,286,938				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	September 30, 2021				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Derivative financial assets for hedging	19,510	-	19,510	-	19,510
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,761,142	2,761,142	-	-	2,761,142
Stocks listed on foreign markets	576,312	576,312	-	-	576,312
Stocks unlisted on domestic markets	2,178,889	-	-	2,178,889	2,178,889
Stocks unlisted on foreign markets	362,781	-	-	362,781	362,781
Accounts receivable	<u>34,628,113</u>	-	34,628,113	-	34,628,113
Subtotal	<u>40,507,237</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	79,209,934	-	-	-	-
Notes and accounts receivable, net	222,784,664	-	-	-	-
Notes and accounts receivable due from related parties, net	34,259	-	-	-	-
Other receivables	3,399,275	-	-	-	-
Refundable deposits	<u>859,094</u>	-	-	-	-
Subtotal	<u>306,287,226</u>				
Total	<u>\$ 351,100,911</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>8,796</u>	-	8,796	-	8,796
Financial liabilities measured at amortized cost					
Short-term borrowings	124,888,489	-	-	-	-
Notes and accounts payable	215,319,152	-	-	-	-
Notes and accounts payable to related parties	2,609,100	-	-	-	-
Other payables	26,620,379	-	-	-	-
Bonds payable	879,379	-	-	-	-
Lease liabilities— current and non-current	2,300,959	-	-	-	-
Long-term borrowings current portion	14,944,031	-	-	-	-
Long-term borrowings	6,553,700	-	-	-	-
Deposits received	<u>381,740</u>	-	-	-	-
Subtotal	<u>394,496,929</u>				
Total	<u>\$ 394,505,725</u>				

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

	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	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
Notes to Consolidated Financial Statements

	September 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	\$ 185,505	-	185,505	-	185,505
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>5,517,050</u>	-	5,333,670	183,380	5,517,050
Subtotal	<u>5,702,555</u>				
Derivative financial assets for hedging	<u>8,778</u>	-	8,778	-	8,778
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,701,936	1,701,936	-	-	1,701,936
Stocks listed on foreign markets	486,451	486,451	-	-	486,451
Stocks unlisted on domestic markets	2,022,760	-	-	2,022,760	2,022,760
Stocks unlisted on foreign markets	222,969	-	-	222,969	222,969
Accounts receivable	<u>27,516,157</u>	-	27,516,157	-	27,516,157
Subtotal	<u>31,950,273</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	85,505,998	-	-	-	-
Notes and accounts receivable, net	165,163,796	-	-	-	-
Notes and accounts receivable due from related parties, net	114,424	-	-	-	-
Other receivables	1,234,529	-	-	-	-
Refundable deposits	<u>502,380</u>	-	-	-	-
Subtotal	<u>252,521,127</u>				
Total	<u>\$ 290,182,733</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>26,874</u>	-	26,874	-	26,874
Derivative financial liabilities for hedging	<u>23,069</u>	-	23,069	-	23,069
Financial liabilities measured at amortized cost					
Short-term borrowings	77,205,342	-	-	-	-
Notes and accounts payable	190,131,940	-	-	-	-
Notes and accounts payable to related parties	2,043,079	-	-	-	-
Other payables	20,650,649	-	-	-	-
Bonds payable	976,769	-	-	-	-
Lease liabilities— current and non-current	2,286,288	-	-	-	-
Long-term borrowings current portion	9,200,175	-	-	-	-
Long-term borrowings	8,971,031	-	-	-	-
Deposits received	<u>249,020</u>	-	-	-	-
Subtotal	<u>311,714,293</u>				
Total	<u>\$ 311,764,236</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 methods and assumption as follows:

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 nine months ended September 30, 2021 and 2020.

5) Changes in level 3

The change in level 3 at fair value in the nine months ended September 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	8,259	-	8,259
In other comprehensive income	-	12,591	12,591
Purchased	39,850	187,540	227,390
Proceeds from liquidation and capital reduction of investments	-	(8,502)	(8,502)
Effect of changes in exchange rates	-	(2,878)	(2,878)
Balance on September 30, 2021	<u>\$ 249,718</u>	<u>2,541,670</u>	<u>2,791,388</u>
Balance on January 1, 2020	\$ 115,359	2,424,053	2,539,412
Total gains and losses recognized:			
In profit or loss	8,021	-	8,021
In other comprehensive income	-	(143,188)	(143,188)
Purchased	60,000	25,013	85,013
Disposal	-	(52,105)	(52,105)
Proceeds from capital reduction of investments	-	(4,085)	(4,085)
Effect of changes in exchange rates	-	(3,959)	(3,959)
Balance on September 30, 2020	<u>\$ 183,380</u>	<u>2,245,729</u>	<u>2,429,109</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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For the nine months ended September 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:

	For the nine months ended September 30,	
	2021	2020
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u>8,259</u>	<u>8,021</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u>12,723</u>	<u>(99,638)</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 (1.72~11.62, 1.72~7.9 and 1.19~10.23, respectively, on September 30, 2021, December 31 and September 30, 2020) Multiples of earnings (16.27, 14.68 and 14.45, respectively, on September 30, 2021, December 31 and September 30, 2020)	The higher the multiple is, the higher the fair value will be. The higher the multiple is, the higher the fair value will be.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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>
		Lack-of-Marketability discount rate (35%~85%, on September 30, 2021, December 31 and September 30, 2020)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
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>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
September 30, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>54,486</u>	<u>54,203</u>
	Multiples of earnings	5%	\$ <u>2,650</u>	<u>1,515</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,863</u>	<u>9,910</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>

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

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
September 30, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>34,517</u>	<u>34,507</u>
	Multiples of earnings	5%	\$ <u>5,913</u>	<u>5,441</u>
	Lack-of-Marketability discount rate	5%	\$ <u>3,942</u>	<u>3,942</u>

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

September 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	\$ <u>360,734,315</u>	<u>360,734,315</u>	-	-	-	-
	(USD <u>12,952,758</u>)	(USD <u>12,952,758</u>)				
September 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	\$ <u>360,734,315</u>	<u>360,734,315</u>	-	-	-	-
	(USD <u>12,952,758</u>)	(USD <u>12,952,758</u>)				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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)				

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)				

September 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	\$ 231,315,927	231,315,927	-	-	-	-
	(USD 7,948,980)	(USD 7,948,980)				

September 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	\$ 231,315,927	231,315,927	-	-	-	-
	(USD 7,948,980)	(USD 7,948,980)				

(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.

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(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.

(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 nine months ended September 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	September 30, 2021
Short-term borrowings	\$ 92,838,733	31,891,013	158,743	124,888,489
Proceeds from issuance of convertible bonds	980,219	-	(100,840)	879,379
Long-term borrowings	19,334,353	2,163,378	-	21,497,731
Lease liabilities	2,287,762	(618,724)	631,921	2,300,959
Guarantee deposits and others	340,131	96,506	(439)	436,198
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>33,532,173</u>	<u>689,385</u>	<u>150,002,756</u>
	January 1, 2020	Cash flow	Other non-cash changes	September 30, 2020
Short-term borrowings	\$ 60,951,844	16,253,498	-	77,205,342
Proceeds from issuance of convertible bonds	966,492	-	10,277	976,769
Long-term borrowings	25,748,438	(7,577,232)	-	18,171,206
Lease liabilities	2,267,088	(650,642)	669,842	2,286,288
Guarantee deposits and others	246,038	56,422	648	303,108
Total liabilities from financing activities	<u>\$ 90,179,900</u>	<u>8,082,046</u>	<u>680,767</u>	<u>98,942,713</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
Allied Circuit	An associate
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 Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (USA) Co., Ltd. (“CCUS”)	The same Chairman of the Ultimate parent company with the Company
Cal-Comp Electronics (Thailand) Public 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>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 198,060	178,687	538,342	490,069
Post-employment benefits	1,929	2,012	5,898	6,286
Share-based payments	<u>1,443</u>	<u>2,429</u>	<u>4,329</u>	<u>16,269</u>
	<u>\$ 201,432</u>	<u>183,128</u>	<u>548,569</u>	<u>512,624</u>

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

(Continued)

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

(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:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Associates	\$ 69,098	62,184	160,946	186,710
Other related parties	233	90,416	34,026	90,825
Joint ventures	-	221	-	221
	<u>\$ 69,331</u>	<u>152,821</u>	<u>194,972</u>	<u>277,756</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.

(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 nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Associates	\$ 1,541,198	1,113,225	4,371,009	3,061,860
Other related parties	1,104,019	526,911	3,027,066	1,568,446
	<u>\$ 2,645,217</u>	<u>1,640,136</u>	<u>7,398,075</u>	<u>4,630,306</u>

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	September 30, 2021	December 31, 2020	September 30, 2020
Notes and accounts receivable	Associates	\$ 34,144	29,643	25,643
Notes and accounts receivable	Other related parties	115	349,291	88,781
Other receivables	Associates	1,678	908	-
Other receivables	Other related parties	82	64	88
		<u>\$ 36,019</u>	<u>379,906</u>	<u>114,512</u>

(Continued)

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

(iv) Payables to related parties

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

<u>Account</u>	<u>Related party categories</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes and accounts payable	Associates	\$ 1,573,225	1,632,862	1,249,810
Notes and accounts payable	Other related parties	1,035,875	1,255,762	793,269
Other payables	Associates	151	600	201
		<u>\$ 2,609,251</u>	<u>2,889,224</u>	<u>2,043,280</u>

(v) Property transactions

<u>Relationship</u>	<u>Item</u>	<u>For the nine months ended September 30, 2021</u>		
		<u>Number of shares</u>	<u>Object</u>	<u>Acquisition price</u>
Other related party-Jipo Investment	Acquisition of financial assets at fair value through other comprehensive income	46,197 thousand shares	Common stocks of Kinpo	616,864
Other related party-CCUS	Acquisition of the subsidiary	1 thousand shares	Common stocks of CIN	226,421
Associates-RayPal Biomedical	Acquisition of minority shares	588 thousand shares	Common stocks of Raycore Biotech	15,129

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Other current assets	Bail for court mandatory execution	\$ -	41,090	41,090
Property, plant and equipment	Long-term borrowings (including current portion)	471,385	486,581	491,646
Other non-current assets	Guarantee of post-release duty payment to the customs and guarantee of the customs	500	500	500
		<u>\$ 471,885</u>	<u>528,171</u>	<u>533,236</u>

(Continued)

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

(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 September 30, 2021, December 31 and September 30, 2020, the Group's signed commitments to purchase property, plant and equipment amounted to \$313,475, \$473,370 and \$462,092, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function By item	Three months ended September 30, 2021			Three months ended September 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	3,694,301	3,582,677	7,276,978	4,842,885	3,336,268	8,179,153
Labor and health insurance	274,938	238,225	513,163	254,453	191,575	446,028
Pension	311,180	144,657	455,837	313,372	130,647	444,019
Others	568,493	225,052	793,545	517,109	149,390	666,499
Depreciation	1,286,092	289,657	1,575,749	1,081,035	430,926	1,511,961
Amortization	11,339	119,893	131,232	9,379	106,677	116,056

(Continued)

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

By function By item	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	11,401,457	10,379,036	21,780,493	12,954,033	9,465,685	22,419,718
Labor and health insurance	766,891	698,621	1,465,512	595,917	606,313	1,202,230
Pension	805,893	420,525	1,226,418	613,793	365,820	979,613
Others	1,672,376	520,965	2,193,341	1,545,129	453,710	1,998,839
Depreciation	3,771,173	858,075	4,629,248	3,284,570	945,504	4,230,074
Amortization	44,512	396,005	440,517	27,614	328,774	356,388

(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 nine months ended September 30, 2021:

- (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 September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (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

(Continued)

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

- (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 September 30, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>327,379,892</u>	<u>9,481,288</u>	<u>336,861,180</u>
Reportable segment profit	\$ <u>5,200,776</u>	<u>570,802</u>	<u>5,771,578</u>
	Three months ended September 30, 2020		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>259,689,835</u>	<u>9,551,788</u>	<u>269,241,623</u>
Reportable segment profit	\$ <u>2,483,024</u>	<u>729,007</u>	<u>3,212,031</u>
	Nine months ended September 30, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>839,192,282</u>	<u>28,654,465</u>	<u>867,846,747</u>
Reportable segment profit	\$ <u>11,232,861</u>	<u>1,655,908</u>	<u>12,888,769</u>
	Nine months ended September 30, 2020		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>690,298,892</u>	<u>24,643,281</u>	<u>714,942,173</u>
Reportable segment profit	\$ <u>5,485,248</u>	<u>1,660,596</u>	<u>7,145,844</u>

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

Table 1 Loans to other parties:
(September 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	475,325	225,325	225,325	1.02%~1.08%	Short-term financing	-	Operating demand	-	-	-	21,604,389	43,208,778	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	21,604,389	43,208,778	(Note 1)
0	The Company	CEB	Other receivables	Y	1,985,950	557,000	557,000	1.02%~2.05%	Short-term financing	-	Operating demand	-	-	-	21,604,389	43,208,778	(Note 1)
0	The Company	CEA	Other receivables	Y	838,800	835,500	835,500	1.02%	Short-term financing	-	Operating demand	-	-	-	21,604,389	43,208,778	(Note 1)
1	CIH	CEP	Other receivables	Y	57,070	55,700	55,700	3.50%	Short-term financing	-	Operating demand	-	-	-	35,228,322	35,228,322	(Note 2)
2	CPC	CDE	Other receivables	Y	1,315,200	1,291,500	688,800	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
2	CPC	CIC	Other receivables	Y	438,400	430,500	430,500	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	1,949,500	1,570,740	2.00%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	137,098	69,625	-	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	835,500	835,500	1.30%	Short-term financing	-	Operating financing	-	-	-	20,913,770	20,913,770	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	998,725	974,750	974,750	2.00%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
4	CPO	CIT	Other receivables	Y	657,600	645,750	645,750	2.20%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
5	CET	BT	Other receivables	Y	523,740	258,300	172,200	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	557,000	557,000	2.00%	Short-term financing	-	Operating demand	-	-	-	8,030,522	8,030,522	(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	36,134	36,134	1.00%	Short-term financing	-	Operating financing	-	-	-	2,333,803	4,667,607	(Note 9)
8	Arcadyan	Arcadyan Brasil	Other receivables	Y	55,590	55,590	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,333,803	4,667,607	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	285,100	-	-	1.00%	Transaction for business between two parties	4,368,068	-	-	-	-	2,333,803	4,667,607	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	285,100	277,950	-	1.00%	Transaction for business between two parties	4,363,815	-	-	-	-	2,333,803	4,667,607	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	255,510	-	-	1.00%	Transaction for business between two parties	5,397,428	-	-	-	-	2,333,803	4,667,607	(Note 9)
8	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	6,876	6,876	1.00%	Transaction for business between two parties	166,680	-	-	-	-	133,344	4,667,607	(Note 9)
9	Arcadyan Holding	CNC	Other receivables	Y	484,670	472,515	472,515	1.00%	Short-term financing	-	Operating financing	-	-	-	2,078,062	2,078,062	(Note 10)
10	SVA	CNC	Other receivables	Y	153,440	-	-	3.85%	Short-term financing	-	Operating financing	-	-	-	25,932	25,932	(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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(September 30, 2021)

- 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.
- 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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Notes to Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties:

(September 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)	27,005,486	57,070	55,700	55,700	-	0.05%	54,010,972	Y	-	-
0	The Company	CEA	(Note 4)	27,005,486	102,726	100,260	100,260	-	0.09%	54,010,972	Y	-	-
0	The Company	CEP	(Note 3)	27,005,486	151,129	113,692	113,692	-	0.11%	54,010,972	Y	-	-
0	The Company	HengHao Kunshan	(note 4)	27,005,486	25,830	25,830	25,830	-	0.02%	54,010,972	Y	-	-
1	Arcadyan	Arcadyan AU	(Note 4)	1,555,869	209,700	208,463	-	-	1.80%	4,667,607	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 September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):
(September 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	697,110	3%	697,110	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,655,984	9%	1,655,984	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	576,312	5%	576,312	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	16,765	10%	16,765	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	12,250	11%	12,250	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	37,800	3%	37,800	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	106,355	10%	106,355	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	402	4,410	2%	4,410	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	49,550	8%	49,550	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	88,680	19%	88,680	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		300,294			
	Total				<u>3,545,510</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	746,895	1%	746,895
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	926,085	5%	926,085	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	898,020	5%	898,020	
AcBel		The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	161,501	1%	161,501	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	6,995	107,580	4%	107,580	
Others			Financial assets at fair value through other comprehensive income-non-current		155,772			
Total					<u>2,995,853</u>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	433,517	-	433,517	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	132,175	6%	132,175	
	Others		Financial assets at fair value through other comprehensive income-non-current		1,785			
	Total				<u>567,477</u>			

(Continued)

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

Table 3 Securities held as of September 30, 2021 (excluding investment in subsidiaries, associates and joint ventures):
(September 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	-	41,176	7%	41,176	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	20,691	7%	20,691	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	
	Total				<u>61,867</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>8,910</u>	-	8,910	
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>125,325</u>	-	125,325	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,311</u>	17%	4,311	
CPC	Bank of Communications Yuntong Wealth Time-type structured deposit		Financial assets at fair value through profit or loss-current		<u>216,428</u>		216,428	
CIT	Structured Deposits-Bank of China RMB Structured Deposit		Financial assets at fair value through profit or loss-current		<u>779,801</u>		779,801	
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit products		Financial assets at fair value through profit or loss-current		<u>432,856</u>		432,856	
CIC	Bank of Communications Yuntong Wealth Time-type structured deposit products		Financial assets at fair value through profit or loss-current		<u>216,428</u>		216,428	
CIC	Structured Deposits-Bank of China RMB Structured Deposit		Financial assets at fair value through profit or loss-current		<u>520,590</u>		520,590	
BSH	CitiBank RED ARC TERMLIQUIDITY FUND		Financial assets at fair value through profit or loss-current		<u>1,393,086</u>		1,393,086	
CNC	Structured deposits - SPD Bank Yield Plus Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>129,179</u>	-	129,179	
CNC	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>130,062</u>	-	130,062	

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 nine months ended September 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	-	-	-	-	-	27,675 (Note 1)	69,369	926,085
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	-	1,659,591	-	3,153,480	3,129,622	23,858 (Note 2)	-	-	-	-
CIT	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	780,984	-	-	-	-	-	(1,183) (Note 1)	-	779,801
CIT	Structured deposits- Yantong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications	-	-	-	-	433,880	-	-	-	-	-	(1,024) (Note 1)	-	432,856
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	-	-	-	-	867,760	-	876,810	867,760	9,050 (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	-	-	-	-	542,350	-	546,339	542,350	3,989 (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	-	-	-	-	520,656	-	526,086	520,656	5,430 (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	-	-	-	-	520,656	-	525,270	520,656	4,614 (Note 2)	-	-	-	-
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	-	494,623	-	761,286	755,989	5,297 (Note 2)	-	-	-	-
CIC	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	520,656	-	526,086	520,656	5,430	-	(66) (Note 1)	-	520,590
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	-	238,634	-	484,493	479,747	4,746 (Note 2)	-	-	-	-
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	-	-	-	-	390,492	-	395,551	390,492	5,059 (Note 2)	-	-	-	-
CNC	Structured deposits	Financial assets at fair value through profit or loss-current	Kunshan Rural Commercial Bank	-	-	-	-	387,081	-	260,408	258,054	2354 (Note 2)	-	152 (Note 1)	-	129,179
BSH	Fund: RED ARCTERMLIQUIDITYFUND	Financial assets at fair value through profit or loss-current	CitiBank, N.A.	-	-	-	-	1,403,450	-	-	-	(10,364) (Note 1)	-	(10,364) (Note 1)	-	1,393,086

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:
(September 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	Paid	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

Note 1: The board of directors resolved to activate assets on May 7, 2021, the Group signed an agreement with a non-related party regarding the disposal of property.

(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 NTS100 million or 20% of the capital stock:
(For the nine months ended September 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	(588,104)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	258,874	0.1%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(513,817)	(0.1)%	Net 90 days from sale	Similar to non-related parties	There is no significant difference	350,439	0.1%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Purchase	164,804	-	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	104,664,203	12.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(41,644,211)	(22.2)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	128,299,583	15.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,023,019)	(1.1)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	22,464,247	2.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(807,564)	(0.4)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	29,292,572	3.6%	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	(17,457,023)	(9.3)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	13,615,714	1.7%	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	(3,001,132)	(1.6)%	(Note 2)
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(128,661,592)	(99.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,023,019	99.8%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(102,381)	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	57,836	0.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	148,602	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(35,508)	(0.1)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(105,007,051)	(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	41,644,211	94.7%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(314,707)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	187,830	0.2%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(215,452)	(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	196,011	0.2%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(1,939,058)	(1.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	3,436,100	3.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(3,174,579)	(2.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,347,527	1.3%	(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 NTS100 million or 20% of the capital stock:
(For the nine months ended September 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	Henghao	With the same ultimate parent company	Purchase	183,322	0.2%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(19,438)	(0.1)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	515,038	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(217,192)	(0.2)%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Purchase	102,453	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(57,836)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	3,214,478	3.0%	120 days	Similar to non-related parties	There is no significant difference	(1,191,488)	(1.1)%	
	Changbao	An associate	Purchase	725,158	0.7%	120 days	Similar to non-related parties	There is no significant difference	(239,618)	(0.2)%	
CBN	Acbel and its subsidiaries	With the same chairman	Purchase	869,729	0.8%	120 days	Similar to non-related parties	There is no significant difference	(511,517)	(0.5)%	
	Compal Electronic, Inc.	Parent company	Purchase	497,946	28.0%	Net 90 days from delivery	-	There is no significant difference	(350,439)	(37.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(29,514,359)	(88.8)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	17,457,023	92.5%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(389,178)	(6.6)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	1,800,519	4.3%	(Note 1 · 2)
	CEB	With the same ultimate parent company	Sale	(471,408)	(1.4)%	120 days	According to markup pricing	There is no significant difference	1,298,195	1.9%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(532,434)	(1.6)%	120 days	According to markup pricing	There is no significant difference	430,164	0.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,933,975	6.0%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(3,436,100)	(5.0)%	(Note 2)
	CPM	An associate	Purchase	296,031	0.9%	120 days	Similar to non-related parties	There is no significant difference	(65,950)	(0.1)%	
	Acbel and its subsidiaries	With the same chairman	Purchase	444,355	1.4%	120 days	Similar to non-related parties	There is no significant difference	(278,074)	(0.4)%	
CEB	CIH and its subsidiaries	With the same ultimate parent company	Purchase	215,626	4.3%	120 days	Similar to non-related parties	There is no significant difference	(196,011)	(16.2)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	471,295	9.5%	120 days	Similar to non-related parties	There is no significant difference	(1,298,195)	(47.0)%	(Note 2)
	Cal-Comp	With the same chairman	Purchase	1,464,281	29.4%	120 days	Similar to non-related parties	There is no significant difference	(35,157)	(2.9)%	
	CEA	With the same ultimate parent company	Sale	(107,187)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference	3,575	0.4%	(Note 2)
CEA	CIH and its subsidiaries	With the same ultimate parent company	Purchase	315,165	33.0%	120 days	Similar to non-related parties	There is no significant difference	(187,830)	(16.8)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	532,777	55.8%	120 days	Similar to non-related parties	There is no significant difference	(430,164)	(38.4)%	(Note 2)
	CEB	With the same ultimate parent company	Purchase	107,187	11.2%	120 days	Similar to non-related parties	There is no significant difference	(3,575)	(0.3)%	(Note 2)
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(13,608,794)	(99.5)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	3,001,132	98.6%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,281,799	13.7%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(339,481)	(12.1)%	(Note 2)
UCGI	Compal Electronic, Inc.	Parent company	Purchase	594,382	93.5%	120 days	Similar to non-related parties	There is no significant difference	(258,874)	(98.9)%	(Note 2)
HengHao	CIH and its subsidiaries	With the same ultimate parent company	Sale	(183,649)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference	19,438	0.7%	(Note 2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(164,804)	(99.7)%	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	(22,477,633)	(85.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	807,564	81.1%	(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 NTS100 million or 20% of the capital stock:
(For the nine months ended September 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	Just and its subsidiaries	With the same ultimate parent company	Sale	(149,098)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	35,508	0.4%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(1,280,703)	(4.9)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	339,481	3.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(535,118)	(2.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	217,192	2.3%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	2,980,883	12.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,347,527)	(5.7)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	122,431	7.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,800,519)	(13.4)%	(Note 1 · 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(1,003,685)	(4.0)%	Net 150 days from delivery	-	-	234,380	3.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(4,979,290)	(18.0)%	Net 120 days from delivery	-	-	1,164,813	16.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(402,049)	(1.0)%	Net 60 days from the end of the month of delivery	-	-	(12,555)	- %	(Note 2 · 4)
	CNC	Arcadyan's subsidiary	Purchase	9,578,084	26.0%	Net 120 days from delivery	According to markup pricing	-	(1,782,015)	(13.0)%	(Note 1 · 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	572,122	2.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 · 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(9,578,084)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	1,782,015	99.0%	(Note 1 · 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(572,122)	(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	1,003,685	100.0%	Net 150 days from delivery	-	-	(234,380)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	4,979,290	100.0%	Net 120 days from delivery	-	-	(1,164,813)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	402,049	100.0%	Net 120 days from the end of the month of delivery	-	-	12,555	(100.0)%	(Note 2 · 4)

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 September 30, 2021 is 1,222,728 thousand dollars.

Note 4: The balance is the sales discount paid by Arcadyan to Arcadyan AU.

(Continued)

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:
(September 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	350,439	2.13	-	-	78,953 (Note 1)	-
The Company	UCGI	The Company's subsidiary	258,874	2.95	-	-	84,127 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	2,023,019	40.02	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	41,644,211	3.00	-	-	37,841,999 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	187,830	4.47	-	-	34,613 (Note 1)	-
CIH and its subsidiaries	CEB	With the same ultimate parent company	196,011	2.16	-	-	- (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	3,436,100	1.04	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,347,527	2.18	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	17,457,023	2.81	-	-	13,133,445 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,800,519	0.25	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,298,195	0.47	-	-	53,338 (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	430,146	3.30	-	-	5,712 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	3,001,132	5.36	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	807,564	4.30	-	-	- (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	339,481	5.45	-	-	- (Note 1)	-
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	217,192	6.56	-	-	- (Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	234,380	5.61	-	-	- (Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	1,164,813	6.02	-	-	476,821 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,222,728 (Note 4)	(Note 4)	-	-	- (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	1,782,015 (Note 5)	4.92	-	-	1,058,314 (Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	191,269 (Note 6)	-	2,160	Enhanced the collection	171,149 (Note 3)	-

Note 1:Balance as of November 5, 2021.

Note 2:Balance as of October 26, 2021.

Note 3:Balance as of November 8, 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 nine months ended September 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	513,817	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	350,439	"	0.1%
				Sales Revenue	588,104	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	258,874	"	0.0%
				Sales Revenue	128,661,592	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	14.8%
1	JUST and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	2,023,019	"	0.4%
				Sale Revenue	102,381	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	57,836	"	-
				Sales Revenue	105,007,051	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.1%
2	CIH and its subsidiaries	CEA	3	Accounts Receivable	41,644,211	"	7.9%
				Sales Revenue	314,707	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	CEB	3	Accounts Receivable	187,830	"	-
				Sales Revenue	215,452	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.0%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable	196,011	"	-
				Sales Revenue	1,939,058	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%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	3,436,100	"	0.7%
				Sales Revenue	3,174,579	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.4%
3	BCI and its subsidiaries	The Company	2	Accounts Receivable	1,347,527	"	0.3%
				Sales Revenue	29,514,359	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.	3.4%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	17,457,023	"	3.3%
				Sales Revenue	389,178	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.0%
3	BCI and its subsidiaries	CEB	3	Accounts Receivable	1,800,519	"	0.3%
				Sales Revenue	471,408	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	1,298,195	"	0.2%
				Sale Revenue	532,434	The price is based on the operating cost. The credit period is net 120 days.	-

(Continued)

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

Table 9 Business relationships and significant intercompany transactions:

(For the nine months ended September 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	
4	CEB	CEA	3	Accounts Receivable	430,164	"	-
				Sale Revenue	107,187	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	3,575	"	-
				Sales Revenue	13,608,794	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.6%
6	HHT	CIH and its subsidiaries	2	Accounts Receivable	3,001,132	"	0.6%
				Sales Revenue	183,649	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
7	CEP	The Company	2	Accounts Receivable	19,438	"	-
				Sales Revenue	164,804	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
8	HSI and its subsidiaries	The Company	2	Accounts Receivable	-	"	-
				Sales Revenue	22,477,633	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	2.6%
8	HSI and its subsidiaries	Just and its subsidiaries	3	Accounts Receivable	807,564	"	0.2%
				Sales Revenue	149,098	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
8	HSI and its subsidiaries	Etrade and its subsidiaries	3	Accounts Receivable	35,508	"	-
				Sales Revenue	1,280,703	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%
8	HSI and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	339,481	"	0.1%
				Sales Revenue	535,118	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%
9	Arcadyan	Arcadyan Germany	3	Accounts Receivable	217,192	"	-
				Sales Revenue	1,003,685	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
9	Arcadyan	Arcadyan USA	3	Accounts Receivable	234,380	"	0.0%
				Sales Revenue	4,979,290	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	0.6%
9	Arcadyan	Arcadyan AU	3	Accounts Receivable	1,164,813	"	0.2%
				Sales Revenue	402,049	There is no significant difference of price to non-related parties.	0.0%
9	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,222,728	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.2%
				Processing Revenue	9,578,084	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.1%
10	CNC	Arcadyan	3	Accounts Receivable	1,782,015	"	0.3%

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

Table 9 Business relationships and significant intercompany transactions:

(For the nine months ended September 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	
11	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	572,122	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 nine months ended September 30, 2021 (excluding information on investees in Mainland China):
(September 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%	410,702	(15,393)	(11,670)	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	9,208,751	1,635,885	1,635,885	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	36,839,958	2,396,765	2,396,765	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,984,162 (Note 1)	66,190	15,553	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,701,853 (Note 1)	115,362	85,971	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,003	892	343	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	96,415	15,812	12,934	(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%	108,621	(14,485)	(16,662)	(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%	3,282,357	-	-	(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%	5,644	2,907	2,872	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	371,054	253,330	51,717	
	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%	60,275	(25,538)	(13,289)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	742,459	364,303	178,508	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	772,375	1,566	1,566	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	-	3,500	35%	35,037	106	37	(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%	74,450	51,441	17,095	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,106,543	64,514	64,514	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	346,369	29,297	29,297	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	238,336	14,139	7,630	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	124,545	2,498	2,498	(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%	2,378,613	1,322,327	261,328	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,626,451	(112,203)	(112,203)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,125	(70)	(70)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	(282,620)	(637,319)	(637,319)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(764)	(17,864)	(15,700)	(Note 2)

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

Table 10 The information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):
(September 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%	65,869	(17,350)	(15,742)	(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%	34,757	17,507	4,814	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,529,757	5,529,757	20,015	100%	(690,519)	(429,323)	(429,323)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	6,799,754	483,963	483,963	(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%	696,758	29,566	12,828	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	133,290	16,568	10,770	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	201,811	15,135	15,135	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	957,436	12,552	4,358	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(289,851)	185,132	418,607	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	628,257	64,730	64,730	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,298,200	(1,670)	(1,670)	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	199,999	199,999	10,000	100%	(337,725)	43,435	43,502	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	110,038	1,341	891	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	608,418	106,500	24,295	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,211,174	17,374	17,374	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	327,877	19,463	9,858	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	37	-	100%	88,308	(819)	(819)	(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%	49,256	(31,769)	(10,596)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	146,727	(14,413)	(4,324)	
								85,277,549		4,606,251	
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%	516,530	1,322,327	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%	106,922	253,330	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%	157,353 610,076	1,322,327	Investment gain(losses) recognized by Gempal	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 10 The information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):
(September 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%	117,615	253,330	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%	610,076	1,322,327	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%	26,213	253,330	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%	288,036	1,322,327	Investment gain(losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,734,985	1,734,985	62,298	100%	6,954,801	1,631,473	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	257,473	257,473	9,245	100%	234,142	(352)	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	13,925	13,925	500	100%	835,828	2,135	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	27,850	27,850	1,000	100%	43,753	(369)	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	229,317	229,317	-	100%	190,045	19	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	2,083,250	2,083,250	74,803	100%	35,539,242	2,539,511	Investment gain(losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	204,698	204,698	7,350	100%	99,199	269	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	28	28	1	100%	431,255	6,058	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	414,965	414,965	14,900	100%	415,431	-	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	142,035	142,035	5,100	51%	25,411	(164)	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,865,950	1,865,950	67,000	100%	442,399	(649,165)	Investment gain(losses) recognized by HSI	(Note 2)

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

Table 10 The information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):
(September 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			
HSI	Goal	British Virgin Islands	Investment	353,695	353,695	12,700	100%	305,431	11,846	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	1,865,950	1,865,950	67,000	100%	442,399	(649,165)	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	353,695	353,695	12,700	100%	306,926	11,846	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,250,837	2,250,837	80,820	100%	4,159,254	205,111	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	278,500	278,500	10,000	100%	2,640,500	278,853	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,093,950	4,093,950	147,000	100%	7,211,174	17,374	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	139,250	139,250	-	99%	130,935	(2,356)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,030,450	1,030,450	37,000	46%	1,030,450	(637,319)	Investment gain(losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufacturing	226,421	-	1	100%	226,421	-	Investment gain(losses) recognized by BSH	(Note 3)
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	55,700	55,700	-	100%	2,157	(1,032)	Investment gain(losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	696,250	696,250	25,000	35%	(54,389)	185,132	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	40,629	25,500	588	100%	27,819	(794)	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,359,732	64,780	100%	2,030,867	(15,389)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	97,251	51,338	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%	76,000	4,816	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	13,829	1,478	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	421,340	6,171	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%	400,786	(178,899)	Investment gain(losses) recognized by Arcadyan	(Note 2)

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Table 10 The information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):
(September 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	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,727	53	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,028	581	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	46,770	4,348	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	2,492	-	100%	6,502	(866)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,896	29,566	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%	(13,903)	1,311	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	13,507	-	3,500	100%	12,627	(493)	Investment gain(losses) recognized by Arcadyan	(Note 2 - 3)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	807,445	529,495	29,050	100%	704,826	(15,914)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	306,051	306,051	35	100%	857,698	(7,718)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	33,354	33,354	1,200	100%	(14,095)	(42,644)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	4,313	(1,118)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	32,520	32,520	1,170	100%	(22,792)	(42,634)	Investment gain(losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	806,055	528,105	-	100%	700,740	(15,914)	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%	317,790	5,801	Investment gain(losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	134,242	11,386	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	348,125	348,125	12,500	59%	201,811	11,386	Investment gain(losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	87,755	87,755	3,151	100%	39,444	2,222	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	501,300	501,300	18,000	100%	289,180	25,617	Investment gain(losses) recognized by APH	(Note 2)

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

Table 10 The information on investees for the nine months ended September 30, 2021 (excluding information on investees in Mainland China):
(September 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			
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(692,973)	(517,727)	Investment gain(losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,305,665	1,305,665	46,882	100%	(692,914)	(517,727)	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%	5,671	(203)	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%	6,250	(110)	Investment gain(losses) recognized by CBN	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	10,000	-	1,000	10%	10,011	106	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,499,691	2,499,691	95,862	37%	4,690,364	(11,213)	Investment gain(losses) recognized by FGH	
GLB	RBL	New Taipei City	Detectors and test strip	-	6,500	-	0%	-	(334)	Investment gain(losses) recognized by GLB	(Note 2、4)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	26,803	(13,893)	Investment gain(losses) recognized by Mactech	

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.

Note 4: Liquidation was completed in July, 2021.

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

Table 11 Information on investment in Mainland China:

(September 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	1,030,450	(Note 1)	1,030,450	-	-	1,030,450	420,004	100%	420,004	2,368,304	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	557,000	(Note 2)	557,000	-	-	557,000	(30,717)	100%	(30,717)	69,916	-
CET	Manufacturing of notebook PCs	334,200	(Note 2)	334,200	-	-	334,200	240,329	100%	240,329	4,901,787	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	258,685	(Note 2)	(Note 3)	-	-	-	285,295	100%	285,295	296,724	-
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	68,017	(Note 2)	(Note 3)	-	-	-	-	51%	-	(42,738)	-
BT	Manufacturing of notebook PCs	27,850	(Note 2)	27,850	-	-	27,850	10,688	100%	10,688	(176,128)	-
CGS	Maintenance and warranty service of notebook PCs	8,623	(Note 2)	(Note 3)	-	-	-	(27,937)	100%	(27,937)	(53,087)	-
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	891,200	(Note 1)	371,241	-	-	371,241	320,728	43%	138,490	560,258	-
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	557,000	(Note 1)	40,940	-	-	40,940	258,929	48%	123,250	578,166	-
CIC	Manufacturing of notebook PCs	334,200	(Note 2)	334,200	-	-	334,200	662,913	100%	662,913	8,510,621	-
CPO	Manufacturing and sales of LCD TVs	336,985	(Note 1)	336,985	-	-	336,985	41,558	100%	41,558	2,811,713	-
CIT	Manufacturing of notebook PCs	668,400	(Note 2)	668,400	-	-	668,400	1,279,448	100%	1,279,448	21,720,607	-
CST	International trade and distribution of computers and electronic components	38,990	(Note 2)	38,990	-	-	38,990	709	100%	709	47,705	-

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

Table 11 Information on investment in Mainland China:

(September 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	278,500	(Note 2)	142,035	-	-	142,035	(164)	51%	(83)	57,164	-
CIJ	Investment and consulting services	434,460	(Note 2)	434,460	-	-	434,460	1,546,052	100%	1,546,052	2,099,608	-
CDE	Manufacturing and sales of LCD TVs	417,750	(Note 2)	(Note 3)	-	-	-	1,545,652	100%	1,545,652	2,066,798	-
CIS	Outward investment and consulting services	2,250,837	(Note 1)	2,250,837	-	-	2,250,837	205,111	100%	205,111	4,159,254	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,228,000	(Note 2)	(Note 3)	-	-	-	205,142	100%	205,142	4,131,016	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	22,280	(Note 2)	(Note 3)	-	-	-	(46)	100%	(46)	22,293	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	278,500	(Note 1)	278,500	-	-	278,500	278,853	100%	278,853	2,640,500	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	11,697,000	(Note 2)	2,301,162	-	-	2,301,162	113,884	37%	41,704	5,369,186	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,671,000	(Note 2)	319,050	-	-	319,050	(246,244)	37%	(90,174)	712,852	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	501,300	(Note 2)	348,125	-	-	348,125	25,617	100%	25,617	289,724	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	751,950	(Note 1)	612,700	-	-	612,700	(30,623)	100%	(30,623)	(935,899)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	161,530	(Note 1)	161,530	-	-	161,530	1,403	100%	1,403	86,948	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,364,650	(Note 1)	529,150	-	-	529,150	214,812	100%	214,812	662,997	-
Hanhelt	R&D and manufacturing of electronic communication equipment	55,700	(Note 1)	55,700	-	-	55,700	(253)	100%	(253)	2,562	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	225,140	(Note 1)	511,984 (Note 7)	-	138,975	373,009	4,238	100%	4,238	25,932	-

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 11 Information on investment in Mainland China:

(September 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	346,048	(Note 1)	306,051 (Note 8)	-	-	306,051	(7,718)	100%	(7,718)	857,698	-
THAC	Manufacturing of household electronics products	93,113	(Note 1 - 10)	31,964	-	-	31,964	(42,634)	100%	(42,634)	(23,264)	-
HengHao HengHao Optoelectronic Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	1,114,000	(Note 1)	1,108,514	-	-	1,108,514	(518,898)	100%	(518,898)	(819,632)	-
Lucom Display Technology (Kunshan) Limited ("Lucom")	Manufacturing of notebook PCs and related modules	417,750	(Note 2)	180,998 (Note 12)	-	-	180,998	1,134	100%	1,134	126,488	-

(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	15,109,655 (US\$542,537) (Note 5)	21,382,088 (US\$767,759)	(Note 6)
Arcadyan	711,024 (US\$25,581)	711,024 (US\$25,581)	7,001,411
HengHao	1,305,385 (US\$46,872)	1,305,385 (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 from 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 September 30, 2021.

(iii) Significant transactions:

For the nine months ended September 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".