

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

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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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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 \$38,104,693 thousand and \$16,769,935 thousand, constituting 7.2% and 3.8% of consolidated total assets as of March 31, 2022 and 2021, respectively, total liabilities amounting to \$17,462,082 thousand and \$2,794,096 thousand, constituting 4.2% and 0.8% of consolidated total liabilities as of March 31, 2022 and 2021, and the absolute value of total comprehensive income (loss) amounting to \$212,519 thousand and \$(78,661) thousand, constituting 4.2% and 2.4% of consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 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)
May 11, 2022**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 March 31, 2022 and 2021

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2022		December 31, 2021		March 31, 2021			March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets													
Current assets:							Liabilities and Equity						
1100 Cash and cash equivalents (note (6)(a))	\$ 88,421,053	16.7	75,162,103	14.0	84,468,219	18.9	2100 Short-term borrowings (note (6)(m))	\$ 123,231,617	23.3	118,422,407	22.0	86,015,621	19.3
1110 Current financial assets at fair value through profit or loss (note (6)(b))	3,954,803	0.7	400,754	0.1	4,497,713	1.0	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	642,201	0.1	1,589	-	28,142	-
1135 Current financial assets for hedging (note (6)(d))	34,000	-	-	-	7,557	-	2130 Current contract liabilities (note (6)(w))	998,065	0.2	1,065,954	0.2	873,397	0.2
1170 Notes and accounts receivable, net (note (6)(e))	236,454,091	44.7	288,436,522	53.7	215,797,463	48.4	2170 Notes and accounts payable	200,109,169	37.8	220,549,039	41.1	179,103,834	40.1
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	3,595,187	0.7	1,729,332	0.3	70,727	-	2180 Notes and accounts payable to related parties (note (7))	5,966,139	1.1	3,517,324	0.7	2,689,950	0.6
1200 Other receivables, net (notes (6)(e) and (7))	2,803,303	0.5	2,445,690	0.5	1,856,374	0.4	2200 Other payables (note (7))	26,527,578	5.0	29,701,088	5.5	23,607,984	5.3
1310 Inventories (notes (6)(f) and (8))	136,180,904	25.7	115,012,365	21.4	91,459,586	20.5	2216 Dividends payable	9,824,254	1.9	-	-	7,853,656	1.8
1470 Other current assets (note (8))	4,618,386	0.9	3,928,624	0.7	3,435,003	0.8	2230 Current tax liabilities	7,463,555	1.4	7,013,976	1.3	6,022,168	1.4
	<u>476,061,727</u>	<u>89.9</u>	<u>487,115,390</u>	<u>90.7</u>	<u>401,592,642</u>	<u>90.0</u>	2250 Current provisions (note (6)(q))	1,139,380	0.2	1,204,115	0.2	916,181	0.2
Non-current assets:							2280 Current lease liabilities (note (6)(p))	725,078	0.1	625,292	0.1	713,567	0.2
1550 Investments accounted for using equity method (note (6)(g))	8,504,077	1.6	8,369,312	1.6	7,905,512	1.8	2300 Other current liabilities	2,203,386	0.4	2,037,822	0.4	1,542,071	0.3
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	534,416	0.1	259,778	-	222,639	-	2365 Current refund liabilities	2,474,651	0.5	2,035,437	0.4	1,536,909	0.3
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	6,240,470	1.2	6,235,063	1.2	5,100,769	1.1	2321 Bonds payable, current portion (note (6)(o))	106,748	-	326,571	0.1	-	-
1600 Property, plant and equipment (notes (6)(k) and (8))	28,118,386	5.3	26,990,364	5.0	23,539,019	5.3	2322 Long-term borrowings, current portion (note (6)(n))	17,056,419	3.2	15,741,481	2.9	8,596,275	1.9
1755 Right-of-use assets (note (6)(l))	3,100,466	0.6	3,066,218	0.6	3,598,988	0.8		<u>398,468,240</u>	<u>75.2</u>	<u>402,242,095</u>	<u>74.9</u>	<u>319,499,755</u>	<u>71.6</u>
1780 Intangible assets (note (6)(h))	1,648,286	0.3	1,548,508	0.3	1,646,307	0.4	Non-Current liabilities:						
1840 Deferred tax assets	1,658,292	0.3	1,646,524	0.3	1,550,274	0.4	2530 Bonds payable (note (6)(o))	-	-	-	-	979,546	0.2
1990 Other non-current assets (notes (8) and (9))	3,964,650	0.7	1,864,183	0.3	984,879	0.2	2540 Long-term borrowings (note (6)(n))	9,934,800	1.9	9,219,032	1.7	10,332,444	2.3
	<u>53,769,043</u>	<u>10.1</u>	<u>49,979,950</u>	<u>9.3</u>	<u>44,548,387</u>	<u>10.0</u>	2570 Deferred tax liabilities	1,232,966	0.2	1,226,805	0.2	1,050,711	0.2
							2580 Non-current lease liabilities (note (6)(p))	1,594,330	0.3	1,679,504	0.3	1,695,821	0.4
							2640 Non-current net defined benefit liability	833,850	0.2	822,033	0.2	780,028	0.2
							2670 Non-current liabilities, others (note (6)(g))	442,440	0.1	366,068	0.1	444,936	0.1
								<u>14,038,386</u>	<u>2.7</u>	<u>13,313,442</u>	<u>2.5</u>	<u>15,283,486</u>	<u>3.4</u>
								<u>412,506,626</u>	<u>77.9</u>	<u>415,555,537</u>	<u>77.4</u>	<u>334,783,241</u>	<u>75.0</u>
							Total liabilities						
							Equity:						
							Equity attributable to owners of parent (note (6)(t)):						
							3110 Ordinary share	44,071,466	8.3	44,071,466	8.2	44,071,466	9.9
							3200 Capital surplus	5,087,888	1.0	6,724,856	1.2	6,662,275	1.5
							3300 Retained earnings	64,741,364	12.2	69,651,940	13.0	59,892,107	13.4
							3400 Other equity interest	(5,633,898)	(1.1)	(8,206,750)	(1.5)	(6,954,388)	(1.5)
							3500 Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)
								<u>107,385,573</u>	<u>20.2</u>	<u>111,360,265</u>	<u>20.7</u>	<u>102,790,213</u>	<u>23.1</u>
							36XX Non-controlling interests	9,938,571	1.9	10,179,538	1.9	8,567,575	1.9
							Total equity	<u>117,324,144</u>	<u>22.1</u>	<u>121,539,803</u>	<u>22.6</u>	<u>111,357,788</u>	<u>25.0</u>
Total assets	<u>\$ 529,830,770</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<u>446,141,029</u>	<u>100.0</u>	Total liabilities and equity	<u>\$ 529,830,770</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<u>446,141,029</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 ended March 31, 2022 and 2021

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Net sales revenue (notes (6)(w) and (7))	\$ 267,857,679	100.0	269,991,533	100.0
5000	Cost of sales (notes (6)(f), (6)(r), (7) and (12))	<u>258,085,895</u>	<u>96.4</u>	<u>260,389,951</u>	<u>96.4</u>
	Gross profit	<u>9,771,784</u>	<u>3.6</u>	<u>9,601,582</u>	<u>3.6</u>
	Operating expenses: (notes (6)(r) and (12))				
6100	Selling expenses	1,794,679	0.7	1,530,633	0.6
6200	Administrative expenses	1,192,968	0.4	1,036,551	0.4
6300	Research and development expenses	<u>3,974,246</u>	<u>1.5</u>	<u>3,759,510</u>	<u>1.4</u>
		<u>6,961,893</u>	<u>2.6</u>	<u>6,326,694</u>	<u>2.4</u>
	Net operating income	<u>2,809,891</u>	<u>1.0</u>	<u>3,274,888</u>	<u>1.2</u>
	Non-operating income and expenses:				
7100	Interest income (note (6)(y))	610,698	0.2	499,504	0.2
7210	Other gains and losses, net (notes (6)(d), (6)(y) and (6)(aa))	(76,295)	-	61,301	-
7050	Finance costs (notes (6)(o) and (6)(p))	(327,512)	(0.1)	(271,227)	(0.1)
7190	Other income (note (6)(y))	140,293	-	87,644	0.1
7590	Miscellaneous disbursements	(52,384)	-	(23,395)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	<u>(79,304)</u>	<u>-</u>	<u>39,926</u>	<u>-</u>
	Total non-operating income and expenses	<u>215,496</u>	<u>0.1</u>	<u>393,753</u>	<u>0.2</u>
7900	Profit from continuing operations before tax	3,025,387	1.1	3,668,641	1.4
7950	Less: Income tax expenses (note (6)(s))	<u>620,742</u>	<u>0.2</u>	<u>760,006</u>	<u>0.3</u>
	Profit	<u>2,404,645</u>	<u>0.9</u>	<u>2,908,635</u>	<u>1.1</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(65,355)	-	283,512	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	(7,074)	-	(7,211)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	<u>(25,650)</u>	<u>-</u>	<u>18,381</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(46,779)</u>	<u>-</u>	<u>257,920</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	2,410,491	0.9	83,939	-
8368	Gains (losses) on hedging instrument (note (6)(z))	34,000	-	9,749	-
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	260,215	0.1	(33,061)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(s))	<u>15,770</u>	<u>-</u>	<u>(77)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>2,688,936</u>	<u>1.0</u>	<u>60,704</u>	<u>-</u>
8300	Other comprehensive income	<u>2,642,157</u>	<u>1.0</u>	<u>318,624</u>	<u>0.1</u>
8500	Total comprehensive income	<u>\$ 5,046,802</u>	<u>1.9</u>	<u>3,227,259</u>	<u>1.2</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 2,157,178	0.8	2,620,164	1.0
8620	Profit, attributable to non-controlling interests	<u>247,467</u>	<u>0.1</u>	<u>288,471</u>	<u>0.1</u>
		<u>\$ 2,404,645</u>	<u>0.9</u>	<u>2,908,635</u>	<u>1.1</u>
	Comprehensive income attributable to:				
8710	Comprehensive income (loss), attributable to owners of parent	\$ 4,714,397	1.8	2,932,087	1.1
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>332,405</u>	<u>0.1</u>	<u>295,172</u>	<u>0.1</u>
		<u>\$ 5,046,802</u>	<u>1.9</u>	<u>3,227,259</u>	<u>1.2</u>
	Earnings per share (note 6(v))				
9750	Basic earnings per share	<u>\$ 0.50</u>		<u>0.60</u>	
9850	Diluted earnings per share	<u>\$ 0.49</u>		<u>0.59</u>	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2022 and 2021
(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, 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 three months ended March 31, 2021	-	-	-	-	2,620,164	2,620,164	-	-	-	-	-	2,620,164	288,471	2,908,635
Other comprehensive income	-	-	-	-	(223)	(223)	51,088	257,659	3,399	312,146	-	311,923	6,701	318,624
Total comprehensive income	-	-	-	-	2,619,941	2,619,941	51,088	257,659	3,399	312,146	-	2,932,087	295,172	3,227,259
Appropriation and distribution of retained earnings:														
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	-	852	-	-	(5,265)	(5,265)	-	-	-	-	-	(4,413)	-	(4,413)
Changes in equity of associates and joint ventures accounted for using equity method	-	470	-	-	(174)	(174)	-	174	-	174	-	470	-	470
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027	-	80,027
Others	-	972	-	-	-	-	-	-	-	-	-	972	-	972
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(884,742)	(884,742)
Balance at March 31, 2021	\$ 44,071,466	6,662,275	20,414,740	4,101,743	35,375,624	59,892,107	(6,837,889)	(119,119)	2,620	(6,954,388)	(881,247)	102,790,213	8,567,575	111,357,788
Balance at January 1, 2022	\$ 44,071,466	6,724,856	21,339,412	7,266,708	41,045,820	69,651,940	(8,744,705)	537,830	125	(8,206,750)	(881,247)	111,360,265	10,179,538	121,539,803
Profit for the three months ended March 31, 2022	-	-	-	-	2,157,178	2,157,178	-	-	-	-	-	2,157,178	247,467	2,404,645
Other comprehensive income	-	-	-	-	107	107	2,613,461	(67,750)	11,401	2,557,112	-	2,557,219	84,938	2,642,157
Total comprehensive income	-	-	-	-	2,157,285	2,157,285	2,613,461	(67,750)	11,401	2,557,112	-	4,714,397	332,405	5,046,802
Appropriation and distribution of retained earnings:														
Cash dividends of ordinary share	-	-	-	-	(7,051,435)	(7,051,435)	-	-	-	-	-	(7,051,435)	-	(7,051,435)
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)
Changes in ownership interests in subsidiaries	-	24,339	-	-	(686)	(686)	-	-	-	-	-	23,653	-	23,653
Changes in equity of associates and joint ventures accounted for using equity method	-	301	-	-	(15,740)	(15,740)	-	15,740	-	15,740	-	301	-	301
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035	-	100,035
Others	-	1,216	-	-	-	-	-	-	-	-	-	1,216	-	1,216
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(573,372)	(573,372)
Balance at March 31, 2022	\$ 44,071,466	5,087,888	21,339,412	7,266,708	36,135,244	64,741,364	(6,131,244)	485,820	11,526	(5,633,898)	(881,247)	107,385,573	9,938,571	117,324,144

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 three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended	
	March 31	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 3,025,387	3,668,641
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,593,164	1,674,643
Increase (decrease) in expected credit loss	5,421	23,406
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,823)	(6,180)
Finance cost	327,512	271,227
Interest income	(610,698)	(499,504)
Dividend income	(17,008)	(8,199)
Compensation cost of share-based payments	11,817	8,144
Share of loss (profit) of associates and joint ventures accounted for using equity method	79,304	(39,926)
Losses (gains) on disposal of property, plant and equipment, and right-of-use assets	9,411	(1,843)
Total adjustments to reconcile profit (loss)	1,395,100	1,421,768
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(3,554,049)	(2,252,461)
Decrease in notes and accounts receivable	50,222,465	16,318,750
Increase in other receivable	(179,707)	(181,856)
(Increase) Decrease in inventories	(20,825,866)	4,692,373
Increase in other current assets	(484,376)	(337,059)
Increase in other non-current assets	(1,641,963)	(10,042)
Total changes in operating assets	23,536,504	18,229,705
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	640,612	(108,475)
Decrease in notes and accounts payable	(18,132,759)	(17,932,279)
(Decrease) Increase in other payables	(2,458,181)	110,020
Increase (decrease) in refund liabilities	439,214	(37,560)
(Decrease) Increase in provisions	(67,521)	46,131
(Decrease) Increase in contract liabilities	(67,889)	53,381
Increase in other current liabilities	160,402	71,605
Others	(6,064)	(6,145)
Total changes in operating liabilities	(19,492,186)	(17,803,322)
Total changes in operating assets and liabilities	4,044,318	426,383
Total adjustments	5,439,418	1,848,151
Cash inflow generated from operations	8,464,805	5,516,792
Interest received	476,400	498,034
Dividends received	17,008	8,199
Interest paid	(261,180)	(304,609)
Income taxes paid	(189,070)	(111,191)
Net cash flows from (used in) operating activities	8,507,963	5,607,225
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(336,946)	(14,850)
Net cash flow from acquisition of subsidiaries	(135,971)	-
Acquisition of property, plant and equipment	(2,349,380)	(2,607,437)
Proceeds from disposal of property, plant and equipment and right-of-use assets	35,355	4,385
Acquisition of intangible assets	(130,475)	(277,436)
Decrease (increase) in restricted assets	(562,521)	-
Others	(64,193)	(80,919)
Net cash flows from (used in) investing activities	(3,544,131)	(2,976,257)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	4,808,942	(6,823,112)
Proceeds from long-term borrowings	23,043,750	12,999,010
Repayments of long-term borrowings	(21,013,044)	(13,404,644)
Payment of lease liabilities	(230,055)	(205,790)
Others	102,368	89,778
Net cash flows from (used in) financing activities	6,711,961	(7,344,758)
Effect of exchange rate changes on cash and cash equivalents	1,583,157	55,086
Net increase (decrease) in cash and cash equivalents	13,258,950	(4,658,704)
Cash and cash equivalents at beginning of period	75,162,103	89,126,923
Cash and cash equivalents at end of period	\$ 88,421,053	84,468,219

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

March 31, 2022 and 2021

(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 May 11, 2022.

(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, 2022:

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

- (b) 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:

(Continued)

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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.

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, 2021. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2021.

(Continued)

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

(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, 2021. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2021.

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of March 31, 2022, which represented 0.7% of the Company's outstanding shares. (Notes 2 and 3)
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of March 31, 2022, which represented 0.4% of the Company's outstanding shares. (Notes 2 and 3)
"	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	33%	34%	35%	The Group had the ability to control Arcadyan. (Note 1)
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
			March 31, 2022	December 31, 2021	March 31, 2021	
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%	91%	91%	
"	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%	
"	Kinpo&Compal Group Assets Development Corporation ("Kinpo&Compal Group")	Real estate development, leasing and related management business	70%	70%	-	Kinpo&Compal Group was established in December 2021.
"	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%	(Notes 2 and 3)
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	100%	(Notes 2 and 3)
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB")	Manufacturing of notebook PCs	100%	100%	100%	(Notes 2 and 3)
"	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%	(Note 2)
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")	Investment	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%	
"	Compal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	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
			March 31, 2022	December 31, 2021	March 31, 2021	
CIH (HK)	Kunshan Botai Electronics Co., Ltd. ("BT")	Manufacturing of notebook PCs	100%	100%	100%	
"	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. ("CI")	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%	
"	Poindus Systems Corp, Ltd. ("Poindus Systems")	Sales of PCs and computer periphery devices	56%	-	-	The Group acquired 56% of its shares in March 2022.
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment holding	100%	-	-	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.
"	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	-	-	"
"	Poindus Systems UK Limited ("Poindus UK")	"	100%	-	-	"
"	Adasys GmbH Elektronische Komponenten ("Adasys")	"	100%	-	-	"
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	"	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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
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%	
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Sales of wireless network products	100%	100%	100%	
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Technical support and sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	100%	
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Zhi-Bao Technology Inc. ("Zhi-Bao")	Investment	100%	100%	100%	
"	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%	The company had decided its dissolution and liquidation on October 28, 2021. (Notes 2 and 3)
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. ("Arcadyan Brasil")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan India Private Limited ("Arcadyan India")	Sales of wireless network products	100%	100%	100%	The subsidiary was incorporated on March 25, 2021. (Note 2)
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	62%	62%	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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company and CBN	Starmems Semiconductor Corp. ("Starmems")	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	45%	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 3)
"	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 3)
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%	
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%	(Note 2)
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
HHB	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%	
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%	100%	-	The Group acquired 100% of its shares in September 2021.
GLB	Rapha Bio Ltd. ("RBL")	Detector and feature	-	-	100%	The liquidation had been completed in July 2021.
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	-	100%	51%	Raycore was merged with Unicore in February, 2022. Unicore was the surviving company and Raycore was the dissolved company.

Note 1: The Group holds less than half of the voting rights of the company, but the Group considers that the rest of the company's shareholding is extremely dispersed. The previous procedures for the participation of other shareholders in the shareholders' meeting show that the Group has the actual ability to unilaterally dominate the relevant activities, and there is no indications that there is an agreement among the other shareholders to make collective decisions, so the Group treats the company as a subsidiary.

Note 2: The financial statements of the subsidiary as of March 31, 2022 have not been reviewed by CPA.

Note 3: The financial statements of the subsidiary as of March 31, 2021 have not been reviewed by CPA.

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

(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.

(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, 2021.

(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, 2021. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2021 and for other related information.

(a) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 15,611	18,472	13,131
Checking accounts and demand deposits	28,192,566	17,073,664	26,095,586
Time deposits	59,354,126	58,069,967	58,359,502
Cash equivalents	858,750	-	-
	<u>\$ 88,421,053</u>	<u>75,162,103</u>	<u>84,468,219</u>

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

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

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Structured deposits	\$ 3,639,774	-	4,275,654
Stock unlisted in domestic markets	133,740	137,540	107,405
Fund in domestic or foreign markets	687,818	399,550	115,234
Derivative instruments not used for hedging			
Foreign exchange contracts	27,887	120,897	222,059
Swap contracts	<u>-</u>	<u>2,545</u>	<u>-</u>
Total	<u>\$ 4,489,219</u>	<u>660,532</u>	<u>4,720,352</u>
Current	\$ 3,954,803	400,754	4,497,713
Non-current	<u>534,416</u>	<u>259,778</u>	<u>222,639</u>
	<u>\$ 4,489,219</u>	<u>660,532</u>	<u>4,720,352</u>
	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 594,030	1,589	-
Swap contracts	<u>48,171</u>	<u>-</u>	<u>28,142</u>
	<u>\$ 642,201</u>	<u>1,589</u>	<u>28,142</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:

(Continued)

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

March 31, 2022			
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 39,000	EUR to USD	April 08~August 12, 2022
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange sold	EUR 8,000	EUR to TWD	May 03~June 29, 2022
Forward exchange sold	EUR 9,000	EUR to USD	June 06~August 25, 2022
Forward exchange purchased	USD 186,400	USD to BRL	April 07~August 29, 2022
Swap contracts:			
Currency swap	USD 103,000	USD to TWD	April 11~September 29, 2022
Currency swap	EUR 1,000	EUR to TWD	April 22, 2022
December 31, 2021			
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 33,000	EUR to USD	January 10~May 09, 2022
Forward exchange sold	EUR 1,500	EUR to TWD	January 05, 2022
Forward exchange purchased	USD 181,700	USD to BRL	January 10~June 20, 2022
Swap contracts:			
Currency swap	USD 21,000	USD to TWD	February 14~March 14, 2022
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange purchased	USD 5,000	USD to CNY	January 26, 2022
Forward exchange sold	EUR 7,000	EUR to USD	February 18~March 04, 2022

(Continued)

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

	March 31, 2021		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 32,000	EUR to USD	April 14~June 29, 2021
Forward exchange purchased	USD 127,600	USD to BRL	May 17~August 26, 2021
Derivative financial liabilities:			
Swap contracts:			
Currency swap	USD 82,500	USD to TWD	April 13 ~ June 18, 2021

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

As of March 31, 2022, December 31 and March 31, 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 3,497,727	3,350,210	2,112,912
Stock listed in foreign markets	610,060	695,728	529,584
Stock unlisted in domestic markets	1,875,248	1,879,166	2,257,637
Stock unlisted in foreign markets	257,435	309,959	200,636
Total	\$ 6,240,470	6,235,063	5,100,769

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.

During the first quarter of 2022 and 2021, the Group did not sell any of its financial assets measured at fair value through other comprehensive income. During the period, no cumulative profits and losses had been transferred to retained earnings from other comprehensive income.

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 three months ended March 31, 2022 and 2021, will be \$312,024 and \$255,038, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The Group's information of market risk please refer to note (6)(aa).

As of March 31, 2022, December 31 and March 31, 2021, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Financial instruments used for hedging

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

	March 31, 2022	December 31, 2021	March 31, 2021
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ 34,000	-	7,557

(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 December 31, 2021, the Group did not enter into any hedge contract.

As of March 31, 2022 and March 31, 2021, the details related to the items designated as hedge instruments were as follows:

					March 31, 2022				
					Contract amount (in thousands)	Currency	Maturity period	Average strike price	
Derivative financial liabilities used for hedging									
Foreign exchange contracts:									
Forward exchange sold	EUR	37,000	EUR to USD	April 28~September 29, 2022			1.1511		
					March 31, 2021				
					Contract amount (in thousands)	Currency	Maturity period	Average strike price	
Derivative financial assets 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

- (iii) For the three months ended March 31, 2022 and 2021, there were no ineffective portions of cash flow hedge recognized in profits (losses).
- (iv) For the three months ended March 31, 2022 and 2021, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss are recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

(e) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivables from operating activities	\$ 33,927	81,244	24,071
Accounts receivables – measured at amortized cost	208,717,963	261,179,612	186,713,089
Accounts receivables – fair value through other comprehensive income	<u>35,197,814</u>	<u>32,796,946</u>	<u>33,064,916</u>
	243,949,704	294,057,802	219,802,076
Less: allowance for uncollectible accounts	<u>(3,900,426)</u>	<u>(3,891,948)</u>	<u>(3,933,886)</u>
	<u>\$ 240,049,278</u>	<u>290,165,854</u>	<u>215,868,190</u>
Notes and accounts receivable	<u>\$ 236,454,091</u>	<u>288,436,522</u>	<u>215,797,463</u>
Notes and accounts receivable – related parties	<u>\$ 3,595,187</u>	<u>1,729,332</u>	<u>70,727</u>

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

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

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

March 31, 2022				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 217,378,485	0%	-	No
Level B	12,987,029	0.57%	74,248	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<u>\$ 234,161,048</u>		<u>3,869,782</u>	

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

December 31, 2021

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 268,016,952	0%	-	No
Level B	14,524,868	0.47%	68,262	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<u>\$ 286,337,354</u>		<u>3,863,796</u>	

March 31, 2021

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 198,879,859	0%	-	No
Level B	10,098,954	0.86%	87,286	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 212,796,153</u>		<u>3,904,626</u>	

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

March 31, 2022

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,888,055	0%	-	No
Level B	6,325,787	0.10%	6,364	No
Level C	556,193	1.00%	5,659	No
Level D	-	-	-	-
Level E	<u>18,621</u>	100%	<u>18,621</u>	Yes
	<u>\$ 9,788,656</u>		<u>30,644</u>	

(Continued)

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

December 31, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,142,077	0%	-	No
Level B	5,042,739	0.10%	4,913	No
Level C	517,585	1.00%	5,192	No
Level D	-	-	-	-
Level E	18,047	100%	18,047	Yes
	\$ 7,720,448		28,152	
March 31, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,632,376	0%	-	No
Level B	3,660,773	0.10%	3,700	No
Level C	694,186	1.00%	6,972	No
Level D	-	-	-	-
Level E	18,588	100%	18,588	Yes
	\$ 7,005,923		29,260	

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

	March 31, 2022	December 31, 2021	March 31, 2021
Overdue 1 to 180 days	\$ 1,508,630	1,338,940	2,078,211
Overdue 181 to 365 days	-	7,679	-
Overdue 365 days	7,953	-	-
	\$ 1,516,583	1,346,619	2,078,211

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

	For the three months ended March 31,	
	2022	2021
Balance at January 1	\$ 3,891,948	3,910,928
Acquisition through business combination	59	-
Impairment losses recognized (reversed)	5,354	23,294
Effect of changes in exchange rates	3,065	(336)
Balance at March 31	\$ 3,900,426	3,933,886

(Continued)

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

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 March 31, 2022, December 31 and March 31, 2021, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,601,000 thousand and EUR 15,000 thousand, USD 1,600,000 thousand and EUR 15,000 thousand, and USD 1,600,000 thousand and EUR 32,000 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 March 31, 2022, December 31 and March 31, 2021, the factored accounts receivable with no advance amounting to \$641, \$958 and \$28,237, respectively, were 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 Group to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of March 31, 2022, December 31 and March 31, 2021, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of March 31, 2022, December 31 and March 31, 2021, the details of the factored accounts receivable but unsettled were as follows:

March 31, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	<u>\$ 10,737,085</u>	<u>-</u>	<u>10,736,444</u>	<u>641</u>	<u>-</u>	<u>10,737,085</u>	0.70%~2.75%
December 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	<u>\$ 33,594,209</u>	<u>-</u>	<u>33,593,251</u>	<u>958</u>	<u>-</u>	<u>33,594,209</u>	0.47%~0.86%

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

March 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>20,522,497</u>	<u>-</u>	<u>20,494,260</u>	<u>28,237</u>	<u>-</u>	<u>20,522,497</u>	0.55%~0.85%

As of March 31, 2022, December 31 and March 31, 2021, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Finished goods	\$ 25,600,526	22,625,832	20,418,647
Work in progress	11,848,461	9,683,904	9,663,678
Raw materials	97,047,037	82,224,084	59,618,644
Raw materials in transit	1,684,880	478,545	1,758,617
	\$ 136,180,904	115,012,365	91,459,586

- (i) For the three months ended March 31, 2022 and 2021, inventory cost recognized as cost of sales amounted to \$258,085,895 and \$260,389,951, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted to \$599,278 and \$61,392 for the three months ended March 31, 2022 and 2021, respectively.
- (iii) As of March 31, 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. As of December 31 and March 31, 2021, the Group did not provide any inventories as collaterals for its loans.

(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:

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	\$ 8,590,623	8,453,133	7,991,954
Joint venture	(18,423)	(17,587)	(17,075)
	8,572,200	8,435,546	7,974,879
Plus: credit balance of investment in equity method (other non-current liability)	44,742	43,020	43,154
Less: unrealized profits or losses	(112,865)	(109,254)	(112,521)
	\$ 8,504,077	8,369,312	7,905,512

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

(i) Associates

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Allied Circuit Co., Ltd. (“Allied Circuit”)	\$ 3,405,362	2,847,809	2,153,013
Avalue Technology Inc. (“Avalue”)	<u>886,490</u>	<u>849,180</u>	<u>829,778</u>
	<u>\$ 4,291,852</u>	<u>3,696,989</u>	<u>2,982,791</u>

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

	<u>For the three months ended</u> <u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
The Group’s share of the gain (loss) of associates	<u>\$ (79,322)</u>	<u>39,968</u>

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Carrying amount of individually immaterial associates	<u>\$ 8,590,623</u>	<u>8,453,133</u>	<u>7,991,954</u>
		<u>For the three months ended</u> <u>March 31,</u>	
		<u>2022</u>	<u>2021</u>
The Group’s share of the net income (loss) of associates:			
Profit (loss) from continuing operations		\$ (79,322)	39,968
Other comprehensive income		<u>253,141</u>	<u>(40,272)</u>
Total comprehensive income		<u>\$ 173,819</u>	<u>(304)</u>

(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.

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
The carrying amount of the Group's interests in all individually insignificant joint ventures	\$ <u>(18,423)</u>	<u>(17,587)</u>	<u>(17,075)</u>
		For the three months ended March 31,	
		2022	2021
The Group's share of the net income (loss) of joint ventures:			
Net income (losses) from continuing operations (also the total comprehensive income (losses))		\$ <u>18</u>	<u>(42)</u>

(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 March 31, 2022, December 31 and March 31, 2021, 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 accelerate the deployment in the industrial PCs market, the Group made a tender offer for 56% ownership of Poindus Systems Corp, Ltd. ("Poindus Systems") at a total price of \$353,046. The aforementioned price was paid, and the settlement had been completed.

Since the acquisition of 56% ownership in Poindus Systems on March 7, 2022, the revenue and net profit contributed by Poindus Systems were \$57,185 and \$1,730, respectively. If the transaction takes place on January 1, 2022, the management estimates that the Group's revenue in 2022 will increase by \$147,469, while net profit will increase by \$6,550. In determining these amounts, management has assumed that the transaction occurred on January 1, 2022, and that the provisional fair value adjustments resulting from the acquisition date are the same.

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

(i) Consideration transferred

Cash	\$ <u>353,046</u>
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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) The identifiable assets acquired and the liabilities assumed

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

Cash and cash equivalents	\$ 217,075
Notes and accounts receivable, net	114,308
Other receivables	4,874
Inventories, net	342,673
Prepayments and other current assets	35,077
Property, plant and equipment	21,591
Right-of-use assets	37,258
Intangible assets	19,160
Deferred tax assets	18,495
Other non-current assets	2,099
Short-term borrowings	(268)
Notes and accounts payable	(141,704)
Other payables	(31,099)
Current tax liabilities	(10,642)
Provisions	(2,786)
Other current liabilities	(5,162)
Current and non-current lease liabilities	(37,542)
Deferred tax liabilities	(1,658)
Net defined benefit liabilities	(17,881)
	<u><u>\$ 563,868</u></u>

(iii) Goodwill arising from the acquisition of 56% ownership is as follows:

Consideration transferred	\$ 353,046
Non-controlling interests	247,882
Less: fair value of identifiable net assets	<u>(563,868)</u>
	<u><u>\$ 37,060</u></u>

Goodwill is mainly derived from the business value of Poindus Systems in the industrial PCs market. It is expected that Poindus Systems and the Group's business will be integrated to generate synergy.

(i) Changes in subsidiaries' equity

There were no significant transactions for the three months ended March 31, 2022 and 2021. Please refer to note (6)(i) of the consolidated financial statement for the year ended December 31, 2021.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(j) Material non-controlling interests of subsidiaries

There were no significant transactions for the three months ended March 31, 2022 and 2021. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2021.

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2022 and 2021, 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, 2022	\$ 2,476,919	17,383,799	32,006,068	11,743,420	4,593,482	68,203,688
Acquisition through business combination	-	-	356	94,356	274	94,986
Additions	-	20,956	762,367	627,182	185,397	1,595,902
Disposals and derecognitions	-	(85,599)	(92,912)	(167,935)	-	(346,446)
Reclassifications	-	10,685	49,095	51,662	(111,442)	-
Effect of movements in exchange rates	2,900	500,220	754,544	251,417	154,139	1,663,220
Balance on March 31, 2022	<u>\$ 2,479,819</u>	<u>17,830,061</u>	<u>33,479,518</u>	<u>12,600,102</u>	<u>4,821,850</u>	<u>71,211,350</u>
Balance on January 1, 2021	\$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Additions	-	45,031	538,489	632,657	1,532,810	2,748,987
Disposals and derecognitions	-	(3,050)	(69,848)	(243,789)	-	(316,687)
Reclassifications	-	13,391	467,484	83,002	(563,877)	-
Effect of movements in exchange rates	26	27,211	(201,975)	(77,242)	10,608	(241,372)
Balance on March 31, 2021	<u>\$ 1,944,120</u>	<u>18,602,456</u>	<u>29,232,341</u>	<u>12,280,325</u>	<u>2,200,326</u>	<u>64,259,568</u>
Depreciation and impairments loss:						
Balance on January 1, 2022	\$ -	10,989,522	21,254,150	8,969,652	-	41,213,324
Acquisition through business combination	-	-	356	73,039	-	73,395
Depreciation for the period	-	226,943	684,636	346,612	-	1,258,191
Disposals and derecognitions	-	(85,373)	(58,437)	(157,871)	-	(301,681)
Effect of movements in exchange rates	-	248,002	185,807	415,926	-	849,735
Balance on March 31, 2022	<u>\$ -</u>	<u>11,379,094</u>	<u>22,066,512</u>	<u>9,647,358</u>	<u>-</u>	<u>43,092,964</u>
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Depreciation for the period	-	248,307	629,908	446,501	-	1,324,716
Disposals and derecognitions	-	(3,050)	(68,131)	(242,964)	-	(314,145)
Effect of movements in exchange rates	-	15,261	(283,064)	(5,519)	-	(273,322)
Balance on March 31, 2021	<u>\$ -</u>	<u>11,115,627</u>	<u>20,850,358</u>	<u>8,754,564</u>	<u>-</u>	<u>40,720,549</u>
Carrying amounts:						
Balance on January 1, 2022	<u>\$ 2,476,919</u>	<u>6,394,277</u>	<u>10,751,918</u>	<u>2,773,768</u>	<u>4,593,482</u>	<u>26,990,364</u>
Balance on March 31, 2022	<u>\$ 2,479,819</u>	<u>6,450,967</u>	<u>11,413,006</u>	<u>2,952,744</u>	<u>4,821,850</u>	<u>28,118,386</u>
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 March 31, 2021	<u>\$ 1,944,120</u>	<u>7,486,829</u>	<u>8,381,983</u>	<u>3,525,761</u>	<u>2,200,326</u>	<u>23,539,019</u>

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

As of March 31, 2022, December 31 and March 31, 2021, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(l) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:					
Balance on January 1, 2022	\$ 859,993	3,664,030	76,602	68,622	4,669,247
Acquisition through business combination	-	39,959	-	1,332	41,291
Additions	-	191,564	-	7,832	199,396
Deductions	-	(186,981)	-	-	(186,981)
Effect of movements in exchange rates	<u>39,562</u>	<u>36,034</u>	<u>1,458</u>	<u>650</u>	<u>77,704</u>
Balance on March 31, 2022	<u>\$ 899,555</u>	<u>3,744,606</u>	<u>78,060</u>	<u>78,436</u>	<u>4,800,657</u>
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	321,243	-	7,572	328,815
Deductions	-	(1,399)	-	(2,278)	(3,677)
Effect of movements in exchange rates	<u>(9,594)</u>	<u>(15,641)</u>	<u>(231)</u>	<u>(202)</u>	<u>(25,668)</u>
Balance on March 31, 2021	<u>\$ 1,258,535</u>	<u>3,682,670</u>	<u>76,699</u>	<u>80,061</u>	<u>5,097,965</u>
Depreciation:					
Balance on January 1, 2022	\$ 69,655	1,458,825	36,900	37,649	1,603,029
Acquisition through business combination	-	3,823	-	210	4,033
Depreciation for the period	4,701	212,107	3,113	4,892	224,813
Deductions	-	(157,452)	-	-	(157,452)
Effect of movements in exchange rates	<u>12,960</u>	<u>10,956</u>	<u>1,245</u>	<u>607</u>	<u>25,768</u>
Balance on March 31, 2022	<u>\$ 87,316</u>	<u>1,528,259</u>	<u>41,258</u>	<u>43,358</u>	<u>1,700,191</u>
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	6,583	199,703	3,096	5,536	214,918
Deductions	-	-	-	(2,278)	(2,278)
Effect of movements in exchange rates	<u>(8,997)</u>	<u>(5,958)</u>	<u>(109)</u>	<u>(142)</u>	<u>(15,206)</u>
Balance on March 31, 2021	<u>\$ 52,342</u>	<u>1,369,434</u>	<u>27,736</u>	<u>49,465</u>	<u>1,498,977</u>
Carrying amount:					
Balance on January 1, 2022	<u>\$ 790,338</u>	<u>2,205,205</u>	<u>39,702</u>	<u>30,973</u>	<u>3,066,218</u>
Balance on March 31, 2022	<u>\$ 812,239</u>	<u>2,216,347</u>	<u>36,802</u>	<u>35,078</u>	<u>3,100,466</u>
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 March 31, 2021	<u>\$ 1,206,193</u>	<u>2,313,236</u>	<u>48,963</u>	<u>30,596</u>	<u>3,598,988</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank loans	\$ 123,231,381	118,422,407	86,015,621
Secured bank loans	236	-	-
	<u>\$ 123,231,617</u>	<u>118,422,407</u>	<u>86,015,621</u>
Unused credit line for short-term borrowings	<u>\$ 131,674,000</u>	<u>113,777,000</u>	<u>107,187,000</u>
Range of interest rates	<u>0.05%~5.57%</u>	<u>0.05%~2.95%</u>	<u>0.39%~3.08%</u>

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

For the collaterals for part of the Group's borrowings, please refer to note (8).

(n) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unsecured bank loans	\$ 26,350,000	24,300,000	18,219,100
Secured bank loans	641,219	660,513	709,619
Less: current portion	(17,056,419)	(15,741,481)	(8,596,275)
Total	<u>\$ 9,934,800</u>	<u>9,219,032</u>	<u>10,332,444</u>
Unused credit line for long-term borrowings	<u>\$ 10,630,000</u>	<u>12,345,000</u>	<u>16,306,000</u>
Range of interest rates	<u>0.68%~1.50%</u>	<u>0.62%~1.50%</u>	<u>0.54%~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).

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	(44)	(1,433)	(15,288)
Unamortized issuance costs on corporate bonds payable	(208)	(496)	(1,035)
Accumulated converted amount	<u>(893,000)</u>	<u>(671,500)</u>	<u>(4,131)</u>
Balance of bonds payable of the reporting date	<u>\$ 106,748</u>	<u>326,571</u>	<u>979,546</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 5,207</u>	<u>15,987</u>	<u>48,463</u>
		For the three months ended	
		March 31,	
		<u>2022</u>	<u>2021</u>
Interest expenses		<u>\$ 746</u>	<u>3,457</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.
- (iii) As of March 31, 2022 and 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$221,500 and \$4,200 with a par value of \$26,848 and \$479, respectively, and the capital surplus were recognized for \$204,500 and \$3,856 (including the stock option conversion premium of \$10,780 and \$204 and the unamortized discounts on corporate bonds payable of \$932 and \$69, respectively).
- (iv) There were no significant issues, repurchases and repayments of bonds payable for the three months ended March 31, 2022 and 2021. For related information, please refer to Note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2021.
- (p) Lease liabilities

The details of leases liabilities were as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Current	\$ <u>725,078</u>	<u>625,292</u>	<u>713,567</u>
Non-current	<u>\$ 1,594,330</u>	<u>1,679,504</u>	<u>1,695,821</u>

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

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 March 31,	
	2022	2021
Interest on lease liabilities	<u>\$ 14,846</u>	<u>11,669</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 500</u>	<u>587</u>
Expenses relating to leases of low-value assets or short-term leases	<u>\$ 75,676</u>	<u>36,227</u>

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

	For the three months ended March 31,	
	2022	2021
Total cash outflow for leases	<u>\$ 321,077</u>	<u>254,273</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.

(ii) Other leases

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

The Group also leases some office space, 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 three months ended March 31, 2022 and 2021. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2021 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, 2021 and 2020.

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

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

	For the three months ended March 31,	
	2022	2021
Operating cost	\$ 254	254
Selling expenses	175	159
Administrative expenses	724	561
Research and development expenses	1,740	1,507
Total	\$ 2,893	2,481

(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 \$120,861 and \$118,846 for the three months ended March 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$315,638 and \$249,826 for the three months ended March 31, 2022 and 2021, 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:

	For the three months ended March 31,	
	2022	2021
Current tax expense	\$ 620,742	760,006

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

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

	For the three months ended March 31,	
	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	\$ <u>(25,650)</u>	<u>18,381</u>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	\$ <u>15,770</u>	<u>(77)</u>

- (iii) Examination and approval

The Company's tax returns for the year through 2019 were assessed by the tax authorities.

The ROC tax authorities have assessed the income tax returns of Acbel Telecom through 2021, of Hippo Screen, Zhi-Bao, Shennona, UCGI, Palcom, Panpal, Gempal, Hong Ji, Hong Jin, Unicore, Raycore, Arcadyan and Aco Healthcare through 2020, of Rayonnant Technology, Ripal, HengHao, Mactech, GLB, Poindus Systems, Poindus Investment, RBL, CBN and TTI through 2019. However, TTI's tax returns for 2018 has not yet been assessed.

- (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 March 31, 2022 and 2021. Please refer to note (6)(t) of the consolidated financial statement for the year ended December 31, 2021.

- (i) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Additional paid-in capital	\$ 1,898,476	3,660,119	3,660,173
Treasury share transactions	2,721,968	2,621,933	2,621,933
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	147,014	122,675	61,702
Changes in equity of associates and joint ventures accounted for using equity method	283,664	283,363	281,701
	\$ 5,087,888	6,724,856	6,662,275

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The Company's Board of Directors meeting held on March 26, 2021, approved to distribute cash of \$1,762,859 (representing 0.4 New Taiwan Dollars per share), by using the additional paid-in capital. The Company's Board of Directors meeting held on March 15, 2022, approved to distribute cash 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 Past System website.

(ii) Retained earnings

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.

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 2021 and 2020 was approved in the Board of Directors meeting held on March 15, 2022 and March 26, 2021, respectively. The relevant information was as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders	\$ 1.6	<u>7,051,435</u>	1.2	<u>5,288,576</u>

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

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the three months ended March 31, 2022 and 2021. As of March 31, 2022, 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 26.80, 24.20 and 26.70 New Taiwan dollars per share as of March 31, 2022, December 31 and March 31, 2021, 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.

(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, 2022	\$ (8,744,705)	537,830	125	(8,206,750)
The Group	2,353,246	(60,568)	11,401	2,304,079
Associates	260,215	8,558	-	268,773
Balance on March 31, 2022	<u>\$ (6,131,244)</u>	<u>485,820</u>	<u>11,526</u>	<u>(5,633,898)</u>
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	84,149	264,647	3,399	352,195
Associates	(33,061)	(6,814)	-	(39,875)
Balance on March 31, 2021	<u>\$ (6,837,889)</u>	<u>(119,119)</u>	<u>2,620</u>	<u>(6,954,388)</u>

(u) Share-based payment

There were no significant changes in share-based payment during the three months ended March 31, 2022 and 2021. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2021 for related information.

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Notes to Consolidated Financial Statements

(v) Earnings per share

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

	For the three months ended March 31,	
	2022	2021
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	\$ 2,157,178	2,620,164
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ 2,157,178	2,620,164
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
Effect of potential diluted common stock		
Employee compensation (in thousands)	51,557	49,499
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	4,408,687	4,406,629

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 99,303,009	3,151,408	102,454,417
China	33,888,046	42,068	33,930,114
Netherlands	16,543,857	358,876	16,902,733
Germany	14,400,852	1,136,813	15,537,665
United Kingdom	10,969,205	1,523,219	12,492,424
Others	82,453,031	4,087,295	86,540,326
	\$ 257,558,000	10,299,679	267,857,679
Major products:			
5C related electronics products	\$ 256,817,208	9,875,230	266,692,438
Others	740,792	424,449	1,165,241
	\$ 257,558,000	10,299,679	267,857,679

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	For the three months ended March 31, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 98,768,902	2,043,454	100,812,356
China	31,620,674	89,282	31,709,956
Netherlands	20,418,180	418,777	20,836,957
Germany	8,552,907	1,333,922	9,886,829
United Kingdom	13,698,134	1,878,537	15,576,671
Others	<u>87,307,921</u>	<u>3,860,843</u>	<u>91,168,764</u>
	<u>\$ 260,366,718</u>	<u>9,624,815</u>	<u>269,991,533</u>
Major products:			
5C related electronics products	\$ 259,834,923	9,448,299	269,283,222
Others	<u>531,795</u>	<u>176,516</u>	<u>708,311</u>
	<u>\$ 260,366,718</u>	<u>9,624,815</u>	<u>269,991,533</u>
(ii) Contract balances			

	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts receivable (including related parties)	\$ 243,949,704	294,057,802	219,802,076
Less: allowance for impairment	<u>(3,900,426)</u>	<u>(3,891,948)</u>	<u>(3,933,886)</u>
Total	<u>\$ 240,049,278</u>	<u>290,165,854</u>	<u>215,868,190</u>
Contract liabilities	<u>\$ 998,065</u>	<u>1,065,954</u>	<u>873,397</u>

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

The amount of revenue recognized for the three months ended March 31, 2022 and 2021 that were included in the balance of contract liability at the beginning of the period was \$420,559 and \$206,685, respectively.

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

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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 \$225,090 and \$282,588, and directors' compensation of \$11,903 and \$14,943 for the three months ended March 31, 2022 and 2021, 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 \$1,350,062 and \$974,694, and directors' compensation of \$71,390 and \$51,541 for the years ended December 31, 2021 and 2020, 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 March 31	
	2022	2021
Interest income from bank deposits	\$ 609,948	499,470
Other interest income	750	34
Total Interest income	\$ 610,698	499,504

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(ii) Other income

The other incomes for the three months ended March 31, 2022 and 2021, were as follows:

	For the three months ended March 31,	
	2022	2021
Dividend revenue	\$ 17,008	8,199
Other revenue	123,285	79,445
	<u>\$ 140,293</u>	<u>87,644</u>

(iii) Other gains and losses

The other gains and losses for the three months ended March 31, 2022 and 2021, were as follows:

	For the three months ended March 31,	
	2022	2021
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ (885,321)	409,707
Foreign currency exchange gains (losses), net	818,437	(350,249)
Gains (losses) on disposal of property, plant, and equipment	(9,411)	1,843
	<u>\$ (76,295)</u>	<u>61,301</u>

(z) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months ended March 31, 2022 and 2021, were as follows:

	For the three months ended March 31,	
	2022	2021
Cash flow hedge:		
Gains (losses) from current period	\$ 34,000	11,975
Less: reclassification of gains (losses) included in profit or loss	-	2,226
Profit (loss) recognized in other comprehensive income	<u>\$ 34,000</u>	<u>9,749</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, 2021 for related information.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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 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, 2021.) 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 three months ended March 31, 2022 and 2021 were as follows:

	Other receivables
Balance on January 1, 2022	\$ 2,973
Impairment losses recognized (reversed)	67
Balance on March 31, 2022	\$ 3,040
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	112
Balance on March 31, 2021	\$ 2,504

(ii) Liquidity risk

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

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
March 31, 2022					
Non-derivative financial liabilities					
Secured borrowings	\$ 641,455	(641,455)	(56,655)	(166,667)	(418,133)
Unsecured borrowings	149,581,381	(149,581,381)	(140,231,381)	(5,462,500)	(3,887,500)
Lease liabilities— current and non-current	2,319,408	(2,418,103)	(763,489)	(530,120)	(1,124,494)
Notes and accounts payable	206,075,308	(206,075,308)	(206,075,308)	-	-
Other payables and dividends payable	36,351,832	(36,351,832)	(36,351,832)	-	-
Bonds payable	106,748	(107,000)	(107,000)	-	-
Derivative financial liabilities					
Forward exchange contracts:	594,030				
Outflow		(6,558,578)	(6,558,578)	-	-
Inflow		5,873,758	5,873,758	-	-
Currency swap contracts:	48,171				
Outflow		(2,973,470)	(2,973,470)	-	-
Inflow		2,929,815	2,929,815	-	-
	\$ 395,718,333	(395,903,554)	(384,314,140)	(6,159,287)	(5,430,127)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
December 31, 2021					
Non-derivative financial liabilities					
Secured borrowings	\$ 660,513	(660,513)	(66,481)	(127,612)	(466,420)
Unsecured borrowings	142,722,407	(142,722,407)	(134,097,407)	(6,125,000)	(2,500,000)
Lease liabilities – current and non-current	2,304,796	(2,411,332)	(665,378)	(1,331,721)	(414,233)
Notes and accounts payable	224,066,363	(224,066,363)	(224,066,363)	-	-
Other payables	29,701,088	(29,701,088)	(29,701,088)	-	-
Bonds payable	326,571	(328,500)	(328,500)	-	-
Derivative financial liabilities					
Forward exchange contracts:	1,589				
Outflow		(358,893)	(358,893)	-	-
Inflow		357,183	357,183	-	-
	<u>\$ 399,783,327</u>	<u>(399,891,913)</u>	<u>(388,926,927)</u>	<u>(7,584,333)</u>	<u>(3,380,653)</u>
March 31, 2021					
Non-derivative financial liabilities					
Secured borrowings	\$ 709,619	(709,619)	(77,175)	(47,644)	(584,800)
Unsecured borrowings	104,234,721	(104,234,721)	(94,534,721)	(5,900,000)	(3,800,000)
Lease liabilities – current and non-current	2,409,388	(2,514,107)	(751,788)	(552,698)	(1,209,621)
Notes and accounts payable	181,793,784	(181,793,784)	(181,793,784)	-	-
Other payables and dividends payable	31,461,640	(31,461,640)	(31,461,640)	-	-
Bonds payable	979,546	(995,800)	-	(995,800)	-
Derivative financial liabilities					
Currency swap contracts:	28,142				
Outflow		(2,352,075)	(2,352,075)	-	-
Inflow		2,325,080	2,325,080	-	-
	<u>\$ 321,616,840</u>	<u>(321,736,666)</u>	<u>(308,646,103)</u>	<u>(7,496,142)</u>	<u>(5,594,421)</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>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</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	\$ 14,173,398	28.625	405,713,518	18,449,976	27.68	510,695,336	12,373,071	28.535	353,065,581
USD to CNY	19,221	6.342	550,201	26,386	6.378	730,364	16,822	6.5546	480,016
EUR to TWD	100,903	31.92	3,220,824	83,417	31.32	2,612,620	68,127	33.48	2,280,892
CNY to USD	3,612,357	0.1577	16,306,767	3,451,738	0.1568	14,981,316	3,524,096	0.1526	15,345,468
Non-monetary items									
THB to TWD	710,529	0.8586	610,060	842,184	0.8261	695,728	579,414	0.9140	529,584

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial liabilities									
Monetary items									
USD to TWD	13,916,662	28.625	398,364,450	17,976,968	27.68	497,602,474	12,323,409	28.535	351,648,476
USD to CNY	1,225	6.342	35,066	1,170	6.378	32,386	2,465	6.5546	70,339
USD to BRL	195,573	4.7378	5,598,277	197,060	5.5805	5,454,621	134,667	5.6973	3,842,723
EUR to TWD	28,412	31.92	906,911	27,835	31.32	871,792	5,424	33.48	181,596
CNY to USD	3,073,643	0.1577	13,874,924	3,269,701	0.1568	14,191,235	2,871,966	0.1526	12,505,807

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 March 31, 2022 and 2021, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
USD (against the TWD)		
Strengthening 5%	\$ 367,453	70,855
Weakening 5%	(367,453)	(70,855)
USD (against the CNY)		
Strengthening 5%	25,757	20,484
Weakening 5%	(25,757)	(20,484)
USD (against the BRL)		
Strengthening 5%	(279,914)	(192,136)
Weakening 5%	279,914	192,136
EUR (against the TWD)		
Strengthening 5%	115,696	104,965
Weakening 5%	(115,696)	(104,965)
CNY (against the USD)		
Strengthening 5%	121,592	141,983
Weakening 5%	(121,592)	(141,983)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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 ended March 31, 2022 and 2021, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$818,437 and \$350,249, respectively.

(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 three months ended March 31, 2022 and 2021, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the three months ended March 31,	
	2022	2021
Interest increased by 0.25%	\$ 6,091	9,821
Interest decreased by 0.25%	(6,091)	(9,821)

(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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	March 31, 2022				
	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	\$ 27,887	-	27,887	-	27,887
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>4,461,332</u>	-	3,926,916	534,416	4,461,332
Subtotal	<u>4,489,219</u>				
Derivative financial assets for hedging	<u>34,000</u>	-	34,000	-	34,000
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	3,497,727	3,497,727	-	-	3,497,727
Stocks listed on foreign markets	610,060	610,060	-	-	610,060
Stocks unlisted on domestic markets	1,875,248	-	-	1,875,248	1,875,248
Stocks unlisted on foreign markets	257,435	-	-	257,435	257,435
Accounts receivable	<u>35,197,814</u>	-	35,197,814	-	35,197,814
Subtotal	<u>41,438,284</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	88,421,053	-	-	-	-
Notes and accounts receivable, net	201,256,277	-	-	-	-
Notes and accounts receivable due from related parties, net	3,595,187	-	-	-	-
Other receivables	2,803,303	-	-	-	-
Other current assets (restricted assets)	603,712	-	-	-	-
Refundable deposits	760,586	-	-	-	-
Other non-current assets (restricted assets)	<u>936,896</u>	-	-	-	-
Subtotal	<u>298,377,014</u>				
Total	<u>\$ 344,338,517</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>642,201</u>	-	642,201	-	642,201
Financial liabilities measured at amortized cost					
Short-term borrowings	123,231,617	-	-	-	-
Notes and accounts payable	200,109,169	-	-	-	-
Notes and accounts payable to related parties	5,966,139	-	-	-	-
Other payables and dividends payable	36,351,832	-	-	-	-
Bonds payable	106,748	-	-	-	-
Lease liabilities—current and non-current	2,319,408	-	-	-	-
Long-term borrowings current portion	17,056,419	-	-	-	-
Long-term borrowings	9,934,800	-	-	-	-
Deposits received	<u>385,976</u>	-	-	-	-
Subtotal	<u>395,462,108</u>				
Total	<u>\$ 396,104,309</u>				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	December 31, 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	\$ 123,442	-	123,442	-	123,442
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>537,090</u>	-	277,312	259,778	537,090
Subtotal	<u>660,532</u>				
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	3,350,210	3,350,210	-	-	3,350,210
Stocks listed on foreign markets	695,728	695,728	-	-	695,728
Stocks unlisted on domestic markets	1,879,166	-	-	1,879,166	1,879,166
Stocks unlisted on foreign markets	309,959	-	-	309,959	309,959
Accounts receivable	<u>32,796,946</u>	-	32,796,946	-	32,796,946
Subtotal	<u>39,032,009</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	75,162,103	-	-	-	-
Notes and accounts receivable, net	255,639,576	-	-	-	-
Notes and accounts receivable due from related parties, net	1,729,332	-	-	-	-
Other receivables	2,445,690	-	-	-	-
Other current assets (restricted assets)	433,403	-	-	-	-
Refundable deposits	696,393	-	-	-	-
Other non-current assets (restricted assets)	<u>544,684</u>	-	-	-	-
Subtotal	<u>336,651,181</u>				
Total	<u>\$ 376,343,722</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>1,589</u>	-	1,589	-	1,589
Financial liabilities measured at amortized cost					
Short-term borrowings	118,422,407	-	-	-	-
Notes and accounts payable	220,549,039	-	-	-	-
Notes and accounts payable to related parties	3,517,324	-	-	-	-
Other payables	29,701,088	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities—current and non-current	2,304,796	-	-	-	-
Long-term borrowings current portion	15,741,481	-	-	-	-
Long-term borrowings	9,219,032	-	-	-	-
Deposits received	<u>311,325</u>	-	-	-	-
Subtotal	<u>400,093,063</u>				
Total	<u>\$ 400,094,652</u>				

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	March 31, 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	\$ 222,059	-	222,059	-	222,059
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>4,498,293</u>	-	4,275,654	222,639	4,498,293
Subtotal	<u>4,720,352</u>				
Derivative financial assets for hedging					
	<u>7,557</u>	-	7,557	-	7,557
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,112,912	2,112,912	-	-	2,112,912
Stocks listed on foreign markets	529,584	529,584	-	-	529,584
Stocks unlisted on domestic markets	2,257,637	-	-	2,257,637	2,257,637
Stocks unlisted on foreign markets	200,636	-	-	200,636	200,636
Accounts receivable	<u>33,064,916</u>	-	33,064,916	-	33,064,916
Subtotal	<u>38,165,685</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	84,468,219	-	-	-	-
Notes and accounts receivable, net	182,732,547	-	-	-	-
Notes and accounts receivable due from related parties, net	70,727	-	-	-	-
Other receivables	1,856,374	-	-	-	-
Other current assets (restricted assets)	41,090	-	-	-	-
Refundable deposits	603,132	-	-	-	-
Other non-current assets (restricted assets)	500	-	-	-	-
Subtotal	<u>269,772,589</u>				
Total	<u>\$ 312,666,183</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>28,142</u>	-	28,142	-	28,142
Financial liabilities measured at amortized cost					
Short-term borrowings	86,015,621	-	-	-	-
Notes and accounts payable	179,103,834	-	-	-	-
Notes and accounts payable to related parties	2,689,950	-	-	-	-
Other payables and dividends payable	31,461,640	-	-	-	-
Bonds payable	979,546	-	-	-	-
Lease liabilities—current and non-current	2,409,388	-	-	-	-
Long-term borrowings current portion	8,596,275	-	-	-	-
Long-term borrowings	10,332,444	-	-	-	-
Deposits received	<u>390,060</u>	-	-	-	-
Subtotal	<u>321,978,758</u>				
Total	<u>\$ 322,006,900</u>				

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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 assets and 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
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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 three months ended March 31, 2022 and 2021.

5) Changes in level 3

The change in level 3 at fair value in the three months ended March 31, 2022 and 2021, 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, 2022	\$ 259,778	2,189,125	2,448,903
Total gains and losses recognized:			
In profit or loss	3,823	-	3,823
In other comprehensive income	-	(126,999)	(126,999)
Purchased	270,815	66,131	336,946
Effect of changes in exchange rates	-	4,426	4,426
Balance on March 31, 2022	<u>\$ 534,416</u>	<u>2,132,683</u>	<u>2,667,099</u>
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	6,180	-	6,180
In other comprehensive income	-	105,110	105,110
Purchased	14,850	-	14,850
Effect of changes in exchange rates	-	244	244
Balance on March 31, 2021	<u>\$ 222,639</u>	<u>2,458,273</u>	<u>2,680,912</u>

For the three months ended March 31, 2022 and 2021, 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 three months ended	
	March 31,	
	2022	2021
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	<u>\$ 3,823</u>	<u>6,180</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ (126,999)</u>	<u>105,110</u>

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- 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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.80~4.78, 1.82~11.62 and 1.62~8.15, respectively, on March 31, 2022, December 31 and March 31, 2021)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (16.20~25.24, 16.37~27.97 and 3.08~14.69, respectively, on March 31, 2022, December 31 and March 31, 2021)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (40%~85%, 40%~85% and 35%~85%, respectively, on March 31, 2022, December 31 and March 31, 2021)	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

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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>
March 31, 2022				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>9,363</u>	<u>10,472</u>
	Multiples of earnings	5%	\$ <u>3,814</u>	<u>3,876</u>
	Lack-of-Marketability discount rate	5%	\$ <u>8,405</u>	<u>7,234</u>
December 31, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,810</u>	<u>16,250</u>
	Multiples of earnings	5%	\$ <u>4,882</u>	<u>4,738</u>
	Lack-of-Marketability discount rate	5%	\$ <u>11,767</u>	<u>13,470</u>
March 31, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>38,088</u>	<u>37,892</u>
	Multiples of earnings	5%	\$ <u>5,743</u>	<u>6,018</u>
	Lack-of-Marketability discount rate	5%	\$ <u>6,439</u>	<u>6,518</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.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The following tables present the aforesaid offsetting financial assets and financial liabilities.

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

March 31, 2022			
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)
Cash/ Short-term borrowings	\$ <u>446,652,420</u>	<u>446,652,420</u>	<u>-</u>
	(USD <u>15,603,578</u>)	(USD <u>15,603,578</u>)	
December 31, 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)
Cash/ Short-term borrowings	\$ <u>360,789,950</u>	<u>360,789,950</u>	<u>-</u>
	(USD <u>13,034,319</u>)	(USD <u>13,034,319</u>)	
March 31, 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)
Cash/ Short-term borrowings	\$ <u>290,010,034</u>	<u>290,010,034</u>	<u>-</u>
	(USD <u>10,163,474</u>)	(USD <u>10,163,474</u>)	

(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, 2021.

(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, 2021. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2021. Please refer to note (6)(ac) of the consolidated financial statements for the year ended December 31, 2021.

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

(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 three months ended March 31, 2022 and 2021 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, 2022	Cash flow	Other non-cash changes	March 31, 2022
Short-term borrowings	\$ 118,422,407	4,808,942	268	123,231,617
Bonds payable	326,571	-	(219,823)	106,748
Long-term borrowings	24,960,513	2,030,706	-	26,991,219
Lease liabilities	2,304,796	(230,055)	244,667	2,319,408
Deposits received and others	<u>366,068</u>	<u>74,651</u>	<u>1,721</u>	<u>442,440</u>
Total liabilities from financing activities	<u>\$ 146,380,355</u>	<u>6,684,244</u>	<u>26,833</u>	<u>153,091,432</u>
	January 1, 2021	Cash flow	Other non-cash changes	March 31, 2021
Short-term borrowings	\$ 92,838,733	(6,823,112)	-	86,015,621
Bonds payable	980,219	-	(673)	979,546
Long-term borrowings	19,334,353	(405,634)	-	18,928,719
Lease liabilities	2,287,762	(205,790)	327,416	2,409,388
Deposits received and others	<u>340,131</u>	<u>104,828</u>	<u>(23)</u>	<u>444,936</u>
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>(7,329,708)</u>	<u>326,720</u>	<u>108,778,210</u>

(7) Related-party transactions:

(a) Name and relationship with related parties

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

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

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Hong Ya Technology Co., Ltd. (“Hong Ya”)	An associate
Kinpo Group Management Service Company (“Kinpo Group Management Service”)	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 (Thailand) Public Company Limited (“Cal-Comp”) and its subsidiaries	The same Chairman of the Board with the Company
Kinpo	The same Chairman of the Board with the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	For the three months ended March 31,	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 181,260	177,981
Post-employment benefits	1,926	2,005
Share-based payments	<u>3,663</u>	<u>1,443</u>
	<u>\$ 186,849</u>	<u>181,429</u>

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

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	For the three months ended March 31,	
	<u>2022</u>	<u>2021</u>
Associates	\$ 50,319	44,356
Other related parties	<u>450</u>	<u>31,480</u>
	<u>\$ 50,769</u>	<u>75,836</u>

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

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

(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 March 31,	
	2022	2021
Associates	\$ 1,276,405	1,211,455
Other related parties	5,366,126	934,046
	\$ 6,642,531	2,145,501

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	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts receivable	Associates	\$ 33,649	31,640	25,496
Notes and accounts receivable	Other related parties	3,561,538	1,697,692	45,231
Other receivables	Associates	1,067	2,463	65
Other receivables	Other related parties	13,151	45	846
		\$ 3,609,405	1,731,840	71,638

(iv) Payables to related parties

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

Account	Related party categories	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts payable	Associates	\$ 1,317,652	1,992,718	1,384,692
Notes and accounts payable	Other related parties	4,648,487	1,524,606	1,305,258
Other payables	Associates	37	35	142
Other payables	Other related parties	21	19,542	-
		\$ 5,966,197	3,536,901	2,690,092

(Continued)

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Inventories	Bank loans	\$ 75,638	-	-
Other current assets	Bail for court mandatory execution	-	-	41,090
Other current assets	Customs deposit	336,523	336,523	-
Other current assets	Pledged deposit	267,189	96,880	-
Property, plant, and equipment	Bank loans	461,796	466,320	481,515
Other non-current assets	Customs deposit	500	500	500
Other non-current assets	Pledged deposit	<u>936,396</u>	<u>544,184</u>	<u>-</u>
		<u>\$ 2,078,042</u>	<u>1,444,407</u>	<u>523,105</u>

(9) Commitments and contingencies:

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. After accepting the case, the Taipei District Court declared that the judgement whether the Group violates the Trade Secret Law should depend on whether the employee actually had violated the Trade Secret Law and Copyright Law. Therefore, the case is determined to be paused until the judgements of the criminal cases of the employee are made at the beginning of the year. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (c) As of March 31, 2022, December 31 and March 31, 2021, the Group's signed commitments to purchase property, plant and equipment amounted to \$213,859, \$290,063 and \$331,973, respectively.
- (d) In January 2022, the Group signed a contract with the Taipei City Government to obtain the superficies of No. 91, Ruan Qiao Section, Beitou District, Taipei City, which has a term of 50 years and may be extended for additional 20 years. The Group will pay royalties of \$8,198,548 in total according to the contract schedule and pay the land rent according to the agreed terms in the contract. The Group has paid the first installment of royalties of \$1,639,710 in January 2022 (recognized under other non-current assets). The above-mentioned superficies and lease liabilities will be recognized on the commencement date of the lease.

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

(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	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	4,145,722	3,524,139	7,669,861	4,088,426	3,289,601	7,378,027
Labor and health insurance	269,261	261,282	530,543	238,202	235,101	473,303
Pension	284,142	155,250	439,392	232,351	138,802	371,153
Others	967,994	183,614	1,151,608	562,230	146,956	709,186
Depreciation	1,185,185	297,819	1,483,004	1,241,959	297,675	1,539,634
Amortization	9,296	100,864	110,160	11,598	123,411	135,009

(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 three months ended March 31, 2022:

- (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 March 31, 2022 (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: None
- (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

(Continued)

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

- (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 5
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
- (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 7
- (b) Information on investees: Please refer to Table 8
- (c) Information on investment in mainland China: Please refer to Table 9
- (d) Major shareholders: There were no shareholders holding more than 5% shares.

(14) Segment information:

	Three months ended March 31, 2022		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>257,558,000</u>	<u>10,299,679</u>	<u>267,857,679</u>
Reportable segment profit	\$ <u>2,518,042</u>	<u>507,345</u>	<u>3,025,387</u>
	Three months ended March 31, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ <u>260,366,718</u>	<u>9,624,815</u>	<u>269,991,533</u>
Reportable segment profit	\$ <u>3,083,703</u>	<u>584,938</u>	<u>3,668,641</u>

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

Table 1 Loans to other parties:
(March 31, 2022)

(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	228,813	228,813	228,813	1.02%~1.08%	Short-term financing	-	Operating demand	-	-	-	21,477,114	42,954,229	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	21,477,114	42,954,229	(Note 1)
0	The Company	CEB	Other receivables	Y	572,500	572,500	572,500	1.02%	Short-term financing	-	Operating demand	-	-	-	21,477,114	42,954,229	(Note 1)
0	The Company	CEA	Other receivables	Y	858,750	858,750	858,750	1.02%	Short-term financing	-	Operating demand	-	-	-	21,477,114	42,954,229	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	1.10%	Short-term financing	-	Operating demand	-	-	-	600,096	42,954,229	(Note 1)
1	CIH	CEP	Other receivables	Y	57,250	57,250	57,250	3.50%	Short-term financing	-	Operating demand	-	-	-	37,397,344	37,397,344	(Note 2)
2	CPC	CIC	Other receivables	Y	450,600	450,600	450,600	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,003,750	2,003,750	1,614,450	2.00%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	Rayonnant (Taichang)	Other receivables	Y	71,563	71,563	-	1.30%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	858,750	858,750	858,750	1.30%	Short-term financing	-	Operating financing	-	-	-	22,323,113	22,323,113	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,001,875	1,001,875	1,001,875	1.30%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
4	CPO	CIT	Other receivables	Y	675,900	675,900	675,900	2.20%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
5	CET	BT	Other receivables	Y	270,360	270,360	180,240	2.00%	Short-term financing	-	Operating demand	-	-	-	4,787,996	4,787,996	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	572,500	572,500	572,500	1.30%	Short-term financing	-	Operating demand	-	-	-	8,676,306	8,676,306	(Note 7)
7	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	1.10%	Short-term financing	-	Operating demand	-	-	-	600,096	2,344,758	(Note 8)
7	Panpal	HengHao	Other receivables	Y	600,000	600,000	600,000	1.08%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 8)
7	Panpal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	10,000	10,000	1.10%	Short-term financing	-	Operating demand	-	-	-	18,190	2,344,758	(Note 8)
8	BSH	CIN	Other receivables	Y	286,250	286,250	286,250	1.02%	Short-term financing	-	Operating demand	-	-	-	6,580,283	6,580,283	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development	Other receivables	Y	400,000	400,000	400,000	1.10%	Short-term financing	-	Operating demand	-	-	-	429,276	858,551	(Note 10)
10	Hong Ji	Kinpo & Compal Group Assets Development	Other receivables	Y	200,000	200,000	200,000	1.10%	Short-term financing	-	Operating demand	-	-	-	227,358	454,715	(Note 11)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	35,867	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,384,680	4,769,361	(Note 12)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	57,120	57,120	37,128	1.00%	Short-term financing	-	Operating financing	-	-	-	2,384,680	4,769,361	(Note 12)
11	Arcadyan	Arcadyan Vietnam	Other receivables	Y	280,250	-	-	1.00%	Transaction for business between two parties	4,483,920	-	-	-	-	2,384,680	4,769,361	(Note 12)
11	Arcadyan	Arcadyan Vietnam	Other receivables	Y	285,600	285,600	-	1.00%	Transaction for business between two parties	13,651,680	-	-	-	-	2,384,680	4,769,361	(Note 12)
11	Arcadyan	Arcadyan Russia	Other receivables	Y	28,560	28,560	-	1.00%	Transaction for business between two parties	389,473	-	-	-	-	311,578	4,769,361	(Note 12)
12	Arcadyan Holding	CNC	Other receivables	Y	485,520	485,520	485,520	1.00%	Short-term financing	-	Operating financing	-	-	-	2,333,540	2,333,540	(Note 13)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:
(March 31, 2022)

(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			
13	Poindus Systems	Adasys	Other receivables	Y	20,488	20,488	20,488	2.00%	Transaction for business between two parties	127,589	-	-	-	-	55,681	222,723	(Note 14)
13	Poindus Systems	Poindus UK	Other receivables	Y	24,506	24,506	24,506	1.00%	Transaction for business between two parties	84,723	-	-	-	-	39,102	222,723	(Note 14)

- Note 1: According to the Company's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.
- Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of 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 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 BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH 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 BSH'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 BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 10: According to Gempal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Gempal. When a short-term financing facility with Gempal 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 Gempal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Gempal, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 11: According to Hong Ji's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Ji. When a short-term financing facility with Hong Ji 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 Hong Ji's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Ji, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 12: 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 13: According to Arcadyan Holding's Procedures for 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 14: According to Poindus Systems' Procedures for Lending Funds to Other parties, the lendable capital to the individual objects of others shall not exceed the amount of business transactions between the two parties during the previous twelve months and 10% of the net value of the latest financial statement of Poindus Systems. The lower limit is limited, and the total amount of lendable capital shall not exceed 40% of the net value of the latest financial statement of Poindus Systems.
- Note 15: The transactions had been eliminated in the consolidated financial statements.

(Continued)

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

Table 2 Guarantees and endorsements for other parties:

(March 31, 2022)

(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)	26,846,393	117,363	117,363	117,363	-	0.11%	53,692,786	Y	-	-
0	The Company	CEA	(Note 4)	26,846,393	180,338	180,338	180,338	-	0.17%	53,692,786	Y	-	-
0	The Company	CEP	(Note 3)	26,846,393	95,386	91,231	91,231	-	0.08%	53,692,786	Y	-	-
0	The Company	HengHao Kunshan	(Note 4)	26,846,393	27,036	27,036	27,036	-	0.03%	53,692,786	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 4)	1,589,787	214,200	214,200	-	-	1.80%	4,769,361	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.

(Continued)

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

Table 3 Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):
(March 31, 2022)

(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	463,760	2%	463,760	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,102,542	9%	2,102,542	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	610,060	5%	610,060	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	17,484	10%	17,484	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	13,474	11%	13,474	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	25,360	3%	25,360	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	10%	101,676	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	868	27,191	1%	27,191	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	90,888	2%	90,888	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	54,900	8%	54,900	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	78,840	19%	78,840	
	Others	-	Financial assets at fair value through other comprehensive income		186,755		186,755	
	Total				<u>3,772,930</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	848,169	1%	848,169
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,175,815	5%	1,175,815	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	799,740	5%	799,740	
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	201,522	1%	201,522	
Lian Hong Art. Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	2,140	86,687	6%	86,687	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	6,995	121,499	3%	121,499	
Others		-	Financial assets at fair value through other comprehensive income-non-current		18,337		18,337	
Total					<u>3,251,769</u>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	492,299	-	492,299	(Note 1)

(Continued)

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

Table 3 Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):
(March 31, 2022)

(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	
Gempal	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	86,661	6%	86,661	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		1,868		1,868	
	Total				<u>580,828</u>			
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	(Note 2)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	(Note 2)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	(Note 2)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	(Note 2)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	(Note 2)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	38,973	7%	38,973	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	57,173	6%	57,173	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	(Note 2)
	Total				<u>96,146</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>9,540</u>	-	9,540	
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>128,812</u>	1%	128,812	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,513</u>	17%	4,513	
CPC	Structured Deposits-Bank of China RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>455,000</u>	-	455,000	
CPC	Bank of Communications Yuntong Wealth Time-type structured deposit products	-	Financial assets at fair value through profit or loss-current	-	<u>227,444</u>	-	227,444	
CIT	Structured Deposits-Bank of China RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>1,137,499</u>	-	1,137,499	
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit	-	Financial assets at fair value through profit or loss-current	-	<u>454,888</u>	-	454,888	
CIC	Bank of Communications Yuntong Wealth Time-type structured deposit products	-	Financial assets at fair value through profit or loss-current	-	<u>682,499</u>	-	682,499	

(Continued)

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

Table 3 Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):
(March 31, 2022)

(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 (%)	
CIC	Structured Deposits-Bank of China RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>227,444</u>	-	227,444
CET	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB Structured	-	Financial assets at fair value through profit or loss-current	-	<u>455,000</u>	-	455,000
BSH	CitiBank RED ARC TERMLIQUIDITY FUND	-	Financial assets at fair value through profit or loss-current	-	<u>287,142</u>	-	287,142
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non current	-	<u>270,815</u>	-	270,815

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 Three months ended March 31, 2022)

(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				Others		Ending Balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	Stock : Poindus Systems	Investments accounted for using equity method	Public buyouts and purchases from the open market	-	-	-	11,768	353,046	-	-	-	-	-	1,141	11,768	354,187
CPC	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	440,793	-	-	-	-	-	14,207 (Note 2)	-	455,000
CIT	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	1,101,983	-	-	-	-	-	35,516 (Note 2)	-	1,137,499
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications Co., Ltd.	-	-	-	-	440,793	-	-	-	-	-	14,095 (Note 2)	-	454,888
CIC	Bank of Communications Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications Co., Ltd.	-	-	-	-	661,190	-	-	-	-	-	21,309 (Note 2)	-	682,499
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	-	-	-	-	440,793	-	-	-	-	-	14,207 (Note 2)	-	455,000

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 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the three months ended March 31, 2022)

(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	(153,041)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	203,417	0.1%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(197,633)	(0.1)%	Net 90 days from sale	Similar to non-related parties	There is no significant difference	465,048	0.3%	(Note 2)
	Arcadyan	Subsidiaries wholly owned by the Company	Sale	(355,767)	(0.1)%	Net 60 days from sale	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	364,983	0.2%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	33,786,629	13.3%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(44,351,880)	(19.8)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	37,741,665	14.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(495,461)	(0.2)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	3,856,093	1.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,437,640)	(2.0)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	12,175,520	4.8%	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	(15,636,528)	(7.0)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	2,399,026	0.9%	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	(1,802,396)	(0.8)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	4,942,576	-	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference	(3,877,530)	(1.7)%	(Note 2)
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(37,946,433)	(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	495,461	1.9%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	256,640	(0.8)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(263,627)	(0.3)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(33,026,582)	(95.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	44,351,880	55.5%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(159,701)	(0.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	199,422	0.2%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(256,640)	(0.7)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	263,627	0.3%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(145,872)	(0.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	149,069	0.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(665,941)	(0.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	3,063,849	3.8%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the three months ended March 31, 2022)

(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	BCI and its subsidiaries	With the same ultimate parent company	Purchase	203,956	0.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be	(95,655)	(0.1)%		
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	93,205	0.3%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(94,309)	(0.1)%	(Note 2)	
	CPM	An associate	Purchase	874,789	2.9%	120 days	Similar to non-related parties	There is no significant difference	(894,533)	(1.1)%		
	Changbao	An associate	Purchase	222,144	0.7%	120 days	Similar to non-related parties	There is no significant difference	(227,317)	(0.3)%		
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	193,840	0.6%	120 days	Similar to non-related parties	There is no significant difference	(396,580)	(0.5)%		
CBN	Compal Electronic, Inc.	Parent company	Purchase	174,697	24.0%	Net 90 days from delivery	-	There is no significant difference	(465,048)	(46.0)%	(Note 2)	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(11,735,321)	(84.1)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	15,636,528	19.6%	(Note 2)	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(214,938)	(1.5)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	95,655	0.1%	(Note 1 · 2)	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(394,295)	(2.8)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,533,863	3.2%	(Note 2)	
	CEB	With the same ultimate parent company	Sale	(132,006)	(0.9)%	120 days	According to markup pricing	There is no significant difference	534,169	0.7%	(Note 2)	
	CEA	With the same ultimate parent company	Sale	(403,641)	(2.9)%	120 days	According to markup pricing	There is no significant difference	460,389	0.6%	(Note 2)	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	144,681	1.1%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(149,069)	(2.0)%	(Note 2)	
	CPM	An associate	Purchase	160,542	1.2%	120 days	Similar to non-related parties	There is no significant difference	(164,542)	(2.0)%		
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	132,461	1.0%	120 days	Similar to non-related parties	There is no significant difference	(237,082)	(2.0)%		
	CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	132,095	13.1%	120 days	Similar to non-related parties	There is no significant difference	(534,169)	(46.7)%	(Note 2)
		CEA	With the same ultimate parent company	Purchase	432,115	42.8%	45 days	Similar to non-related parties	There is no significant difference	(325,784)	(28.5)%	(Note 2)
CEA	CEB	With the same ultimate parent company	Sale	(432,115)	(18.1)%	45 days	Similar to non-related parties	There is no significant difference	325,784	12.0%	(Note 2)	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	159,442	7.1%	120 days	Similar to non-related parties	There is no significant difference	(199,422)	(11.6)%	(Note 2)	
Etrade and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Purchase	403,771	17.9%	120 days	Similar to non-related parties	There is no significant difference	(460,389)	(26.8)%	(Note 2)	
	Compal Electronic, Inc.	Parent company	Sale	(2,395,461)	(99.9)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	1,802,396	75.1%	(Note 2)	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	181,908	16.3%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(189,161)	(22.1)%	(Note 2)	
UCGI	Compal Electronic, Inc.	Parent company	Purchase	155,485	94.1%	120 days	Similar to non-related parties	There is no significant difference	(203,417)	(98.2)%	(Note 2)	
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(3,871,721)	(87.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,437,640	54.9%	(Note 2)	
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(195,246)	(4.4)%	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	189,161	2.3%	(Note 2)	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the three months ended March 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(92,737)	(2.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	94,309	1.2%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	653,717	6.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,063,849)	(13.5)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	481,033	4.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,533,863)	(11.1)%	(Note 1 · 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(359,690)	(4.0)%	Net 150 days from delivery	-	-	484,320	5.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(3,057,935)	(31.0)%	Net 120 days from delivery	-	-	3,411,391	38.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(140,886)	(1.0)%	Net 60 days from the end of the month of delivery	-	-	106,356	1.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	2,036,437	14.0%	Net 120 days from delivery	According to markup pricing	-	(1,155,688)	(8.0)%	(Note 1 · 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	460,748	3.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 · 2)
	Compal Electronic, Inc.	Parent company	Purchase	360,577	3.0%	Net 60 days from the end of the month of delivery	According to markup pricing	-	(364,983)	(3.0)%	(Note 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(2,036,437)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	1,155,688	-	(Note 1 · 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(460,748)	(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	359,690	100.0%	Net 150 days from delivery	-	-	(484,320)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	3,057,935	100.0%	Net 120 days from delivery	-	-	(3,411,391)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	140,886	100.0%	Net 60 days from the end of the month of delivery	-	-	(106,356)	(100.0)%	(Note 2)

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

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

Note 3: The amount of other receivables on March 31, 2022 is 2,335,906 thousand dollars.

(Continued)

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

Table 6 Receivables from related parties with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(March 31, 2022)

(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	465,048	1.57	-	-	192,791 (Note 1)	-
The Company	UCGI	The Company's subsidiary	203,417	2.89	-	-	24,673 (Note 1)	-
The Company	Arcadyan	The Company's subsidiary	364,983	7.80	-	-	10,133 (Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	3,561,485	-	-	-	2,323,382 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	495,461	51.35	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	44,351,880	2.53	-	-	39,940,820 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	199,422	3.14	-	-	- (Note 1)	-
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	263,627	7.79	-	-	- (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	149,069	0.67	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	3,063,849	0.99	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	15,636,528	2.91	-	-	15,636,528 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,533,863	0.70	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	534,169	0.59	-	-	- (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	460,389	3.34	-	-	- (Note 1)	-
CEA	CEB	With the same ultimate parent company	325,784	4.92	-	-	325,784 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	1,802,396	4.32	-	-	1,802,396 (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	4,437,640	6.87	-	-	3,730,023 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	189,161	3.59	-	-	- (Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	484,320	3.83	-	-	136,983 (Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	3,411,391	4.50	-	-	402,917 (Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	106,356	8.68	-	-	21,588 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	2,335,906 (Note 4)	(Note 4)	-	-	- (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	1,155,688 (Note 5)	5.12	-	-	399,727 (Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	114,279 (Note 6)	-	-	-	114,279 (Note 3)	-

Note 1: Balance as of May 6, 2022.

Note 2: Balance as of April 28, 2022.

Note 3: Balance as of May 4, 2022.

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 7 Business relationships and significant intercompany transactions:

(For the three months ended March 31, 2022)

(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	197,633	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	465,048	"	0.1%
				Sales Revenue	153,041	There is no significant difference of price to non-related parties. The credit period is net 120 days.	0.1%
0	The Company	Arcadyan	1	Accounts Receivable	203,417	"	0.0%
				Sales Revenue	355,767	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	364,983	"	0.1%
				Sales Revenue	37,946,433	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	14.2%
2	CIH and its subsidiaries	The Company	2	Accounts Receivable	495,461	"	0.1%
				Sales Revenue	33,026,582	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.3%
2	CIH and its subsidiaries	CEA	3	Accounts Receivable	44,351,880	"	8.4%
				Sales Revenue	159,701	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	JUST and its subsidiaries	3	Accounts Receivable	199,422	"	-
				Sales Revenue	256,640	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%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable	263,627	"	0.0%
				Sales Revenue	145,872	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%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	149,069	"	0.0%
				Sales Revenue	665,941	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.2%
				Accounts Receivable	3,063,849	"	0.6%

(Continued)

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

Table 7 Business relationships and significant intercompany transactions:

(For the three months ended March 31, 2022)

(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	
3	BCI and its subsidiaries	The Company	2	Sales Revenue	11,735,321	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.	4.4%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	15,636,528	"	3.0%
				Sales Revenue	214,938	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	95,655	"	-
				Sales Revenue	394,295	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
3	BCI and its subsidiaries	CEB	3	Accounts Receivable	2,533,863	"	0.5%
				Sales Revenue	132,006	The price is based on the operating cost. The credit period is net 120 days.	-
3	BCI and its subsidiaries	CEA	3	Accounts Receivable	534,169	"	0.1%
				Sale Revenue	403,641	The price is based on the operating cost. The credit period is net 120 days.	-
4	CEA	CEB	3	Accounts Receivable	460,389	"	-
				Sale Revenue	432,115	There is no significant difference of price to non-related parties. The credit period is net 45 days.	-
5	Etrade and its subsidiaries	The Company	2	Accounts Receivable	325,784	"	0.1%
				Sales Revenue	2,395,461	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.9%
6	HSI and its subsidiaries	The Company	2	Accounts Receivable	1,802,396	"	0.3%
				Sales Revenue	3,871,721	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	1.4%
6	HSI and its subsidiaries	Etrade and its subsidiaries	3	Accounts Receivable	4,437,640	"	0.8%
				Sales Revenue	195,246	There is no significant difference of price to non-related parties. The credit period is net 60 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	189,161	"	-

(Continued)

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

Table 7 Business relationships and significant intercompany transactions:

(For the three months ended March 31, 2022)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
6	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	92,737	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%
7	Arcadyan	Arcadyan Germany	3	Accounts Receivable Sales Revenue	94,309 359,690	" There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	- 0.1%
7	Arcadyan	Arcadyan USA	3	Accounts Receivable Sales Revenue	484,320 3,057,935	" There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	- 1.1%
7	Arcadyan	Arcadyan AU	3	Accounts Receivable Sales Revenue	3,411,391 140,886	" There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	0.6% -
7	Arcadyan	Arcadyan Vietnam	3	Accounts Receivable Other Receivable	106,356 2,335,906	" The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	- 0.4%
8	CNC	Arcadyan	3	Processing Revenue	2,036,437	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	0.8%
9	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable Processing Revenue	1,155,688 460,748	" The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.2% 0.2%

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.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 8 The information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):
(March 31, 2022)

(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
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
				The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000			
	Bizcom	Huston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	415,406	(2,897)	(2,897)	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,127,550	207,701	207,701	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	39,318,666	617,531	617,531	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	5,117,807	44,078	(19,218)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,771,338	65,767	29,028	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,124	929	348	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	108,440	6,367	6,367	(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%	95,656	(6,224)	(6,224)	(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%	3,373,642	-	-	(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%	7,000	3,881	3,881	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	434,853	175,490	35,827	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	-	11,768	56%	354,187	8,281	970	
	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%	56,565	(1,418)	(738)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	677,621	(122,398)	(59,975)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	794,662	631	631	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	32,045	(5,503)	(1,926)	(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%	67,901	(16,816)	(5,588)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,165,577	20,234	20,234	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	371,703	8,236	8,236	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	251,739	(2,588)	(1,368)	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	130,125	488	488	(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	19%	2,325,184	389,825	74,302	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,848,213	(86,388)	(86,388)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,134	-	-	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	213,839	311,305	166,175	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(15,840)	(12,354)	(12,354)	(Note 2)

(Continued)

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

Table 8 The information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):
(March 31, 2022)

(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
				March 31, 2022	December 31, 2021	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	112,000	9,100	91%	52,850	(6,603)	(6,009)	(Note 2)
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	39,214	5,014	1,390	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,529,757	20,015	100%	(505,841)	(2,052)	(2,052)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	7,698,377	267,924	267,924	(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%	653,973	1,331	565	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	167,844	11,665	11,665	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	250,079	13,107	13,107	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,335,555	(19,324)	(6,710)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(88,504)	45,188	92,161	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	720,803	15,865	15,865	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,316,496	(32,101)	(32,101)	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	489,998	489,998	29,000	100%	(26,939)	10,363	10,363	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	110,550	(2,574)	(2,574)	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	619,376	109,940	25,356	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	6,968,465	144,542	144,542	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	339,405	18,283	8,801	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	89,143	(662)	(662)	(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%	40,546	(11,290)	(3,763)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	142,720	(5,169)	(1,551)	
								<u>92,495,440</u>		<u>1,507,467</u>	
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%	505,933	389,825	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%	125,307	175,490	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%	16,074 598,074	389,825	Investment gain(losses) recognized by Gempal	(Note 2)

(Continued)

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

Table 8 The information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):
(March 31, 2022)

(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
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Gempal	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	137,837	175,490	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%	598,074	389,825	Investment gain(losses) recognized by Hong Ji	(Note 2)
Hong Jin	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	31,558	175,490	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%	282,074	389,825	Investment gain(losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,783,266	1,783,266	62,298	100%	7,806,942	204,283	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	264,638	264,638	9,245	100%	240,406	(128)	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	14,313	14,313	500	100%	860,601	891	Investment gain(losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	29	29	1	100%	356	(5)	Investment gain(losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	28,625	28,625	1,000	100%	44,716	(126)	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	235,698	235,698	-	100%	195,343	3	Investment gain(losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	29	29	-	100%	29	-	Investment gain(losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,141,222	2,141,222	74,803	100%	38,284,483	769,814	Investment gain(losses) recognized by CIH	(Note 2)
	Jempal	British Virgin Islands	Investment	210,394	210,394	7,350	100%	102,178	108	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	29	29	1	100%	9,813	2,003	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	426,513	426,513	14,900	100%	426,991	-	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	145,988	145,988	5,100	51%	26,319	18	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,917,875	1,917,875	67,000	100%	544,297	308,616	Investment gain(losses) recognized by HSI	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 8 The information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):
(March 31, 2022)

(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
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
HSI	Goal	British Virgin Islands	Investment	363,538	363,538	12,700	100%	317,251	2,690	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	1,917,875	1,917,875	67,000	100%	544,297	308,616	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	363,538	363,538	12,700	100%	318,788	2,690	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,313,473	2,313,473	80,820	100%	4,805,893	145,410	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	286,250	286,250	10,000	100%	2,892,484	122,514	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,207,875	4,207,875	147,000	100%	6,968,465	144,542	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	144,556	144,556	-	99%	133,007	(836)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,059,125	1,059,125	37,000	46%	647,709	311,305	Investment gain(losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufacturing	232,721	232,721	1	100%	189,757	(6,934)	Investment gain(losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain(losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	57,250	57,250	-	100%	(15,764)	13,275	Investment gain(losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	715,625	715,625	25,000	35%	(55,903)	45,188	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	40,692	-	0%	-	-	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,219,782	64,780	100%	2,241,075	(156,489)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	156,078	18,592	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%	81,453	3,349	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	13,350	1,265	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	417,128	422	Investment gain(losses) recognized by Arcadyan	(Note 2)

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Table 8 The information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):
(March 31, 2022)

(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
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	344,883	(37,314)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,664	50	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,423	194	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	46,560	(1,984)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	5,639	452	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,184	1,331	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%	(18,042)	(122)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	13,507	13,507	3,500	100%	9,837	(1,608)	Investment gain(losses) recognized by Arcadyan	(Note 2 · 3)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	829,668	829,668	29,050	100%	931,827	49,661	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	314,474	314,474	35	100%	867,796	(207,240)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	34,272	34,272	1,200	100%	(91,614)	(13,979)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	3,732	(111)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	33,415	33,415	1,170	100%	(93,163)	(13,969)	Investment gain(losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	828,240	828,240	-	100%	927,629	49,661	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	19%	300,241	1,331	Investment gain(losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	167,458	22,182	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	357,813	357,813	12,500	59%	250,079	22,182	Investment gain(losses) recognized by CRH	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 8 The information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):
(March 31, 2022)

(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
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
APH	PEL	British Virgin Islands	Investment	90,197	90,197	3,151	100%	40,606	36	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	515,250	515,250	18,000	100%	369,334	22,142	Investment gain(losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(620,316)	47,963	Investment gain(losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,341,998	1,341,998	46,882	100%	(620,257)	47,963	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%	5,432	(58)	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%	6,091	(21)	Investment gain(losses) recognized by CBN	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	9,156	(5,503)	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,569,251	2,569,251	95,862	37%	4,913,930	(86,399)	Investment gain(losses) recognized by FGH	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	17%	14,225	(8,489)	Investment gain(losses) recognized by Mactech	(Note 2)
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 4)	100%	615	-	Investment gain(losses) recognized by Poindus	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(2,416)	28	Investment gain(losses) recognized by Poindus	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	24,667	(1,055)	Investment gain(losses) recognized by Poindus	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 4)	100%	191	-	Investment gain(losses) recognized by Poindus	(Note 2)

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

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

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

Note 4: A limited company, therefore no number of shares.

Note 5: Liquidation was resolved to completed in October 28, 2021.

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

Table 9 Information on investment in Mainland China:
(March 31, 2022)

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	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	1,059,125	(Note 1)	1,059,125	-	-	1,059,125	242,522	100%	242,522	2,959,081	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Divotal products	572,500	(Note 2)	572,500	-	-	572,500	13,125	100%	13,125	93,132	-
CET	Manufacturing of notebook PCs	343,500	(Note 2)	343,500	-	-	343,500	34,516	100%	34,516	4,994,335	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology	270,814	(Note 2)	(Note 3)	-	-	-	238,499	100%	238,499	835,403	-
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	71,206	(Note 2)	(Note 3)	-	-	-	-	51%	-	(44,742)	-
BT	Manufacturing of notebook PCs	28,625	(Note 2)	28,625	-	-	28,625	9,843	100%	9,843	(153,515)	-
CGS	Maintenance and warranty service of notebook PCs	9,027	(Note 2)	(Note 3)	-	-	-	209	100%	209	(46,603)	-
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	916,000	(Note 1)	381,571	-	-	381,571	(99,428)	43%	(42,933)	513,418	-
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	572,500	(Note 1)	42,079	-	-	42,079	(105,616)	48%	(50,273)	512,502	-
CIC	Manufacturing of notebook PCs	343,500	(Note 2)	343,500	-	-	343,500	167,236	100%	167,236	9,143,596	-
CPO	Manufacturing and sales of LCD TVs	346,363	(Note 1)	346,363	-	-	346,363	11,680	100%	11,680	2,958,007	-
CIT	Manufacturing of notebook PCs	687,000	(Note 2)	687,000	-	-	687,000	561,290	100%	561,290	23,659,416	-

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Table 9 Information on investment in Mainland China:

(March 31, 2022)

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	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						
CST	International trade and distribution of computers and electronic components	40,075	(Note 2)	40,075	-	-	40,075	332	100%	332	50,123	-
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	286,250	(Note 2)	145,988	-	-	145,988	35	51%	18	59,149	-
CIJ	Investment and consulting services	446,550	(Note 2)	446,550	-	-	446,550	(66,447)	100%	(66,447)	2,243,446	-
CDE	Manufacturing and sales of LCD TVs	429,375	(Note 2)	(Note 3)	-	-	-	(66,610)	100%	(66,610)	2,209,303	-
CIS	Outward investment and consulting	2,313,473	(Note 1)	2,313,473	-	-	2,313,473	145,410	100%	145,410	4,805,893	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,290,000	(Note 2)	(Note 3)	-	-	-	145,281	100%	145,281	4,776,740	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management	22,900	(Note 2)	(Note 3)	-	-	-	123	100%	123	23,034	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	286,250	(Note 1)	286,250	-	-	286,250	122,514	100%	122,514	2,892,484	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,022,500	(Note 2)	2,365,198	-	-	2,365,198	(138,759)	37%	(50,814)	5,604,616	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,717,500	(Note 2)	327,928	-	-	327,928	(75,550)	37%	(27,666)	727,243	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	515,250	(Note 2)	357,813	-	-	357,813	22,142	100%	22,142	369,893	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	772,875	(Note 1)	629,750	-	-	629,750	(9,878)	100%	(9,878)	(968,040)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	166,025	(Note 1)	166,025	-	-	166,025	364	100%	364	91,715	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,402,625	(Note 1)	543,875	-	-	543,875	54,873	100%	54,873	900,170	-

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Notes to Consolidated Financial Statements

Table 9 Information on investment in Mainland China:

(March 31, 2022)

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

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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2022	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						
					(In Thousands of New Taiwan Dollars/ shares)							
Hanhelt	R&D and manufacturing of electronic communication equipment	57,250	(Note 1)	57,250	-	-	57,250	(112)	100%	(112)	2,347	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	231,336	(Note 1)	383,275 (Note 7)	-	- (Note 9)	383,275	(112)	100%	(112)	29,303	-
CNC	Manufacturing and wireless network products	355,572	(Note 1)	314,474 (Note 8)	-	-	314,474	(207,240)	100%	(207,240)	867,796	-
THAC	Manufacturing of household electronics products	95,676	(Note 1 - 10)	32,844	-	-	32,844	(13,969)	100%	(13,969)	(93,648)	-
HengHao HengHao Optoelectronic Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	1,145,000	(Note 1)	1,139,361	-	-	1,139,361	47,608	100%	47,608	(752,839)	-
Lucom Display Technology (Kunshan) Limited("Lucom")	Manufacturing of notebook PCs and related modules	429,375	(Note 2)	186,035 (Note 12)	-	-	186,035	351	100%	351	130,934	-
Poindus Systems Ojje Electronics Co., Ltd	Sales of PCs and peripherals	29,630	(Note 1)	29,630	-	-	29,630	(4,141)	100%	(4,141)	18,898	-

(ii) Limitation on investment in Mainland China:

Names of Company	Accumulated Investment in Mainland China as of March 31, 2022	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	15,530,122 (US\$542,537) (Note 5)	21,989,754 (US\$768,201)	(Note 6)
Arcadyan	730,593 (US\$25,581)	730,593 (US\$25,581)	7,154,042
HengHao	1,341,711 (US\$46,872)	1,341,711 (US\$46,872)	(Note 13)
Poindus Systems	29,630 (US\$1,000)	29,630 (US\$1,000)	334,084

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 March 31, 2022.

(iii) Significant transactions:

For the three months ended March 31, 2022, 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".