

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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 June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 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 \$42,415,339 thousand and \$14,468,544 thousand, constituting 8.0% and 3.2% of consolidated total assets as of June 30, 2022 and 2021, respectively, total liabilities amounting to \$21,674,472 thousand and \$2,509,463 thousand, constituting 5.3% and 0.7% of consolidated total liabilities as of June 30, 2022 and 2021, and the absolute value of total comprehensive income (loss) amounting to \$(291,900) thousand, \$(4,789) thousand, \$(79,381) thousand and \$(83,450) thousand, constituting 7.5%, 0.4%, 0.9% and 1.8% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 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 June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 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.

A handwritten signature of the KPMG firm, written in black ink, appearing as 'KPMG' in a stylized, cursive font.

KPMG

Taipei, Taiwan (Republic of China)
August 12, 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 June 30, 2022 and 2021

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31, 2021, and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

	June 30, 2022		December 31, 2021		June 30, 2021			June 30, 2022		December 31, 2021		June 30, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (note (6)(a))	\$ 84,858,805	16.0	75,162,103	14.0	79,469,866	17.4	2100 Short-term borrowings (note (6)(n))	\$ 104,364,025	19.6	118,422,407	22.0	106,325,908	23.2
1110 Current financial assets at fair value through profit or loss (note (6)(b))	4,147,279	0.8	400,754	0.1	1,115,248	0.2	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	50,220	-	1,589	-	181,092	-
1135 Current financial assets for hedging (note (6)(d))	56,591	-	-	-	18,050	-	2130 Current contract liabilities (note (6)(xi))	1,020,810	0.2	1,065,954	0.2	848,531	0.2
1170 Notes and accounts receivable, net (note (6)(e))	220,288,409	41.5	288,436,522	53.7	205,245,493	44.9	2170 Notes and accounts payable	205,007,475	38.5	220,549,039	41.1	177,919,901	38.9
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	3,633,971	0.7	1,729,332	0.3	33,155	-	2180 Notes and accounts payable to related parties (note (7))	6,070,752	1.1	3,517,324	0.7	2,186,108	0.5
1200 Other receivables, net (notes (6)(e) and (7))	2,617,658	0.5	2,445,690	0.5	2,262,922	0.5	2200 Other payables (note (7))	30,969,418	5.8	29,701,088	5.5	23,998,645	5.2
1310 Inventories (notes (6)(f) and (8))	148,460,186	27.9	115,012,365	21.4	118,680,238	25.9	2216 Dividends payable	1,021,020	0.2	-	-	44	-
1460 Non-current assets classified as held for sale (note (6)(g))	-	-	-	-	1,446,029	0.3	2230 Current tax liabilities	5,744,068	1.1	7,013,976	1.3	5,430,703	1.2
1470 Other current assets (note (8))	4,703,941	0.9	3,928,624	0.7	3,713,019	0.8	2250 Current provisions (note (6)(r))	906,888	0.2	1,204,115	0.2	915,978	0.2
	<u>468,766,840</u>	<u>88.3</u>	<u>487,115,390</u>	<u>90.7</u>	<u>411,984,020</u>	<u>90.0</u>	2280 Current lease liabilities (note (6)(q))	2,034,225	0.4	625,292	0.1	660,304	0.1
Non-current assets:							2300 Other current liabilities	2,067,648	0.4	2,037,822	0.4	2,831,393	0.6
1550 Investments accounted for using equity method (note (6)(h))	8,283,534	1.6	8,369,312	1.6	7,918,509	1.7	2365 Current refund liabilities	2,961,546	0.6	2,035,437	0.4	1,634,419	0.4
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	539,465	0.1	259,778	-	223,102	-	2321 Bonds payable, current portion (note (6)(p))	-	-	326,571	0.1	983,006	0.2
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	5,406,620	1.0	6,235,063	1.2	6,088,037	1.3	2322 Long-term borrowings, current portion (note (6)(o))	<u>23,663,242</u>	<u>4.5</u>	<u>15,741,481</u>	<u>2.9</u>	<u>8,072,175</u>	<u>1.8</u>
1600 Property, plant and equipment (notes (6)(l) and (8))	28,446,755	5.3	26,990,364	5.0	23,848,604	5.2		<u>385,881,337</u>	<u>72.6</u>	<u>402,242,095</u>	<u>74.9</u>	<u>331,988,207</u>	<u>72.5</u>
1755 Right-of-use assets (note (6)(m))	14,169,760	2.7	3,066,218	0.6	3,167,765	0.7	Non-Current liabilities:						
1780 Intangible assets (note (6)(i))	1,622,896	0.3	1,548,508	0.3	1,649,477	0.4	2540 Long-term borrowings (note (6)(o))	11,936,608	2.2	9,219,032	1.7	8,938,150	2.0
1840 Deferred tax assets	1,617,429	0.3	1,646,524	0.3	1,540,622	0.4	2570 Deferred tax liabilities	1,143,637	0.2	1,226,805	0.2	1,076,527	0.2
1990 Other non-current assets (note (8))	2,316,610	0.4	1,864,183	0.3	1,235,602	0.3	2580 Non-current lease liabilities (note (6)(q))	9,659,720	1.8	1,679,504	0.3	1,683,685	0.4
	<u>62,403,069</u>	<u>11.7</u>	<u>49,979,950</u>	<u>9.3</u>	<u>45,671,718</u>	<u>10.0</u>	2640 Non-current net defined benefit liability	829,655	0.2	822,033	0.2	775,131	0.2
							2670 Non-current liabilities, others (note (6)(h))	<u>451,356</u>	<u>0.1</u>	<u>366,068</u>	<u>0.1</u>	<u>445,346</u>	<u>0.1</u>
								<u>24,020,976</u>	<u>4.5</u>	<u>13,313,442</u>	<u>2.5</u>	<u>12,918,839</u>	<u>2.9</u>
							Total liabilities	<u>409,902,313</u>	<u>77.1</u>	<u>415,555,537</u>	<u>77.4</u>	<u>344,907,046</u>	<u>75.4</u>
							Equity:						
							Equity attributable to owners of parent (note (6)(u)):						
							3110 Ordinary share	44,071,466	8.3	44,071,466	8.2	44,071,466	9.6
							3200 Capital surplus	5,100,399	1.0	6,724,856	1.2	6,666,000	1.5
							3300 Retained earnings	66,752,192	12.6	69,651,940	13.0	62,197,820	13.6
							3400 Other equity interest	(4,134,528)	(0.8)	(8,206,750)	(1.5)	(8,159,314)	(1.8)
							3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
								<u>110,908,282</u>	<u>20.9</u>	<u>111,360,265</u>	<u>20.7</u>	<u>103,894,725</u>	<u>22.7</u>
							36XX Non-controlling interests	<u>10,359,314</u>	<u>2.0</u>	<u>10,179,538</u>	<u>1.9</u>	<u>8,853,967</u>	<u>1.9</u>
							Total equity	<u>121,267,596</u>	<u>22.9</u>	<u>121,539,803</u>	<u>22.6</u>	<u>112,748,692</u>	<u>24.6</u>
Total assets	<u>\$ 531,169,909</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<u>457,655,738</u>	<u>100.0</u>	Total liabilities and equity	<u>\$ 531,169,909</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<u>457,655,738</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

	For the three months ended June 30				For the six months ended June 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net sales revenue (notes (6)(x) and (7))								
	\$ 265,649,844	100.0	260,994,034	100.0	533,507,523	100.0	530,985,567	100.0	
5000	Cost of sales (notes (6)(f), (6)(s), (7) and (12))								
	256,010,307	96.4	252,222,686	96.6	514,096,202	96.4	512,612,637	96.5	
	Gross profit								
	9,639,537	3.6	8,771,348	3.4	19,411,321	3.6	18,372,930	3.5	
	Operating expenses: (notes (6)(s) and (12))								
6100	Selling expenses	1,969,769	0.7	1,266,802	0.5	3,764,448	0.7	2,797,435	0.5
6200	Administrative expenses	1,287,142	0.5	1,087,017	0.4	2,480,110	0.4	2,123,568	0.4
6300	Research and development expenses	4,405,716	1.6	3,868,452	1.5	8,379,962	1.6	7,627,962	1.5
		7,662,627	2.8	6,222,271	2.4	14,624,520	2.7	12,548,965	2.4
	Net operating income								
	1,976,910	0.8	2,549,077	1.0	4,786,801	0.9	5,823,965	1.1	
	Non-operating income and expenses:								
7100	Interest income (note (6)(z))	645,692	0.2	483,497	0.2	1,256,390	0.2	983,001	0.2
7210	Other gains and losses, net (notes (6)(d), (6)(z) and (6)(ab))	511,124	0.2	350,201	0.1	434,829	0.1	411,502	0.1
7050	Finance costs (notes (6)(p) and (6)(q))	(486,265)	(0.2)	(223,502)	(0.1)	(813,777)	(0.2)	(494,729)	(0.1)
7190	Other income (note (6)(z))	183,352	0.1	150,970	-	323,645	0.1	238,614	-
7590	Miscellaneous disbursements	(16,429)	-	(12,753)	-	(68,813)	-	(36,148)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(h))	(16,477)	-	151,060	0.1	(95,781)	-	190,986	-
	Total non-operating income and expenses								
	820,997	0.3	899,473	0.3	1,036,493	0.2	1,293,226	0.2	
7900	Profit from continuing operations before tax								
	2,797,907	1.1	3,448,550	1.3	5,823,294	1.1	7,117,191	1.3	
7950	Less: Income tax expenses (note (6)(t))								
	509,141	0.2	728,187	0.3	1,129,883	0.2	1,488,193	0.2	
	Profit								
	2,288,766	0.9	2,720,363	1.0	4,693,411	0.9	5,628,998	1.1	
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8311	Gains (losses) on remeasurements of defined benefit plans	(1,646)	-	(889)	-	(1,646)	-	(889)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(976,442)	(0.3)	186,048	0.1	(1,041,797)	(0.2)	469,560	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	(16,148)	-	(2,429)	-	(23,222)	-	(9,640)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(t))	(61,271)	-	49,298	-	(86,921)	-	67,679	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(932,965)	(0.3)	133,432	0.1	(979,744)	(0.2)	391,352	0.1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	2,627,504	1.0	(1,507,932)	(0.6)	5,037,995	1.0	(1,423,993)	(0.3)
8368	Gains (losses) on hedging instrument (note (6)(aa))	22,591	-	10,493	-	56,591	-	20,242	-
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	(141,551)	(0.1)	(39,236)	-	118,664	-	(72,297)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(t))	(4,492)	-	(11,377)	-	11,278	-	(11,454)	-
	Components of other comprehensive income that will be reclassified to profit or loss	2,513,036	0.9	(1,525,298)	(0.6)	5,201,972	1.0	(1,464,594)	(0.3)
8300	Other comprehensive income								
	1,580,071	0.6	(1,391,866)	(0.5)	4,222,228	0.8	(1,073,242)	(0.2)	
8500	Total comprehensive income								
	\$ 3,868,837	1.5	1,328,497	0.5	8,915,639	1.7	4,555,756	0.9	
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 2,017,493	0.8	2,466,990	0.9	4,174,671	0.8	5,087,154	1.0
8620	Profit, attributable to non-controlling interests	271,273	0.1	253,373	0.1	518,740	0.1	541,844	0.1
	\$ 2,288,766	0.9	2,720,363	1.0	4,693,411	0.9	5,628,998	1.1	
	Comprehensive income attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 3,510,365	1.3	1,100,905	0.4	8,224,762	1.6	4,032,992	0.8
8720	Comprehensive income (loss), attributable to non-controlling interests	358,472	0.2	227,592	0.1	690,877	0.1	522,764	0.1
	\$ 3,868,837	1.5	1,328,497	0.5	8,915,639	1.7	4,555,756	0.9	
	Earnings per share (note (6)(w))								
9750	Basic earnings per share								
	\$ 0.46		0.57		0.96		1.17		
9850	Diluted earnings per share								
	\$ 0.46		0.56		0.95		1.16		

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent															
											Total other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	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					
Unappropriated retained earnings					Total retained earnings											
Balance at January 1, 2021	\$ 44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505	9,157,145	115,989,650		
Profit for the six months ended June 30, 2021	-	-	-	-	5,087,154	5,087,154	-	-	-	-	-	5,087,154	541,844	5,628,998		
Other comprehensive income	-	-	-	-	(599)	(599)	(1,455,055)	394,434	7,058	(1,053,563)	-	(1,054,162)	(19,080)	(1,073,242)		
Total comprehensive income	-	-	-	-	5,086,555	5,086,555	(1,455,055)	394,434	7,058	(1,053,563)	-	4,032,992	522,764	4,555,756		
Appropriation and distribution of retained earnings:																
Legal reserve appropriated	-	-	924,672	-	(924,672)	-	-	-	-	-	-	-	-	-		
Special reserve appropriated	-	-	-	3,164,965	(3,164,965)	-	-	-	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	-	(5,288,576)	(5,288,576)	-	-	-	-	-	(5,288,576)	-	(5,288,576)		
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)		
Changes in ownership interests in subsidiaries	-	3,492	-	-	(5,383)	(5,383)	-	-	-	-	-	(1,891)	-	(1,891)		
Changes in equity of associates and joint ventures accounted for using equity method	-	1,570	-	-	(18,516)	(18,516)	-	18,516	-	18,516	-	1,570	-	1,570		
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027	-	80,027		
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(142,441)	(142,441)	-	142,441	-	142,441	-	-	-	-		
Others	-	957	-	-	-	-	-	-	-	-	-	957	-	957		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(825,942)	(825,942)		
Balance at June 30, 2021	\$ 44,071,466	6,666,000	21,339,412	7,266,708	33,591,700	62,197,820	(8,344,032)	178,439	6,279	(8,159,314)	(881,247)	103,894,725	8,853,967	112,748,692		
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 six months ended June 30, 2022	-	-	-	-	4,174,671	4,174,671	-	-	-	-	-	4,174,671	518,740	4,693,411		
Other comprehensive income	-	-	-	-	(588)	(588)	5,036,731	(1,001,178)	15,126	4,050,679	-	4,050,091	172,137	4,222,228		
Total comprehensive income	-	-	-	-	4,174,083	4,174,083	5,036,731	(1,001,178)	15,126	4,050,679	-	8,224,762	690,877	8,915,639		
Appropriation and distribution of retained earnings:																
Legal reserve appropriated	-	-	1,237,434	-	(1,237,434)	-	-	-	-	-	-	-	-	-		
Special reserve appropriated	-	-	-	940,042	(940,042)	-	-	-	-	-	-	-	-	-		
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	-	35,916	-	-	(853)	(853)	-	-	-	-	-	35,063	-	35,063		
Changes in equity of associates and joint ventures accounted for using equity method	-	1,231	-	-	(21,543)	(21,543)	-	21,543	-	21,543	-	1,231	-	1,231		
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035	-	100,035		
Others	-	1,220	-	-	-	-	-	-	-	-	-	1,220	-	1,220		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(511,101)	(511,101)		
Balance at June 30, 2022	\$ 44,071,466	5,100,399	22,576,846	8,206,750	35,968,596	66,752,192	(3,707,974)	(441,805)	15,251	(4,134,528)	(881,247)	110,908,282	10,359,314	121,267,596		

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 5,823,294	7,117,191
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	3,399,974	3,362,784
Increase (decrease) in expected credit loss	7,933	3,570
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,922	(6,643)
Finance cost	813,777	494,729
Interest income	(1,256,390)	(983,001)
Dividend income	(106,644)	(82,647)
Compensation cost of share-based payments	23,531	16,288
Share of loss (profit) of associates and joint ventures accounted for using equity method	95,781	(190,986)
Losses (gains) on disposal of property, plant and equipment	16,090	18,390
Total adjustments to reconcile profit (loss)	<u>2,996,974</u>	<u>2,632,484</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss	(3,746,525)	1,130,005
Decrease in notes and accounts receivable	66,346,830	26,928,870
(Increase) decrease in other receivable	192,122	(309,584)
Increase in inventories	(33,105,148)	(22,528,279)
Increase in other current assets	(462,582)	(615,075)
(Increase) decrease in other non-current assets	130,770	(8,552)
Total changes in operating assets	<u>29,355,467</u>	<u>4,597,385</u>
Changes in operating liabilities:		
Increase in financial liabilities at fair value through profit or loss	48,631	44,475
Decrease in notes and accounts payable	(13,129,840)	(19,620,054)
Increase in other payables	1,732,340	566,018
Increase in refund liabilities	926,109	59,950
Increase (decrease) in provisions	(300,013)	45,928
Increase (decrease) in contract liabilities	(45,144)	28,515
Increase in other current liabilities	24,664	124,161
Others	(10,469)	(10,948)
Total changes in operating liabilities	<u>(10,753,722)</u>	<u>(18,761,955)</u>
Total changes in operating assets and liabilities	<u>18,601,745</u>	<u>(14,164,570)</u>
Total adjustments	<u>21,598,719</u>	<u>(11,532,086)</u>
Cash inflow generated from operations	27,422,013	(4,414,895)
Interest received	1,039,368	822,817
Dividends received	106,644	82,647
Interest paid	(630,087)	(507,814)
Income taxes paid	(2,447,669)	(1,410,904)
Net cash flows from (used in) operating activities	<u>25,490,269</u>	<u>(5,428,149)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(488,490)	(819,254)
Acquisition of investments accounted for using equity method	(54,000)	(17,189)
Net cash flow from acquisition of subsidiaries	(135,971)	-
Proceeds from liquidation of investments	2,010	104
Acquisition of property, plant and equipment	(3,422,963)	(5,837,184)
Proceeds from disposal of property, plant and equipment	70,603	85,522
Increase in prepayment from disposal of property	-	1,236,766
Acquisition of intangible assets	(221,984)	(463,929)
Increase in restricted assets	(685,230)	-
Others	(154,833)	(333,132)
Net cash flows from (used in) investing activities	<u>(5,090,858)</u>	<u>(6,148,296)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(14,058,650)	13,487,175
Repayments of bonds payable	(7,400)	-
Proceeds from long-term borrowings	43,787,225	23,964,960
Repayments of long-term borrowings	(33,147,888)	(26,288,988)
Payment of lease liabilities	(2,118,096)	(404,067)
Cash dividends paid	(8,714,259)	(6,971,408)
Change in non-controlling interests	(69,831)	(849,446)
Others	106,948	105,646
Net cash flows from (used in) financing activities	<u>(14,221,951)</u>	<u>3,043,872</u>
Effect of exchange rate changes on cash and cash equivalents	<u>3,519,242</u>	<u>(1,124,484)</u>
Net increase (decrease) in cash and cash equivalents	<u>9,696,702</u>	<u>(9,657,057)</u>
Cash and cash equivalents at beginning of period	<u>75,162,103</u>	<u>89,126,923</u>
Cash and cash equivalents at end of period	<u>\$ 84,858,805</u>	<u>79,469,866</u>

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 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 August 12, 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 the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(Continued)

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

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

<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”

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

(Continued)

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

Except as described in the following paragraph, the significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2021. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2021.

(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
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of June 30, 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 June 30, 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 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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Unicore BioMedical Co., Ltd. (“Unicore”)	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	100%	
“	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.
“	Compal Ruifang Health Assets Development Corporation (“Compal Ruifang”)	Investing and developing businesses, such as public construction and specific zones	100%	-	-	Compal Ruifang was established in June 2022.
“	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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Core Profit Holdings Limited ("CORE")	Investment	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%	
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
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%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	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. ("CIJ")	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	100%	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	100%	
"	Palcom International Corporation ("Palcom")	Sales of mobile phones	100%	100%	100%	
"	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%	-	-	"

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	"	100%	100%	100%	
"	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	"	100%	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	100%	
"	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	100%	100%	
"	Compal Wise Electronic (Vietnam) Co., Ltd. ("CWV")	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	100%	
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%	(Notes 2 and 3)

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company, Arcadyan and its subsidiaries	Compal Broadband Network Inc. (“CBN”)	R&D and sales of cable modem, digital set-up box, and other communication products	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%	
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%	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%	
“	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%	
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%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Rayonnant Technology and CRH	Allied Power Holding Corp. ("APH")	Investment	100%	100%	100%	
APH	Primetek Enterprises Limited ("PEL")	"	100%	100%	100%	
"	Rayonnant Technology (HK) Co., Ltd. ("Rayonnant Technology (HK)")	"	100%	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. ("Rayonnant Technology (Taicang)")	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. ("HHA")	Investment	100%	100%	100%	
HHA	HengHao Holdings B Co., Ltd. ("HHB")	"	100%	100%	100%	
HHB	HengHao 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.

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 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 June 30, 2022 have not been reviewed by CPA.

Note 3: The financial statements of the subsidiary as of June 30, 2021 have not been reviewed by CPA.

(c) **Income taxes**

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

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

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

(d) **Employee benefits**

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

(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.

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

(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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 22,079	18,472	13,657
Checking accounts and demand deposits	36,071,592	17,073,664	19,549,915
Time deposits	48,586,814	58,069,967	59,906,294
Cash equivalents	<u>178,320</u>	<u>-</u>	<u>-</u>
	<u>\$ 84,858,805</u>	<u>75,162,103</u>	<u>79,469,866</u>

Please refer to note (6)(ab) 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

	June 30, 2022	December 31, 2021	June 30, 2021
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Structured deposits	\$ 3,610,801	-	1,092,417
Stock unlisted in domestic markets	115,790	137,540	109,215
Fund in domestic or foreign markets	722,634	399,550	113,887
Derivative instruments not used for hedging			
Foreign exchange contracts	237,519	120,897	15,143
Swap contracts	<u>-</u>	<u>2,545</u>	<u>7,688</u>
Total	<u>\$ 4,686,744</u>	<u>660,532</u>	<u>1,338,350</u>
Current	\$ 4,147,279	400,754	1,115,248
Non-current	<u>539,465</u>	<u>259,778</u>	<u>223,102</u>
	<u>\$ 4,686,744</u>	<u>660,532</u>	<u>1,338,350</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 270	1,589	178,483
Swap contracts	<u>49,950</u>	<u>-</u>	<u>2,609</u>
	<u>\$ 50,220</u>	<u>1,589</u>	<u>181,092</u>

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

	<u>June 30, 2022</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 30,000	EUR to USD	July 11~October 14, 2022
Forward exchange purchased	USD 210,460	USD to BRL	July 04, 2022~June 15, 2023
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange purchased	USD 800	USD to BRL	August 29, 2022
Swap contracts:			
Currency swap	USD 60,000	USD to TWD	July 14~September 29, 2022
	<u>December 31, 2021</u>		
	<u>Contract amount (in thousands)</u>	<u>Currency</u>	<u>Maturity date</u>
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	USD181,700	USD to BRL	January 05~June 20, 2022
Swap contracts:			
Currency swap	USD 21,000	USD to TWD	February 14~March 14, 2022

(Continued)

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

				December 31, 2021		
				Contract amount (in thousands)	Currency	Maturity date
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
				June 30, 2021		
				Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:						
Foreign exchange contracts:						
Forward exchange sold	EUR	31,000		EUR to USD		July 09~September 14, 2021
Forward exchange sold	EUR	1,000		EUR to TWD		August 05, 2021
Forward exchange purchased	USD	3,000		USD to CNY		September 14, 2021
Swap contracts:						
Currency swap	USD	37,000		USD to TWD		July 13~August 30, 2021
Derivative financial liabilities:						
Forward exchange purchased	USD	129,200		USD to BRL		July 08, 2021~June 21, 2022
Forward exchange purchased	USD	297		EUR to RUB		August 30, 2021
Forward exchange purchased	USD	23,000		USD to CNY		July 14~August 13, 2021
Swap contracts:						
Currency swap	USD	23,500		USD to TWD		July 29~September 15, 2021

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

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 2,703,207	3,350,210	2,671,532
Stock listed in foreign markets	514,008	695,728	778,800
Stock unlisted in domestic markets	1,973,003	1,879,166	2,285,218
Stock unlisted in foreign markets	<u>216,402</u>	<u>309,959</u>	<u>352,487</u>
Total	<u>\$ 5,406,620</u>	<u>6,235,063</u>	<u>6,088,037</u>

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

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

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

During the first two quarters of 2022, 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 six months ended June 30, 2022 and 2021, will be \$270,331 and \$304,402, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

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

(d) Financial instruments used for hedging

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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ 56,591	-	18,050

(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 June 30, 2022 and 2021, the details related to the items designated as hedge instruments were as follows:

June 30, 2022				
	Contract amount (in thousands)	Currency	Maturity period	Average strike price
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 18,000	EUR to USD	July 28~September 29, 2022	1.1546
June 30, 2021				
	Contract amount (in thousands)	Currency	Maturity period	Average strike price
Derivative financial assets used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 28,000	EUR to USD	July 29~December 29, 2021	1.2149

(iii) For the three months and six months ended June 30, 2022 and 2021, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$31,715, \$0, \$31,715 and \$0, respectively, recorded as "other gains and losses, net".

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

(iv) For the three months and six months ended June 30, 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)(ab).

(e) Notes and accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivables from operating activities	\$ 34,146	81,244	103,092
Accounts receivables – measured at amortized cost	196,418,724	261,179,612	179,265,256
Accounts receivables – fair value through other comprehensive income	<u>31,372,469</u>	<u>32,796,946</u>	<u>29,823,608</u>
	227,825,339	294,057,802	209,191,956
Less: allowance for uncollectible accounts	<u>(3,902,959)</u>	<u>(3,891,948)</u>	<u>(3,913,308)</u>
	<u>\$ 223,922,380</u>	<u>290,165,854</u>	<u>205,278,648</u>
Notes and accounts receivable	<u>\$ 220,288,409</u>	<u>288,436,522</u>	<u>205,245,493</u>
Notes and accounts receivable – related parties	<u>\$ 3,633,971</u>	<u>1,729,332</u>	<u>33,155</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:

June 30, 2022				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 203,069,526	0%	-	No
Level B	13,211,372	0.53%	70,382	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<u>\$ 220,076,432</u>		<u>3,865,916</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>	

June 30, 2021

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 186,981,152	0%	-	No
Level B	10,905,635	0.63%	68,675	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<u>\$ 201,704,127</u>		<u>3,886,015</u>	

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

June 30, 2022

Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,781,508	0%	-	No
Level B	3,557,445	0.10%	3,602	No
Level C	1,390,610	1.00%	14,097	No
Level D	-	-	-	-
Level E	<u>19,344</u>	100%	<u>19,344</u>	Yes
	<u>\$ 7,748,907</u>		<u>37,043</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	
June 30, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 3,001,838	0%	-	No
Level B	3,956,998	0.10%	3,998	No
Level C	510,806	1.00%	5,108	No
Level D	-	-	-	-
Level E	18,187	100%	18,187	Yes
	\$ 7,487,829		27,293	

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

	June 30, 2022	December 31, 2021	June 30, 2021
Overdue 1 to 180 days	\$ 1,355,378	1,338,940	994,597
Overdue 181 to 365 days	11,066	7,679	-
Overdue 365 days	8,262	-	-
	\$ 1,374,706	1,346,619	994,597

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

	For the six months ended June 30,	
	2022	2021
Balance at January 1	\$ 3,891,948	3,910,928
Acquisition through business combination	59	-
Impairment losses recognized (reversed)	8,391	3,475
Effect of changes in exchange rates	2,561	(1,095)
Balance at June 30	\$ 3,902,959	3,913,308

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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 June 30, 2022, December 31 and June 30, 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 June 30, 2022, December 31 and June 30, 2021, the factored accounts receivable with no advance amounting to \$893, \$958 and \$32,538, 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 June 30, 2022, December 31 and June 30, 2021, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of June 30, 2022, December 31 and June 30, 2021, the details of the factored accounts receivable but unsettled were as follows:

June 30, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	<u>\$ 17,668,721</u>	<u>-</u>	<u>17,667,828</u>	<u>893</u>	<u>-</u>	<u>17,668,721</u>	1.57%~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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Notes to Consolidated Financial Statements

June 30, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ 22,439,663	<u>-</u>	<u>22,407,125</u>	<u>32,538</u>	<u>-</u>	<u>22,439,663</u>	0.45%~0.85%

As of June 30, 2022, December 31 and June 30, 2021, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	\$ 26,596,328	22,625,832	24,696,670
Work in progress	14,520,592	9,683,904	9,405,000
Raw materials	105,884,391	82,224,084	83,533,708
Raw materials in transit	<u>1,458,875</u>	<u>478,545</u>	<u>1,044,860</u>
	<u>\$ 148,460,186</u>	<u>115,012,365</u>	<u>118,680,238</u>

- (i) For the three months and six months ended June 30, 2022 and 2021, inventory cost recognized as cost of sales amounted to \$256,010,307, \$252,222,686, \$514,096,202 and \$512,612,637, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted to \$930,972, \$614,603, \$1,530,250 and \$675,995 for the three months and six months ended June 30, 2022 and 2021, respectively.
- (iii) As of June 30, 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8). As of December 31 and June 30, 2021, the Group did not provide any inventories as collaterals for its loans.

(g) Non-current assets held for sale

To activate its assets, the Board of Directors of the Group resolved on May 7, 2021, to enter into an agreement regarding the disposal of property with a non-related party Kunshan Xingcheng Construction and Development Co., Ltd., and the transaction included the land use right and the existing buildings on the land at a consideration of \$4,147,946 (CNY956,012 thousand). The transaction was completed in the third quarter of 2021.

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

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

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

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

(h) Investments accounted for using equity method

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

	June 30, 2022	December 31, 2021	June 30, 2021
Associates	\$ 8,374,647	8,453,133	8,002,516
Joint venture	(18,069)	(17,587)	(16,811)
	8,356,578	8,435,546	7,985,705
Plus: credit balance of investment in equity method (other non-current liability)	44,003	43,020	42,746
Less: unrealized profits or losses	(117,047)	(109,254)	(109,942)
	\$ 8,283,534	8,369,312	7,918,509

(i) Associates

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

	June 30, 2022	December 31, 2021	June 30, 2021
Allied Circuit Co., Ltd. (“Allied Circuit”)	\$ 2,084,391	2,847,809	2,024,346
Avalue Technology Inc. (“Avalue”)	911,861	849,180	782,021
	\$ 2,996,252	3,696,989	2,806,367

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
The Group’s share of the gain (loss) of associates	\$ (15,132)	150,582	\$ (94,454)	190,550

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

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

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>	
Carrying amount of individually immaterial associates	\$ <u>8,374,647</u>	<u>8,453,133</u>	<u>8,002,516</u>	
	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
The Group's share of the net income (loss) of associates:				
Profit (loss) from continuing operations	\$ (15,132)	150,582	(94,454)	190,550
Other comprehensive income	<u>(157,699)</u>	<u>(41,665)</u>	<u>95,442</u>	<u>(81,937)</u>
Total comprehensive income	<u>\$ (172,831)</u>	<u>108,917</u>	<u>988</u>	<u>108,613</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.

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

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>June 30,</u> <u>2021</u>
The carrying amount of the Group's interests in all individually insignificant joint ventures	\$ <u>(18,069)</u>	<u>(17,587)</u>	<u>(16,811)</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	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><u>(1,345)</u></u>	<u><u>478</u></u>	<u><u>(1,327)</u></u>	<u><u>436</u></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 June 30, 2022, December 31 and June 30, 2021, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(i) 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 \$249,890 and \$2,078, respectively. If the transaction took place on January 1, 2022, the management estimates that the Group's revenue in 2022 would 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><u>353,046</u></u>
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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(ii) The identifiable assets acquired and the liabilities assumed

The fair value 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 the business of Poindus System and the Group business will be integrated to generate synergy.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(j) Changes in subsidiaries' equity

There were no significant transactions for the six months ended June 30, 2022 and 2021. Please refer to note (6)(i) of the consolidated financial statement for the year ended December 31, 2021.

(k) Material non-controlling interests of subsidiaries

There were no significant transactions for the six months ended June 30, 2022 and 2021. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2021.

(l) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2022 and 2021, were as follows:

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
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	340	24,364	1,089,417	1,188,401	443,626	2,746,148
Disposals and derecognitions	-	(88,141)	(201,483)	(514,839)	-	(804,463)
Reclassifications	-	33,425	499,840	74,162	(607,427)	-
Effect of movements in exchange rates	6,258	862,716	1,598,704	471,655	330,081	3,269,414
Balance on June 30, 2022	<u>\$ 2,483,517</u>	<u>18,216,163</u>	<u>34,992,902</u>	<u>13,057,155</u>	<u>4,760,036</u>	<u>73,509,773</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	479,748	163,478	1,119,993	729,196	3,407,632	5,900,047
Disposals and derecognitions	-	(3,007)	(594,431)	(506,517)	-	(1,103,955)
Transferred to non-current assets held for sale	-	(1,640,219)	-	(311,667)	-	(1,951,886)
Reclassifications	-	53,360	959,954	113,423	(1,126,737)	-
Effect of movements in exchange rates	(960)	(261,195)	(600,154)	(374,071)	(39,590)	(1,275,970)
Balance on June 30, 2021	<u>\$ 2,422,882</u>	<u>16,832,290</u>	<u>29,383,553</u>	<u>11,536,061</u>	<u>3,462,090</u>	<u>63,636,876</u>
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	-	433,557	1,506,523	794,975	-	2,735,055
Disposals and derecognitions	-	(87,594)	(153,820)	(476,356)	-	(717,770)
Effect of movements in exchange rates	-	482,380	557,851	718,783	-	1,759,014
Balance on June 30, 2022	<u>\$ -</u>	<u>11,817,865</u>	<u>23,165,060</u>	<u>10,080,093</u>	<u>-</u>	<u>45,063,018</u>

(Continued)

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

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Depreciation for the period	-	490,470	1,217,056	915,886	-	2,623,412
Disposals and derecognitions	-	(3,007)	(536,354)	(460,682)	-	(1,000,043)
Transferred to non-current assets held for sale	-	(521,765)	-	(309,083)	-	(830,848)
Effect of movements in exchange rates	-	(28,073)	(594,341)	(365,135)	-	(987,549)
Balance on June 30, 2021	<u>\$ -</u>	<u>10,792,734</u>	<u>20,658,006</u>	<u>8,337,532</u>	<u>-</u>	<u>39,788,272</u>
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 June 30, 2022	<u>\$ 2,483,517</u>	<u>6,398,298</u>	<u>11,827,842</u>	<u>2,977,062</u>	<u>4,760,036</u>	<u>28,446,755</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 June 30, 2021	<u>\$ 2,422,882</u>	<u>6,039,556</u>	<u>8,725,547</u>	<u>3,198,529</u>	<u>3,462,090</u>	<u>23,848,604</u>

As of June 30, 2022, December 31 and June 30, 2021, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(m) 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	11,216,024	230,052	34,146	7,832	11,488,054
Deductions	-	(284,214)	-	(6,907)	(291,121)
Effect of movements in exchange rates	73,747	38,187	926	82	112,942
Balance on June 30, 2022	<u>\$ 12,149,764</u>	<u>3,688,014</u>	<u>111,674</u>	<u>70,961</u>	<u>16,020,413</u>
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	450,157	-	11,536	461,693
Deductions	-	(69,468)	-	(7,425)	(76,893)
Transferred to non-current assets held for sale	(362,689)	-	-	-	(362,689)
Effect of movements in exchange rates	(36,284)	(13,820)	(198)	(21)	(50,323)
Balance on June 30, 2021	<u>\$ 869,156</u>	<u>3,745,336</u>	<u>76,732</u>	<u>79,059</u>	<u>4,770,283</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
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	28,940	406,446	6,147	9,777	451,310
Deductions	-	(228,605)	-	(6,907)	(235,512)
Effect of movements in exchange rates	16,341	10,680	708	64	27,793
Balance on June 30, 2022	<u>\$ 114,936</u>	<u>1,651,169</u>	<u>43,755</u>	<u>40,793</u>	<u>1,850,653</u>
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	13,347	399,990	6,175	10,575	430,087
Deductions	-	(68,069)	-	(7,425)	(75,494)
Transferred to non-current assets held for sale	(37,698)	-	-	-	(37,698)
Effect of movements in exchange rates	(10,232)	(5,537)	(151)	-	(15,920)
Balance on June 30, 2021	<u>\$ 20,173</u>	<u>1,502,073</u>	<u>30,773</u>	<u>49,499</u>	<u>1,602,518</u>
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 June 30, 2022	<u>\$ 12,034,828</u>	<u>2,036,845</u>	<u>67,919</u>	<u>30,168</u>	<u>14,169,760</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 June 30, 2021	<u>\$ 848,983</u>	<u>2,243,263</u>	<u>45,959</u>	<u>29,560</u>	<u>3,167,765</u>

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 registration procedures had been completed in May 2022, and the right-of-use assets and lease liabilities were recognized on the commencement date of the lease.

The related depreciation expenses of right-of-use assets and interest expenses of lease liabilities had met the conditions for capitalization and were included as the cost of assets. The above-mentioned depreciation expenses and interest expenses amounted to \$18,693 and \$3,707, respectively, and were capitalized under other non-current assets for the six months ended June 30, 2022, with a capitalization rate of 1.5%.

(n) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Unsecured bank loans	\$ 104,363,890	118,422,407	106,325,908
Secured bank loans	135	-	-
	<u>\$ 104,364,025</u>	<u>118,422,407</u>	<u>106,325,908</u>
Unused credit line for short-term borrowings	<u>\$ 169,041,000</u>	<u>113,777,000</u>	<u>109,458,000</u>
Range of interest rates	<u>0.05%~5.57%</u>	<u>0.05%~2.95%</u>	<u>0.40%~7.56%</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(ab).

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

(o) Long-term borrowings

The details of long-term borrowings were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank loans	\$ 34,975,000	24,300,000	16,320,000
Secured bank loans	624,850	660,513	690,325
Less: current portion	<u>(23,663,242)</u>	<u>(15,741,481)</u>	<u>(8,072,175)</u>
Total	<u>\$ 11,936,608</u>	<u>9,219,032</u>	<u>8,938,150</u>
Unused credit line for long-term borrowings	<u>\$ 5,924,000</u>	<u>12,345,000</u>	<u>17,939,000</u>
Range of interest rates	<u>0.68%~1.75%</u>	<u>0.62%~1.50%</u>	<u>0.55%~1.50%</u>

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

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

(p) Unsecured convertible corporate bonds

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

	June 30, 2022	December 31, 2021	June 30, 2021
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	-	(1,433)	(11,978)
Unamortized issuance costs on corporate bonds payable	-	(496)	(816)
Accumulated converted amount	(992,600)	(671,500)	(4,200)
Repayments of bonds payable	<u>(7,400)</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>326,571</u>	<u>983,006</u>
Balance of corporate bonds payable as of the reporting date	<u>\$ -</u>	<u>326,571</u>	<u>983,006</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 361</u>	<u>15,987</u>	<u>48,463</u>

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	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Interest expenses	\$ <u>17</u>	<u>3,461</u>	<u>763</u>	<u>6,918</u>

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

- (ii) The above-mentioned convertible corporate bonds were due on June 6, 2022, and the remaining unconverted corporate bonds were fully repaid by the Group in cash at the par value of \$7,400 on maturity in accordance with the conversion terms.
 - (iii) As of June 6, 2022 and June 30, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$321,100 and \$4,200 with a par value of \$38,920 and \$479, respectively, and the capital surplus were recognized for \$296,640 and \$3,856 (including the stock option conversion premium of \$15,626 and \$204 and the unamortized discounts on corporate bonds payable of \$1,166 and \$69, respectively).
 - (iv) There were no significant issues, repurchases of bonds payable as of June 6, 2022 and June 30, 2021. For related information, please refer to note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2021.
- (q) Lease liabilities

The details of leases liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ <u>2,034,225</u>	<u>625,292</u>	<u>660,304</u>
Non-current	\$ <u>9,659,720</u>	<u>1,679,504</u>	<u>1,683,685</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>9,386</u>	<u>12,104</u>	<u>24,232</u>	<u>23,773</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>243</u>	<u>799</u>	<u>743</u>	<u>1,386</u>
Expenses relating to leases of low- value assets or short-term leases	\$ <u>41,103</u>	<u>33,783</u>	<u>116,779</u>	<u>70,010</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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The amounts recognized in the consolidated statement of cash flows for the Group were as follows:

	For the six months ended	
	June 30,	
	2022	2021
Total cash outflow for leases	\$ 2,259,850	499,236

(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. The Group obtained the superficies of Beitou District, Taipei City in May 2022. Please refer to note (6)(m).

(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.

(r) Provisions

There is no significant changes of provisions for the six months ended June 30, 2022 and 2021. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2021 for related information.

(s) 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.

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Operating cost	\$ 246	244	500	498
Selling expenses	202	150	377	309
Administrative expenses	683	552	1,407	1,113
Research and development expenses	1,806	1,441	3,546	2,948
Total	\$ 2,937	2,387	5,830	4,868

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(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 \$118,663, \$117,853, \$239,524 and \$236,699 for the three months and six months ended June 30, 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 \$339,739, \$279,188, \$655,377 and \$529,014 for the three months and six months ended June 30, 2022 and 2021, respectively.

(t) 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		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Current tax expense	\$ <u>509,141</u>	<u>728,187</u>	<u>1,129,883</u>	<u>1,488,193</u>

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of the defined benefit liability	\$ (329)	(178)	(329)	(178)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>(60,942)</u>	<u>49,476</u>	<u>(86,592)</u>	<u>67,857</u>
	<u>\$ (61,271)</u>	<u>49,298</u>	<u>(86,921)</u>	<u>67,679</u>

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	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences of foreign operations	\$ (15,810)	(11,377)	(40)	(11,454)
Gains (losses) on hedging instrument	11,318	-	11,318	-
	<u>\$ (4,492)</u>	<u>(11,377)</u>	<u>11,278</u>	<u>(11,454)</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, Ripal, Mactech, GLB, Arcadyan and Aco Healthcare through 2020, of Rayonnant Technology, HengHao, Poindus Systems, Poindus Investment, RBL, CBN and TTI through 2019.

(u) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Additional paid-in capital	\$ 1,898,480	3,660,119	3,660,158
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	158,591	122,675	64,342
Changes in equity of associates and joint ventures accounted for using equity method	284,594	283,363	282,801
	<u>\$ 5,100,399</u>	<u>6,724,856</u>	<u>6,666,000</u>

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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><u>7,051,435</u></u>	1.2	<u><u>5,288,576</u></u>

(Continued)

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 six months ended June 30, 2022 and 2021. As of June 30, 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 22.75, 24.20 and 22.35 New Taiwan dollars per share as of June 30, 2022, December 31 and June 30, 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	4,918,067	(977,848)	15,126	3,955,345
Associates	118,664	(1,787)	-	116,877
Balance on June 30, 2022	<u>\$ (3,707,974)</u>	<u>(441,805)</u>	<u>15,251</u>	<u>(4,134,528)</u>
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	(1,382,758)	546,291	7,058	(829,409)
Associates	(72,297)	9,100	-	(63,197)
Balance on June 30, 2021	<u>\$ (8,344,032)</u>	<u>178,439</u>	<u>6,279</u>	<u>(8,159,314)</u>

(v) Share-based payment

There were no significant changes in share-based payment during the six months ended June 30, 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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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(w) Earnings per share

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

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>2,017,493</u>	<u>2,466,990</u>	<u>4,174,671</u>	<u>5,087,154</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>2,017,493</u>	<u>2,466,990</u>	<u>4,174,671</u>	<u>5,087,154</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares				
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130	4,357,130	4,357,130
Effect of potential diluted common stock				
Employee compensation (in thousands)	<u>19,020</u>	<u>24,408</u>	<u>40,599</u>	<u>43,866</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,376,150</u>	<u>4,381,538</u>	<u>4,397,729</u>	<u>4,400,996</u>

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

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 112,768,147	4,737,423	117,505,570
China	30,582,888	154,064	30,736,952
Netherlands	17,759,103	320,392	18,079,495
Germany	10,450,899	809,963	11,260,862
United Kingdom	8,775,428	887,479	9,662,907
Others	74,425,182	3,978,876	78,404,058
	<u>\$ 254,761,647</u>	<u>10,888,197</u>	<u>265,649,844</u>
Major products:			
5C related electronics products	\$ 253,701,317	10,550,417	264,251,734
Others	1,060,330	337,780	1,398,110
	<u>\$ 254,761,647</u>	<u>10,888,197</u>	<u>265,649,844</u>
	For the three months ended June 30, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 105,311,254	1,624,247	106,935,501
China	32,761,216	148,951	32,910,167
Netherlands	18,378,193	446,214	18,824,407
United Kingdom	9,806,144	1,524,357	11,330,501
Others	85,188,865	5,804,593	90,993,458
	<u>\$ 251,445,672</u>	<u>9,548,362</u>	<u>260,994,034</u>
Major products:			
5C related electronics products	\$ 251,041,954	9,291,943	260,333,897
Others	403,718	256,419	660,137
	<u>\$ 251,445,672</u>	<u>9,548,362</u>	<u>260,994,034</u>

(Continued)

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

	For the six months ended June 30, 2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 212,071,156	7,888,831	219,959,987
China	64,470,934	196,132	64,667,066
Netherlands	34,302,960	679,268	34,982,228
Germany	24,851,751	1,946,776	26,798,527
United Kingdom	19,744,633	2,410,698	22,155,331
Others	156,878,213	8,066,171	164,944,384
	<u>\$ 512,319,647</u>	<u>21,187,876</u>	<u>533,507,523</u>
Major products:			
5C related electronics products	\$ 510,518,525	20,425,658	530,944,183
Others	1,801,122	762,218	2,563,340
	<u>\$ 512,319,647</u>	<u>21,187,876</u>	<u>533,507,523</u>
	For the six months ended June 30, 2021		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United States	\$ 204,080,156	3,667,701	207,747,857
China	64,381,890	238,233	64,620,123
Netherlands	38,796,373	864,991	39,661,364
United Kingdom	23,504,278	3,402,894	26,907,172
Others	181,049,693	10,999,358	192,049,051
	<u>\$ 511,812,390</u>	<u>19,173,177</u>	<u>530,985,567</u>
Major products:			
5C related electronics products	\$ 510,876,877	18,740,242	529,617,119
Others	935,513	432,935	1,368,448
	<u>\$ 511,812,390</u>	<u>19,173,177</u>	<u>530,985,567</u>
(ii) Contract balances			
	June 30, 2022	December 31, 2021	June 30, 2021
Notes and accounts receivable (including related parties)	\$ 227,825,339	294,057,802	209,191,956
Less: allowance for impairment	(3,902,959)	(3,891,948)	(3,913,308)
Total	<u>\$ 223,922,380</u>	<u>290,165,854</u>	<u>205,278,648</u>
Contract liabilities	<u>\$ 1,020,810</u>	<u>1,065,954</u>	<u>848,531</u>

(Continued)

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

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

The amount of revenue recognized for the six months ended June 30, 2022 and 2021 that were included in the balance of contract liability at the beginning of the period was \$462,999 and \$631,555, 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.

(y) 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 \$207,626, \$262,920, \$432,716 and \$545,508, and directors' compensation of \$10,979, \$13,903, \$22,882 and \$28,846 for the three months and six months ended June 30, 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.

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

(z) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 644,883	483,453	1,254,831	982,923
Other interest income	809	44	1,559	78
Total interest income	<u>\$ 645,692</u>	<u>483,497</u>	<u>1,256,390</u>	<u>983,001</u>

(ii) Other income

The other incomes for the three months and six months ended June 30, 2022 and 2021, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Dividend revenue	\$ 89,636	74,448	106,644	82,647
Other revenue	93,716	76,522	217,001	155,967
	<u>\$ 183,352</u>	<u>150,970</u>	<u>323,645</u>	<u>238,614</u>

(iii) Other gains and losses

The other gains and losses for the three months and six months ended June 30, 2022 and 2021, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ 410,738	(423,986)	(474,583)	(14,279)
Foreign currency exchange gains (losses), net	107,065	794,420	925,502	444,171
Gains (losses) on disposal of property, plant, and equipment	(6,679)	(20,233)	(16,090)	(18,390)
	<u>\$ 511,124</u>	<u>350,201</u>	<u>434,829</u>	<u>411,502</u>

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

(aa) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months and six months ended June 30, 2022 and 2021, were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Cash flow hedge:				
Gains (losses) from current period	\$ 63,549	13,198	97,549	25,173
Less: reclassification of gains (losses) included in profit or loss	<u>40,958</u>	<u>2,705</u>	<u>40,958</u>	<u>4,931</u>
Profit (loss) recognized in other comprehensive income	<u><u>\$ 22,591</u></u>	<u><u>10,493</u></u>	<u><u>56,591</u></u>	<u><u>20,242</u></u>

(ab) 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.

(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 six months ended June 30, 2022 and 2021 were as follows:

	Other receivables
Balance on January 1, 2022	\$ 2,973
Impairment losses recognized (reversed)	<u>(458)</u>
Balance on June 30, 2022	<u><u>\$ 2,515</u></u>
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	<u>95</u>
Balance on June 30, 2021	<u><u>\$ 2,487</u></u>

(Continued)

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

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
June 30, 2022					
Non-derivative financial liabilities					
Secured borrowings	\$ 624,985	(624,985)	(88,377)	(178,366)	(358,242)
Unsecured borrowings	139,338,890	(139,338,890)	(127,938,890)	(3,750,000)	(7,650,000)
Lease liabilities – current and non-current	11,693,945	(13,024,960)	(2,114,921)	(1,909,711)	(9,000,328)
Notes and accounts payable	211,078,227	(211,078,227)	(211,078,227)	-	-
Other payables and dividends payable	31,990,438	(3,190,438)	(3,190,438)	-	-
Derivative financial liabilities					
Forward exchange contracts:	270				
Outflow		(24,200)	(24,200)	-	-
Inflow		23,736	23,736	-	-
Currency swap contracts:	49,950				
Outflow		(1,780,200)	(1,780,200)	-	-
Inflow		1,731,020	1,731,020	-	-
	<u>\$ 394,776,705</u>	<u>(367,307,144)</u>	<u>(344,460,497)</u>	<u>(5,838,077)</u>	<u>(17,008,570)</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>

(Continued)

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

June 30, 2021	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
Non-derivative financial liabilities					
Secured borrowings	\$ 690,325	(690,325)	(77,175)	(37,800)	(575,350)
Unsecured borrowings	122,645,908	(122,645,908)	(114,320,908)	(7,325,000)	(1,000,000)
Lease liabilities— current and non-current	2,343,989	(2,449,223)	(697,080)	(516,249)	(1,235,894)
Notes and accounts payable	180,106,009	(180,106,009)	(180,106,009)	-	-
Other payables and dividends payable	23,998,689	(23,998,689)	(23,998,689)	-	-
Bonds payable	983,006	(995,800)	(995,800)	-	-
Derivative financial liabilities					
Currency swap contracts:	178,483				
Outflow		(4,503,691)	(4,503,691)	-	-
Inflow		4,249,436	4,249,436	-	-
Currency swap contracts:	2,609				
Outflow		(655,533)	(655,533)	-	-
Inflow		652,289	652,289	-	-
	<u>\$ 330,949,018</u>	<u>(331,143,453)</u>	<u>(320,453,160)</u>	<u>(7,879,049)</u>	<u>(2,811,244)</u>

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

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	\$ 12,682,761	29.72	376,931,657	18,449,976	27.68	510,695,336	12,100,886	27.86	337,130,684
USD to CNY	21,816	6.6951	648,372	26,386	6.378	730,364	18,557	6.4604	516,998
EUR to TWD	86,240	31.05	2,677,752	83,417	31.32	2,612,620	60,341	33.15	2,000,304
CNY to USD	3,361,217	0.1494	14,924,368	3,451,738	0.1568	14,981,316	3,823,064	0.1548	16,487,835
Non-monetary items									
THB to TWD	608,942	0.8441	514,008	842,184	0.8261	695,728	893,017	0.8721	778,800
Financial liabilities									
Monetary items									
USD to TWD	12,257,646	29.72	364,297,239	17,976,968	27.68	497,602,474	12,349,115	27.86	344,046,344
USD to CNY	1,176	6.6951	34,951	1,170	6.378	32,386	2,465	6.4604	68,675
USD to BRL	237,707	5.238	7,064,652	197,060	5.5805	5,454,621	147,885	5.0022	4,120,076
EUR to TWD	39,501	31.05	1,226,506	27,835	31.32	871,792	12,755	33.15	422,828
CNY to USD	3,328,777	0.1494	14,780,329	3,269,701	0.1568	14,191,235	3,044,431	0.1548	13,129,803

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of June 30, 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>June 30, 2022</u>	<u>June 30, 2021</u>
USD (against the TWD)		
Strengthening 5%	\$ 631,721	(345,783)
Weakening 5%	(631,721)	345,783
USD (against the CNY)		
Strengthening 5%	30,671	22,416
Weakening 5%	(30,671)	(22,416)
USD (against the BRL)		
Strengthening 5%	(353,233)	(206,004)
Weakening 5%	353,233	206,004
EUR (against the TWD)		
Strengthening 5%	72,562	78,874
Weakening 5%	(72,562)	(78,874)
CNY (against the USD)		
Strengthening 5%	7,202	167,902
Weakening 5%	(7,202)	(167,902)

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2022 and 2021, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$107,065, \$794,420, \$925,502 and \$444,171, respectively.

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

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the six months ended June 30, 2022 and 2021, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the six months ended June 30,	
	2022	2021
Interest increased by 0.25%	\$ 16,924	13,232
Interest decreased by 0.25%	(16,924)	(13,232)

(v) Fair value information

1) The categories and fair value of financial instruments

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

	June 30, 2022				Total
	Book value	Fair Value			
	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	\$ 237,519	-	237,519	-	237,519
Non-derivative financial assets mandatorily measured at fair value through profit or loss	4,449,225	-	3,909,760	539,465	4,449,225
Subtotal	4,686,744				

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	June 30, 2022				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Derivative financial assets for hedging	<u>56,591</u>	-	56,591	-	56,591
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,703,207	2,703,207	-	-	2,703,207
Stocks listed on foreign markets	514,008	514,008	-	-	514,008
Stocks unlisted on domestic markets	1,973,003	-	-	1,973,003	1,973,003
Stocks unlisted on foreign markets	216,402	-	-	216,402	216,402
Accounts receivable	<u>31,372,469</u>	-	31,372,469	-	31,372,469
Subtotal	<u>36,779,089</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	84,858,805	-	-	-	-
Notes and accounts receivable, net	188,915,940	-	-	-	-
Notes and accounts receivable due from related parties, net	3,633,971	-	-	-	-
Other receivables	2,617,658	-	-	-	-
Other current assets (restricted assets)	711,061	-	-	-	-
Refundable deposits	851,226	-	-	-	-
Other non-current assets (restricted assets)	<u>952,256</u>	-	-	-	-
Subtotal	<u>282,540,917</u>				
Total	<u>\$ 324,063,341</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	<u>\$ 50,220</u>	-	50,220	-	50,220
Financial liabilities measured at amortized cost					
Short-term borrowings	104,364,025	-	-	-	-
Notes and accounts payable	205,007,475	-	-	-	-
Notes and accounts payable to related parties	6,070,752	-	-	-	-
Other payables and dividends payable	31,990,438	-	-	-	-
Lease liabilities— current and non-current	11,693,945	-	-	-	-
Long-term borrowings current portion	23,663,242	-	-	-	-
Long-term borrowings	11,936,608	-	-	-	-
Deposits received	<u>395,791</u>	-	-	-	-
Subtotal	<u>395,122,276</u>				
Total	<u>\$ 395,172,496</u>				

(Continued)

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

	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>				

(Continued)

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

	June 30, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 22,831	-	22,831	-	22,831
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>1,315,519</u>	-	1,092,417	223,102	1,315,519
Subtotal	<u>1,338,350</u>				
Derivative financial assets for hedging	<u>18,050</u>	-	18,050	-	18,050
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,671,532	2,671,532	-	-	2,671,532
Stocks listed on foreign markets	778,800	778,800	-	-	778,800
Stocks unlisted on domestic markets	2,285,218	-	-	2,285,218	2,285,218
Stocks unlisted on foreign markets	352,487	-	-	352,487	352,487
Accounts receivable	<u>29,823,608</u>	-	29,823,608	-	29,823,608
Subtotal	<u>35,911,645</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	79,469,866	-	-	-	-
Notes and accounts receivable, net	175,421,885	-	-	-	-
Notes and accounts receivable due from related parties, net	33,155	-	-	-	-
Other receivables	2,262,922	-	-	-	-
Other current assets (restricted assets)	41,090	-	-	-	-
Refundable deposits	855,345	-	-	-	-
Other non-current assets (restricted assets)	<u>500</u>	-	-	-	-
Subtotal	<u>258,084,763</u>				
Total	<u>\$ 295,352,808</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>181,092</u>	-	181,092	-	181,092
Financial liabilities measured at amortized cost					
Short-term borrowings	106,325,908	-	-	-	-
Notes and accounts payable	177,919,901	-	-	-	-
Notes and accounts payable to related parties	2,186,108	-	-	-	-
Other payables and dividends payable	23,998,689	-	-	-	-
Bonds payable	983,006	-	-	-	-
Lease liabilities—current and non-current	2,343,989	-	-	-	-
Long-term borrowings current portion	8,072,175	-	-	-	-
Long-term borrowings	8,938,150	-	-	-	-
Deposits received	<u>390,878</u>	-	-	-	-
Subtotal	<u>331,158,804</u>				
Total	<u>\$ 331,339,896</u>				

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

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

The Group estimates financial instruments that not measured at fair value by methods and assumption as follows:

a) Financial 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
Notes to Consolidated Financial Statements

b) Derivative financial instruments

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

4) Transfer from one level to another

There was no transfer from one level to another in the six months ended June 30, 2022 and 2021.

5) Changes in level 3

The change in level 3 at fair value in the six months ended June 30, 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	(2,922)	-	(2,922)
In other comprehensive income	-	(212,868)	(212,868)
Purchased	282,609	205,881	488,490
Proceeds from liquidation and capital reduction of investments	-	(2,010)	(2,010)
Effect of changes in exchange rates	-	9,277	9,277
Balance on June 30, 2022	<u>\$ 539,465</u>	<u>2,189,405</u>	<u>2,728,870</u>
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	6,643	-	6,643
In other comprehensive income	-	100,185	100,185
Purchased	14,850	187,540	202,390
Disposal	-	(104)	(104)
Effect of changes in exchange rates	-	(2,835)	(2,835)
Balance on June 30, 2021	<u>\$ 223,102</u>	<u>2,637,705</u>	<u>2,860,807</u>

For the six months ended June 30, 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 six months ended June 30,	
	2022	2021
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	<u>\$ (2,922)</u>	<u>6,643</u>

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

	For the six months ended	
	June 30,	
	2022	2021
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ (212,868)	100,316
6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement		

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

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

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.62~4.78, 1.82~11.62 and 1.79~7.95, respectively, on June 30, 2022, December 31 and June 30, 2021) Multiples of earnings (1.42, 16.37~27.97 and 17.69, respectively, on June 30, 2022, December 31 and June 30, 2021) Lack-of-Marketability discount rate (40%~85%, 40%~85% and 35%~85%, respectively, on June 30, 2022, December 31 and June 30, 2021)	The higher the multiple is, the higher the fair value will be. The higher the multiple is, the higher the fair value will be. The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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

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

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

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

		<u>Move up or down</u>	<u>Other comprehensive income</u>	
<u>Input</u>			<u>Favorable change</u>	<u>Unfavorable change</u>
June 30, 2022				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>10,440</u>	<u>9,266</u>
	Multiples of earnings	5%	\$ <u>6,260</u>	<u>5,880</u>
	Lack-of-Marketability discount rate	5%	\$ <u>6,410</u>	<u>7,964</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>
June 30, 2021				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>49,599</u>	<u>46,664</u>
	Multiples of earnings	5%	\$ <u>5,258</u>	<u>4,962</u>
	Lack-of-Marketability discount rate	5%	\$ <u>2,719</u>	<u>671</u>

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

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

8) Offsetting financial assets and financial liabilities

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

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

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

June 30, 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>371,098,249</u>	<u>371,098,249</u>	<u>-</u>
	(USD <u>12,486,482</u>)	(USD <u>12,486,482</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>)	

June 30, 2021			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	\$ <u>374,887,020</u>	<u>374,887,020</u>	<u>-</u>
	(USD <u>13,455,791</u>)	(USD <u>13,455,791</u>)	

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

(ac) 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.

(ad) 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.

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

The Group's investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2022 and 2021 were acquisition of right-of-use assets by leasing, please refer to note (6)(m).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flow	Other non-cash changes	June 30, 2022
Short-term borrowings	\$ 118,422,407	(14,058,650)	268	104,364,025
Bonds payable	326,571	(7,400)	(319,171)	-
Long-term borrowings	24,960,513	10,639,337	-	35,599,850
Lease liabilities	2,304,796	(2,118,096)	11,507,245	11,693,945
Deposits received and others	366,068	84,306	982	451,356
Total liabilities from financing activities	<u>\$ 146,380,355</u>	<u>(5,460,503)</u>	<u>11,189,324</u>	<u>152,109,176</u>
	January 1, 2021	Cash flow	Other non-cash changes	June 30, 2021
Short-term borrowings	\$ 92,838,733	13,487,175	-	106,325,908
Bonds payable	980,219	-	2,787	983,006
Long-term borrowings	19,334,353	(2,324,028)	-	17,010,325
Lease liabilities	2,287,762	(404,067)	460,294	2,343,989
Deposits received and others	340,131	105,646	(431)	445,346
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>10,864,726</u>	<u>462,650</u>	<u>127,108,574</u>

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

(7) Related-party transactions:

(a) Name and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Kinpo Group Management Service Company (“Kinpo Group Management Service”)	An associate
Hong Ya Technology Co., Ltd. (“Hong Ya”)	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
Jipo Investment Inc. (“Jipo Investment”)	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:

	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 172,656	162,301	353,916	340,282
Post-employment benefits	1,928	1,964	3,854	3,969
Share-based payments	<u>3,081</u>	<u>1,443</u>	<u>6,744</u>	<u>2,886</u>
	<u>\$ 177,665</u>	<u>165,708</u>	<u>364,514</u>	<u>347,137</u>

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

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Associates	\$ 48,812	47,492	99,131	91,848
Other related parties	2,117	2,313	2,567	33,793
	\$ 50,929	49,805	101,698	125,641

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

(ii) Purchase of goods from related parties

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Associates	\$ 1,245,699	1,618,356	2,522,104	2,829,811
Other related parties	6,055,423	989,001	11,421,549	1,923,047
	\$ 7,301,122	2,607,357	13,943,653	4,752,858

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

(iii) Receivables due from relate parties

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

Account	Related party categories	June 30, 2022	December 31, 2021	June 30, 2021
Notes and accounts receivable	Associates	\$ 32,705	31,640	33,155
Notes and accounts receivable	Other related parties	3,601,266	1,697,692	-
Other receivables	Associates	1,009	2,463	1,149
Other receivables	Other related parties	13,677	45	156
		\$ 3,648,657	1,731,840	34,460

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

(iv) Payables to related parties

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

<u>Account</u>	<u>Related party categories</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes and accounts payable	Associates	\$ 1,256,204	1,992,718	1,149,932
Notes and accounts payable	Other related parties	4,814,548	1,524,606	1,036,176
Other payables	Associates	650	35	39
Other payables	Other related parties	7,062	19,542	-
		<u>\$ 6,078,464</u>	<u>3,536,901</u>	<u>2,186,147</u>

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Inventories	Bank loans	\$ 64,318	-	-
Other current assets	Bail for court mandatory execution	-	-	41,090
Other current assets	Customs deposit	336,523	336,523	-
Other current assets	Pledged deposit	374,538	96,880	-
Property, plant, and equipment	Bank loans	456,669	466,320	476,450
Other non-current assets	Customs deposit	500	500	500
Other non-current assets	Pledged deposit	951,756	544,184	-
		<u>\$ 2,184,304</u>	<u>1,444,407</u>	<u>518,040</u>

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

(9) Commitments and contingencies:

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. After accepting the case, the Taipei District Court declared that the judgement whether the Group violates the Trade Secret Law should depend on whether the employee actually had violated the Trade Secret Law and Copyright Law. Therefore, the case is determined to be paused until the judgements of the criminal cases of the employee are made at the beginning of the year. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (c) As of June 30, 2022, December 31 and June 30, 2021, the Group's signed commitments to purchase property, plant and equipment amounted to \$189,739, \$290,063 and \$259,480, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events:

- (a) In order to meet the operational needs, Arcadyan Vietnam signed a plant expansion contract with a non-related party on July 22 and August 12, 2022, for a total contract amount of \$1,254,182 (VND 994,500,000 thousand).
- (b) On August 4, 2022, the Group signed the contract of the New Taipei City RuiFang District Medical and Long Term Care Facility BOT+BTO Project with the Department of Health of the New Taipei City Government. The Group acquired the right to build and operate, including the building, operation, and transfer of a hospital (under the BOT model), and the building, transfer, and operation of a long-term care facility (under the BTO model). The term of the contract is 50 years, and the relevant matters will be handled in accordance with the contract.

(Continued)

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

(12) Other:

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

By function By item	Three months ended June 30, 2022			Three months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	4,003,715	3,869,334	7,873,049	3,618,730	3,506,758	7,125,488
Labor and health insurance	290,914	243,760	534,674	253,751	225,295	479,046
Pension	305,997	155,342	461,339	262,362	137,066	399,428
Others	785,354	163,240	948,594	541,653	148,957	690,610
Depreciation	1,409,030	275,638	1,684,668	1,243,122	270,743	1,513,865
Amortization	12,084	110,058	122,142	21,575	152,701	174,276

By function By item	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	8,149,437	7,393,473	15,542,910	7,707,156	6,796,359	14,503,515
Labor and health insurance	560,175	505,042	1,065,217	491,953	460,396	952,349
Pension	590,139	310,592	900,731	494,713	275,868	770,581
Others	1,753,348	346,854	2,100,202	1,103,883	295,913	1,399,796
Depreciation	2,594,215	573,457	3,167,672	2,485,081	568,418	3,053,499
Amortization	21,380	210,922	232,302	33,173	276,112	309,285

- (b) Seasonality of operations

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

(13) Other disclosures:

- (a) Information on significant transactions

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

(Continued)

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

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
- (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (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 6
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
- (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 8
- (b) Information on investees: Please refer to Table 9
- (c) Information on investment in mainland China: Please refer to Table 10
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Yuanta Taiwan Dividend Plus ETF		231,523,826	5.25 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

(14) Segment information:

	<u>Three months ended June 30, 2022</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ <u>254,761,647</u>	<u>10,888,197</u>	<u>265,649,844</u>
Reportable segment profit	\$ <u>2,262,163</u>	<u>535,744</u>	<u>2,797,907</u>

(Continued)

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

	Three months ended June 30, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ 251,445,672	9,548,362	260,994,034
Reportable segment profit	\$ 2,948,382	500,168	3,448,550
	Six months ended June 30, 2022		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ 512,319,647	21,187,876	533,507,523
Reportable segment profit	\$ 4,780,205	1,043,089	5,823,294
	Six months ended June 30, 2021		
	Information technology product segment	Strategically integrated product segment	Total
Revenue			
Revenue from external customers	\$ 511,812,390	19,173,177	530,985,567
Reportable segment profit	\$ 6,032,085	1,085,106	7,117,191

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

Table 1 Loans to other parties:
(June 30, 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	233,740	233,740	233,740	1.02%~1.08%	Short-term financing	-	Operating demand	-	-	-	22,181,656	44,363,312	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	22,181,656	44,363,312	(Note 1)
0	The Company	CEB	Other receivables	Y	1,337,400	743,000	743,000	1.02%~2.5875%	Short-term financing	-	Operating demand	-	-	-	22,181,656	44,363,312	(Note 1)
0	The Company	CEA	Other receivables	Y	2,229,000	1,634,600	1,634,600	1.02%~2.5875%	Short-term financing	-	Operating demand	-	-	-	22,181,656	44,363,312	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	-	1.10%	Short-term financing	-	Operating demand	-	-	-	600,045	44,363,312	(Note 1)
1	CIH	CEP	Other receivables	Y	59,440	59,440	59,440	3.50%	Short-term financing	-	Operating demand	-	-	-	37,397,344	37,397,344	(Note 2)
2	CPC	CIC	Other receivables	Y	450,600	443,900	443,900	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,080,400	2,080,400	1,676,208	1.86%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	74,300	74,300	-	1.86%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	891,600	891,600	891,600	1.86%	Short-term financing	-	Operating financing	-	-	-	22,323,113	22,323,113	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,040,200	1,040,200	1,040,200	1.86%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
4	CPO	CIT	Other receivables	Y	675,900	665,850	665,850	2.20%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
5	CET	BT	Other receivables	Y	270,360	266,340	177,560	2.00%	Short-term financing	-	Operating demand	-	-	-	4,787,996	4,787,996	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,200,000	1,200,000	600,000	1.53%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 7)
6	Panpal	HengHao	Other receivables	Y	600,000	-	-	1.53%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 7)
6	Panpal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	-	-	1.53%	Short-term financing	-	Operating demand	-	-	-	18,190	2,344,758	(Note 7)
6	Panpal	HengHao	Other receivables	Y	600,000	600,000	600,000	1.53%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	1,634,600	1,634,600	594,400	1.86%	Short-term financing	-	Operating demand	-	-	-	8,676,306	8,676,306	(Note 8)
8	BSH	CIN	Other receivables	Y	297,200	297,200	297,200	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	1.53%	Short-term financing	-	Operating demand	-	-	-	858,556	858,556	(Note 10)
9	Gempal	Ray-Kwong Medical Management	Other receivables	Y	10,000	10,000	10,000	1.53%	Short-term financing	-	Operating demand	-	-	-	18,190	858,556	(Note 10)
10	Hong Ji	Kinpo & Compal Group Assets Development	Other receivables	Y	200,000	200,000	200,000	1.53%	Short-term financing	-	Operating demand	-	-	-	454,715	454,715	(Note 11)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	35,867	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,518,208	5,036,416	(Note 12)
11	Arcadyan	Arcadyan Brasil	Other receivables	Y	59,340	59,340	38,571	1.00%	Short-term financing	-	Operating financing	-	-	-	2,518,208	5,036,416	(Note 12)
11	Arcadyan	Arcadyan Vietnam	Other receivables	Y	280,250	-	-	1.00%	Transaction for business between two parties	4,658,190	-	-	-	-	2,518,208	5,036,416	(Note 12)
11	Arcadyan	Arcadyan Vietnam	Other receivables	Y	296,700	296,700	-	1.00%	Transaction for business between two parties	14,182,260	-	-	-	-	2,518,208	5,036,416	(Note 12)
11	Arcadyan	Arcadyan Russia	Other receivables	Y	29,670	29,670	-	1.00%	Transaction for business between two parties	404,610	-	-	-	-	323,688	5,036,416	(Note 12)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(June 30, 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			
12	Arcadyan Holding	CNC	Other receivables	Y	504,390	504,390	504,390	1.00%	Short-term financing	-	Operating financing	-	-	-	2,535,097	2,535,097	(Note 13)
13	Poindus Systems	Adasys	Other receivables	Y	20,520	20,332	20,332	2.00%	Transaction for business between two parties	101,599	-	-	-	-	51,752	207,009	(Note 14)
13	Poindus Systems	Poindus UK	Other receivables	Y	26,093	23,712	23,712	1.00%	Transaction for business between two parties	92,745	-	-	-	-	39,102	207,009	(Note 14)
13	Poindus Systems	Poindus UK	Other receivables	Y	24,506	23,712	-	1.00%	Transaction for business between two parties	92,745	-	-	-	-	51,752	207,009	(Note 14)

Note 1: According to the Company's "Procedures of Lending Funds to Other Parties", the total amount of loans lent 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 calculated together with the amount of guarantee endorsed by the Company for the company. In addition, the Company shall not limit the total amount of loans to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares to 80% of the aforementioned amount, but the maximum amount shall not exceed 50% of the Company's total funds lending limit, and shall be calculated together with the amount of guarantees endorsed by the Company for such companies.

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

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

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 Pampal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Pampal. When a short-term financing facility with Pampal 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 Pampal'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 Pampal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 8: 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 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' for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Poindus Systems. To borrowers having business relationship with Poindus Systems, 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 Poindus Systems. Also, the amount shall be combined with the Poindus Systems' endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Poindus Systems' 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 Poindus Systems, and shall be combined with the Poindus Systems' endorsements/guarantees for the borrower when calculating.

Note 15: The transactions had been eliminated in the consolidated financial statements.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties:

(June 30, 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	CEP	(Note 4)	27,727,070	95,386	78,505	78,505	-	0.07%	55,454,141	Y	-	-
0	The Company	CEB	(Note 5)	27,727,070	121,852	121,852	121,852	-	0.11%	55,454,141	Y	-	-
0	The Company	CEA	(Note 5)	27,727,070	187,236	80,244	80,244	-	0.07%	55,454,141	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	27,727,070	27,036	26,634	26,634	-	0.02%	55,454,141	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,678,805	222,525	222,525	-	-	1.77%	5,036,416	Y	-	-
2	Poindus Systems	Qijie	(Note 5)	103,505	29,725	29,725	-	-	5.74%	258,762	Y	-	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: According to Poindus Systems' Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Poindus Systems and its subsidiaries are permitted to make shall not exceed 40% of the Poindus Systems' net worth. Endorsements/guarantees Poindus Systems and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

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

Note 5: 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 June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):
(June 30, 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	477,486	3%	477,486	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,618,771	9%	1,618,771	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	514,008	5%	514,008	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	22,467	10%	22,467	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	14,864	11%	14,864	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	17,400	3%	17,400	
	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	21,001	1%	21,001	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	7%	36,000	
	Genovior Biotech Crop.	-	Financial assets at fair value through other comprehensive income-non-current	3,846	15,038	2%	15,038	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	136,286	-	136,286	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	94,782	2%	94,782	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	54,650	8%	54,650	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	61,140	19%	61,140	
	Others	-	Financial assets at fair value through profit or loss and other comprehensive income		79,160	-	79,160	
	Total				<u>3,264,729</u>			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	719,994	1%	719,994	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	905,274	5%	905,274	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	711,720	5%	711,720	
	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	163,488	1%	163,488	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	110,125	6%	110,125	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	6,995	127,305	4%	127,305	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		14,938	-	14,938	
	Total				<u>2,752,844</u>			

(Continued)

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

Table 3 Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):
 (June 30, 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	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	417,903	-	417,903	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	110,092	6%	110,092	
	Others		Financial assets at fair value through other comprehensive income-non-current		1,431	-	1,431	
	Total				<u>529,426</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	-	50,754	7%	50,754	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	58,542	5%	58,542	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	(Note 2)
	Total				<u>109,296</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>11,370</u>	-	11,370	
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>133,740</u>	1%	133,740	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,438</u>	17%	4,438	
CPC	Structured Deposits-Bank of China RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>451,419</u>	-	451,419	
CPC	Bank of Communications Yuntong Wealth Time-type structured deposit products	-	Financial assets at fair value through profit or loss-current	-	<u>225,572</u>	-	225,572	
CIT	Structured Deposits-Bank of China RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>1,128,548</u>	-	1,128,548	
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit products	-	Financial assets at fair value through profit or loss-current	-	<u>451,143</u>	-	451,143	
CIC	Bank of Communications Yuntong Wealth Time-type structured deposit products	-	Financial assets at fair value through profit or loss-current	-	<u>225,572</u>	-	225,572	

(Continued)

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

Table 3 Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(June 30, 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>677,128</u>	-	677,128
CET	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB Structured	-	Financial assets at fair value through profit or loss-current	-	<u>451,419</u>	-	451,419
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non current	-	<u>266,344</u>	-	266,344
BSH	CitiBank RED ARC TERMLIQUIDITY FUND	-	Financial assets at fair value through profit or loss-current	-	<u>298,959</u>	-	298,959
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non current	-	<u>11,795</u>	-	11,795

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

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

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:

(For the six months ended June 30, 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	-	-	-	-	-	(25,971)	11,768	327,075
CPC	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	443,259	-	-	-	-	-	8,160 (Note 2)	-	451,419
CIT	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	1,108,148	-	-	-	-	-	20,400 (Note 2)	-	1,128,548
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.	-	-	-	-	443,259	-	-	-	-	-	7,884 (Note 2)	-	451,143
CIC	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	664,889	-	-	-	-	-	12,239 (Note 2)	-	677,128
CET	Structured deposits- Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	443,259	-	-	-	-	-	8,160 (Note 2)	-	451,419

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

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

(Continued)

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

Table 5 Acquisition of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock:
 (June 30, 2022)

(In Thousands of US Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan Vietnam	Plant and Electrical Equipment	2022/5/5	Estimated amount within USD48,000	note2	note2	note2	not applicable	not applicable	not applicable	not applicable	appraisal and price negotiation	operational use	None

Note 1: In response to business operation, Arcadyan Vietnam authorized the chairman to purchase land within USD\$48,000 by a resolution of the Board of Directors on May 5 2022.

Note 2: In addition, Arcadyan Vietnam has signed an agreement with non-related parties before the review date of financial report to purchase factory. Please refer to note(11).

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the six months ended June 30, 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	(188,250)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference	65,823	0.0%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(291,361)	(0.1)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference	269,995	0.1%	(Note 2)
	Arcadyan	The Company's subsidiaries	Sale	(823,550)	(0.2)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	464,833	0.2%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	62,806,408	12.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(36,350,733)	(21.0)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	64,664,497	13.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(386,290)	(0.2)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	18,528,080	3.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,170,207)	(0.7)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	25,981,084	5.2%	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	(14,669,396)	(8.5)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	5,430,388	1.1%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,117,860)	(1.2)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	10,602,150	2.1%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference	(4,158,067)	(2.4)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(64,664,497)	(99.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	386,290	2.5%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	268,622	0.4%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(272,772)	(0.7)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(62,806,408)	(90.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	36,350,733	44.5%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(231,166)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	153,439	0.2%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(104,749)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	108,737	0.1%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(268,622)	(0.4)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	272,772	0.3%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(2,829,676)	(4.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,677,499	3.3%	(Note 2)
HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,526,097)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,899,120	3.5%	(Note 2)	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS\$100 million or 20% of the capital stock:
(For the six months ended June 30, 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	325,322	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	(118,637)	(0.1)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	173,040	0.3%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(70,579)	(0.1)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	620,242	1.0%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(332,414)	(0.4)%	(Note 2)
	HengHao	With the same ultimate parent company	Purchase	104,438	0.2%	120 days	Similar to non-related parties	There is no significant difference	(30,218)	(0.0)%	(Note 2)
	CPM	An associate	Purchase	1,565,670	2.5%	120 days	Similar to non-related parties	There is no significant difference	(691,697)	(0.8)%	
	Changbao	An associate	Purchase	525,294	0.8%	120 days	Similar to non-related parties	There is no significant difference	(301,706)	(0.4)%	
	Aebel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	435,504	0.7%	120 days	Similar to non-related parties	There is no significant difference	(371,690)	(0.4)%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	291,361	26.0%	Net 90 days from purchase	-	There is no significant difference	(269,995)	(41.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(25,981,084)	(88.1)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	14,669,396	31.9%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(325,322)	(1.1)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	118,637	0.3%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(419,668)	(1.4)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,401,325	5.2%	(Note 1 & 2)
	CEB	With the same ultimate parent company	Sale	(346,627)	(1.2)%	120 days	According to markup pricing	There is no significant difference	666,757	1.5%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(649,912)	(2.2)%	120 days	According to markup pricing	There is no significant difference	577,151	1.3%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	2,829,676	10.1%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(2,677,499)	(5.6)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	178,374	0.6%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(72,868)	(0.2)%	(Note 2)
	CPM	An associate	Purchase	391,485	1.4%	120 days	Similar to non-related parties	There is no significant difference	(232,703)	(0.5)%	
	Aebel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	258,591	0.9%	120 days	Similar to non-related parties	There is no significant difference	(221,405)	(0.5)%	
	CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	346,627	18.5%	120 days	Similar to non-related parties	There is no significant difference	(666,757)	(46.9)%
CEA		With the same ultimate parent company	Purchase	709,009	37.9%	45 days	Similar to non-related parties	There is no significant difference	(259,714)	(18.3)%	(Note 2)
CIH and its subsidiaries		With the same ultimate parent company	Purchase	104,749	(5.6)%	120 days	Similar to non-related parties	There is no significant difference	(108,737)	(7.6)%	(Note 2)
CEA	CEB	With the same ultimate parent company	Sale	(709,009)	(15.6)%	45 days	Similar to non-related parties	There is no significant difference	259,714	12.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	231,166	5.4%	120 days	Similar to non-related parties	There is no significant difference	(153,439)	(11.7)%	(Note 2)
Etrade and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Purchase	649,912	15.3%	120 days	Similar to non-related parties	There is no significant difference	(577,151)	(44.0)%	(Note 2)
	Compal Electronic, Inc.	Parent company	Sale	(5,430,388)	99.3%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	2,117,860	97.3%	(Note 2)
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Purchase	571,338	14.1%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(317,305)	(13.9)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(168,743)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference	113,249	99.9%	(Note 2)
UCGI	Compal Electronic, Inc.	Parent company	Purchase	188,250	74.9%	120 days	Similar to non-related parties	There is no significant difference	(65,823)	(66.7)%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:
(For the six months ended June 30, 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	Compal Electronic, Inc.	Parent company	Sale	(18,528,080)	(92.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,170,207	8.7%	(Note 2)
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(571,338)	(2.8)%	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	317,305	2.4%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(173,040)	(0.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	70,579	0.5%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,526,097	5.3%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,899,120)	(8.8)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	419,668	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	(2,401,325)	(7.3)%	(Note 1 · 2)
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	168,743	0.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(113,249)	(0.3)%	(Note 1 · 2)
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(620,242)	(77.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	332,414	81.0%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(178,374)	(22.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	72,868	17.7%	(Note 2)
HengHao	CIH and its subsidiaries	With the same ultimate parent company	Sale	(104,438)	(1.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	30,218	1.1%	(Note 1 · 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(446,091)	(2.0)%	Net 150 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	85,768	1.0%	(Note 1 · 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(7,846,648)	(37.0)%	Net 120 days from delivery	-	-	2,037,783	27.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(255,101)	(1.0)%	Net 60 days from the end of the month of delivery	-	-	(13,015)	-%	(Note 2 · 4)
	CNC	Arcadyan's subsidiary	Purchase	4,758,314	17.0%	Net 120 days from delivery	According to markup pricing	-	(1,138,654)	(7.0)%	(Note 1 · 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	1,227,693	4.0%	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	823,550	3.0%	Net 60 days from the end of the month of delivery	-	-	(464,833)	(3.0)%	(Note 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(4,758,314)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	1,138,654	4.0%	(Note 1 · 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(1,227,693)	(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	446,091	100.0%	Net 150 days from delivery	-	-	(85,768)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	7,846,648	100.0%	Net 120 days from delivery	-	-	(2,037,783)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	255,101	100.0%	Net 60 days from the end of the month of delivery	-	-	13,015	100.0%	(Note 2 · 4)

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

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

Note 3: The amount of other receivables on June 30, 2022 is 1,610,012 thousand dollars.

Note 4: The remaining balance is the sales discount payable of Arcadyan to Arcadyan AU.

(Continued)

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

Table 7 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(June 30, 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	269,995	1.44	-	-	55,852 (Note 1)	-
The Company	Arcadyan	The Company's subsidiary	464,833	7.09	-	-	65,585 (Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	3,600,454	-	-	-	1,284,002 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	386,290	56.54	-	-	338,891 (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	36,350,733	2.54	-	-	32,247,971 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	153,439	2.56	-	-	59,833 (Note 1)	-
CIH and its subsidiaries	CEB	With the same ultimate parent company	108,737	3.85	-	-	6,240 (Note 1)	-
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	272,772	3.94	-	-	- (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	2,677,499	2.66	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,899,120	1.17	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	14,669,396	3.32	-	-	14,669,396 (Note 1)	-
BCI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	118,637	10.97	-	-	- (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,401,325	0.24	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	666,757	0.72	-	-	72,719 (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	577,151	2.40	-	-	3,815 (Note 1)	-
CEA	CEB	With the same ultimate parent company	259,714	4.46	-	-	103,703 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,117,860	4.57	-	-	886,221 (Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	113,249	5.96	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	1,170,207	16.67	-	-	20,153 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	317,305	4.06	-	-	- (Note 1)	-
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	332,414	7.46	-	-	- (Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	2,037,783	7.73	-	-	1,107,339 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,610,012 (Note 3)	(Note 3)	-	-	- (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	1,138,654 (Note 4)	6.01	-	-	817,828 (Note 2)	-

Note 1:Balance as of August 10, 2022.

Note 2:Balance as of July 28, 2022.

Note 3:Other receivables due to purchasing on behalf of related parties.

Note 4:Accounts receivables due to processing raw material.

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 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	UCGI	1	Sales Revenue	188,250	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	The Company	CBN	1	Accounts Receivable	65,823	"	-
				Sales Revenue	291,361	There is no significant difference of price to non-related parties. The credit period is net 90 days from delivery.	0.1%
0	The Company	Arcadyan	1	Accounts Receivable	269,995	"	0.1%
				Sales Revenue	823,550	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.	0.2%
1	JUST and its subsidiaries	The Company	2	Accounts Receivable	464,833	"	0.1%
				Sales Revenue	64,664,497	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.1%
2	CIH and its subsidiaries	The Company	2	Accounts Receivable	386,290	"	0.1%
				Sales Revenue	62,806,408	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	11.8%
2	CIH and its subsidiaries	CEA	3	Accounts Receivable	36,350,733	"	6.8%
				Sales Revenue	231,166	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	CEB	3	Accounts Receivable	153,439	"	-
				Sales Revenue	104,749	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	108,737	"	-
				Sales Revenue	268,622	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	272,772	"	0.1%
				Sales Revenue	2,829,676	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.5%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	2,677,499	"	0.5%
				Sales Revenue	1,526,097	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
3	BCI and its subsidiaries	The Company	2	Accounts Receivable	2,899,120	"	0.5%
				Sales Revenue	25,981,084	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.	4.9%
				Accounts Receivable	14,669,396	"	2.8%

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 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	CIH and its subsidiaries	3	Sales Revenue	325,322	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	118,637	"	-
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	419,668	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	2,401,325	"	0.5%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	346,627	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	666,757	"	0.1%
3	BCI and its subsidiaries	CEA	3	Sale Revenue	649,912	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	577,151	"	0.1%
4	CEA	CEB	3	Sale Revenue	709,009	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.1%
				Accounts Receivable	259,714	"	-
5	Etrade and its subsidiaries	The Company	2	Sales Revenue	5,430,388	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.0%
				Accounts Receivable	2,117,860	"	0.4%
6	Forever and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	168,743	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	-
				Accounts Receivable	113,249	"	-
7	HSI and its subsidiaries	The Company	2	Sales Revenue	18,528,080	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	3.5%
				Accounts Receivable	1,170,207	"	0.2%
7	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	571,338	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.1%
				Accounts Receivable	317,305	"	0.1%
7	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	173,040	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	70,579	"	-
8	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	620,242	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	332,414	"	0.1%
8	Rayonnant and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	178,374	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	72,868	"	-

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 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	
9	HengHao	CIH and its subsidiaries	3	Sales Revenue	104,438	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
10	Arcadyan	Arcadyan Germany	3	Accounts Receivable Sales Revenue	30,218 446,091	"/	- 0.1%
10	Arcadyan	Arcadyan USA	3	Accounts Receivable Sales Revenue	85,768 7,846,648	"/	- 1.5%
10	Arcadyan	Arcadyan AU	3	Accounts Receivable Sales Revenue	2,037,783 255,101	"/	0.4% -
10	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,610,012	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%
11	CNC	Arcadyan	3	Processing Revenue	4,758,314	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	0.9%
12	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable Processing Revenue	1,138,654 1,227,693	"/	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 9 The information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):
(June 30, 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
				June 30, 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	525,000	52,500	70%	515,076	(14,297)	(10,008)	(Note 2)
	Bizcom	Huston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	434,119	(247)	(247)	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	9,760,313	(432,723)	(432,723)	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	41,099,949	901,836	901,836	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,596,313 (Note 1)	(153,107)	(216,403)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,701,518 (Note 1)	98,819	62,092	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,281	1,347	505	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	115,040	16,967	12,966	(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%	88,635	(13,245)	(13,245)	(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%	3,502,619	-	-	(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%	6,508	3,369	3,389	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	412,709	365,622	74,642	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	-	11,768	56%	327,075	8,628	1,165	
	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%	52,409	(9,404)	(4,894)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	574,347	(309,108)	(151,463)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	826,716	2,247	2,247	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	29,662	(12,310)	(4,309)	(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%	58,179	(43,698)	(14,522)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,114,824	42,345	42,345	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	348,974	17,270	17,270	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	244,365	10,891	8,392	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	136,802	2,142	2,142	(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%	2,437,320	769,014	154,583	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,676,674	(72,622)	(72,622)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,177	-	-	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	137,232	204,671	109,254	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(26,240)	(22,135)	(22,135)	(Note 2)
	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%	47,885	(12,059)	(10,974)	(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%	36,171	(5,967)	(1,654)	

(Continued)

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

Table 9 The information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):
 (June 30, 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
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(568,228)	(35,595)	(35,595)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	8,118,216	395,972	395,972	(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%	649,898	(7,975)	(3,388)	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	180,519	12,665	18,040	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	266,108	19,690	19,690	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,363,241	(39,024)	(13,550)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(204,135)	41,283	6,447	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	730,617	14,772	14,772	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,401,449	2,165	2,165	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	489,998	489,998	29,000	100%	(20,719)	16,584	16,584	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	108,633	(507)	(507)	(Note 2)
	Avaluc	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	653,270	239,290	52,588	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,214,723	108,015	108,015	(Note 2)
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	100,000	-	10,000	100%	100,000	-	-	(Note 2 - 3)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	246,860	15,035	50%	364,142	66,577	32,957	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	91,476	(1,339)	(1,720)	(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%	36,234	(24,226)	(8,075)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	155,076	4,646	30%	194,590	(12,367)	(3,680)	
								93,941,686		1,038,344	
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%	528,173	769,014	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%	118,926	365,622	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%	(263,773) 623,264	769,014	Investment gain (losses) recognized by Gempal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	130,818	365,622	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%	(288) 623,264	769,014	Investment gain (losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	29,703	365,622	Investment gain (losses) recognized by Hong Ji	

(Continued)

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

Table 9 The information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):
 (June 30, 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
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
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%	294,587	769,014	Investment gain (losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,851,482	1,851,482	62,298	100%	7,346,243	(419,929)	Investment gain (losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	274,761	274,761	9,245	100%	249,474	(255)	Investment gain (losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	14,860	14,860	500	100%	894,889	2,235	Investment gain (losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	30	30	1	100%	370	(6)	Investment gain (losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	29,720	29,720	1,000	100%	46,294	(258)	Investment gain (losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	244,714	244,714	-	100%	202,820	8	Investment gain (losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	30	30	-	100%	30	-	Investment gain (losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,223,130	2,223,130	74,803	100%	40,025,210	1,056,638	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	218,442	218,442	7,350	100%	106,309	326	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	30	30	1	100%	13,374	5,132	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	442,828	442,828	14,900	100%	443,325	-	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	151,572	151,572	5,100	51%	25,934	(1,327)	Investment gain (losses) recognized by CIH	(Note 2)
HSI	IUE	British Virgin Islands	Investment	1,991,240	1,991,240	67,000	100%	451,619	206,995	Investment gain (losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	377,444	377,444	12,700	100%	324,124	(2,325)	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	1,991,240	1,991,240	67,000	100%	451,619	206,995	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	377,444	377,444	12,700	100%	325,720	(2,325)	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,401,970	2,401,970	80,820	100%	5,070,254	226,969	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	297,200	297,200	10,000	100%	3,047,962	169,003	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,368,840	4,368,840	147,000	100%	7,201,056	94,814	Investment gain (losses) recognized by CORE	(Note 2)

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

Table 9 The information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):
 (June 30, 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
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
BSH	Mithera	Cayman Islands	Investment	150,086	150,086	-	99%	137,360	(1,584)	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,099,640	1,099,640	37,000	46%	638,511	204,671	Investment gain (losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufacturing	241,624	241,624	1	100%	199,866	(4,361)	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	59,440	59,440	-	100%	17,921	(289)	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	743,000	743,000	25,000	35%	1,559	41,283	Investment gain (losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	40,692	-	-	-	-	Investment gain (losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,219,782	64,780	100%	2,442,631	(51,602)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	141,760	49,576	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%	79,832	3,260	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	9,888	(1,823)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	412,049	(1,241)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	282,920	(127,982)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	34,356	3,362	Investment gain (losses) recognized by Arcadyan	(Note 2 - 5)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,375	304	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	47,307	1,252	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	9,685	320	Investment gain (losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,166	(7,975)	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%	(26,970)	(10,045)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	13,507	13,507	3,500	100%	7,717	(3,834)	Investment gain (losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	861,914	861,914	29,050	100%	1,152,501	229,541	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)

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

Table 9 The information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):
 (June 30, 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
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Arcadyan Holding	Arch Holding	British Virgin Islands	Investment	326,696	326,696	35	100%	825,271	(286,474)	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	35,604	35,604	1,200	100%	(212,750)	(133,657)	Investment gain (losses) recognized by TTI	(Note 2)
TTI	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	3,190	(410)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	34,714	34,714	1,170	100%	(220,033)	(133,657)	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	860,430	860,430	-	100%	1,148,140	229,541	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%	299,795	(7,975)	Investment gain (losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	178,355	37,101	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	371,500	371,500	12,500	59%	266,108	37,101	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	93,648	93,648	3,151	100%	42,122	1	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	534,960	534,960	18,000	100%	394,434	37,100	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(716,523)	(19,399)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,393,334	1,393,334	46,882	100%	(716,464)	(19,399)	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%	5,274	(114)	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%	5,888	(110)	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	8,475	(12,311)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,667,533	2,667,533	95,862	37%	4,744,885	(161,939)	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%	12,132	(14,387)	Investment gain (losses) recognized by Mactech	(Note 2)
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 4)	100%	614	-	Investment gain (losses) recognized by Poindus Systems	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 9 The information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):
(June 30, 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
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Poindus Systems	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(8,196)	(49)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	18,526	(6,807)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 4)	100%	190	-	Investment gain (losses) recognized by Poindus Investment	(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 June 24, 2022.

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

Note 5: Dissolution and liquidation had been resolved on October 28, 2021.

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

Table 10 Information on investment in Mainland China:
(June 30, 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 June 30, 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	1,099,640	(Note 1)	1,099,640	-	-	1,099,640	(260,766)	100%	(260,766)	2,544,741	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	594,400	(Note 2)	594,400	-	-	594,400	6,868	100%	6,868	89,864	-
CET	Manufacturing of notebook PCs	356,640	(Note 2)	356,640	-	-	356,640	(46,716)	100%	(46,716)	5,100,363	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	266,344	(Note 2)	(Note 3)	-	-	-	(395,924)	100%	(395,924)	184,929	-
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	70,031	(Note 2)	(Note 3)	-	-	-	-	51%	-	(44,003)	-
BT	Manufacturing of notebook PCs	29,720	(Note 2)	29,720	-	-	29,720	8,390	100%	8,390	(159,388)	-
CGS	Maintenance and warranty service of notebook PCs	8,878	(Note 2)	(Note 3)	-	-	-	1,104	100%	1,104	(44,938)	-
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	951,040	(Note 1)	396,168	-	-	396,168	(263,002)	43%	(113,564)	434,477	-
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	594,400	(Note 1)	43,688	-	-	43,688	(235,463)	48%	(112,081)	442,442	-
CIC	Manufacturing of notebook PCs	356,640	(Note 2)	356,640	-	-	356,640	376,094	100%	376,094	9,705,084	-
CPO	Manufacturing and sales of LCD TVs	359,612	(Note 1)	359,612	-	-	359,612	35,004	100%	35,004	2,987,339	-
CIT	Manufacturing of notebook PCs	713,280	(Note 2)	713,280	-	-	713,280	775,244	100%	775,244	24,770,858	-

(Continued)

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

Table 10 Information on investment in Mainland China:
(June 30, 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 June 30, 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	41,608	(Note 2)	41,608	-	-	41,608	2,047	100%	2,047	(161,156)	-
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	297,200	(Note 2)	151,572	-	-	151,572	(2,601)	51%	(1,326)	58,682	-
CIJ	Investment and consulting services	463,632	(Note 2)	463,632	-	-	463,632	(259,456)	100%	(259,456)	2,131,246	-
CDE	Manufacturing and sales of LCD TVs	445,800	(Note 2)	(Note 3)	-	-	-	(258,787)	100%	(258,787)	2,096,663	-
CIS	Outward investment and consulting	2,401,970	(Note 1)	2,401,970	-	-	2,401,970	226,969	100%	226,969	5,070,254	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,377,600	(Note 2)	(Note 3)	-	-	-	226,936	100%	226,936	5,040,088	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management	23,776	(Note 2)	(Note 3)	-	-	-	86	100%	86	23,874	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	297,200	(Note 1)	297,200	-	-	297,200	169,003	100%	169,003	3,047,962	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection	12,482,400	(Note 2)	2,455,674	-	-	2,455,674	33,999	37%	12,450	5,575,757	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,783,200	(Note 2)	340,472	-	-	340,472	(86,128)	37%	(31,540)	711,516	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	534,960	(Note 2)	371,500	-	-	371,500	37,100	100%	37,100	394,985	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	802,440	(Note 1)	653,840	-	-	653,840	(15,158)	100%	(15,158)	(1,053,425)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	172,376	(Note 1)	172,376	-	-	172,376	746	100%	746	90,616	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,456,280	(Note 1)	564,680	-	-	564,680	57,418	100%	57,418	935,794	-

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(June 30, 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 June 30, 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						
Hanhelt	R&D and manufacturing of electronic communication equipment	59,440	(Note 1)	59,440	-	-	59,440	(144)	100%	(144)	2,288	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	240,327	(Note 1)	398,171 (Note 7)	-	(Note 9)	398,171	2,844	100%	2,844	31,806	-
CNC	Manufacturing and wireless network products	369,392	(Note 1)	326,696 (Note 8)	-	-	326,696	(286,474)	100%	(286,474)	825,271	-
THAC	Manufacturing of household electronics products	99,395	(Note 1 - 10)	34,121	-	-	34,121	(133,657)	100%	(133,657)	(220,537)	-
HengHao HengHao Kunshan	Production of touch panels and related components	1,188,800	(Note 1)	1,182,945	-	-	1,182,945	(19,352)	100%	(19,352)	(852,235)	-
Lucom	Manufacturing of notebook PCs and related modules	445,800	(Note 2)	193,151 (Note 12)	-	-	193,151	(40)	100%	(40)	135,528	-
Poindus Systems Qijie	Sales of PCs and peripherals	29,630	(Note 1)	29,630	-	-	29,630	(6,637)	100%	(6,637)	16,227	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of June 30, 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	16,124,200 (US\$542,537) (Note 5)	22,862,348 (US\$769,258)	(Note 6)
Arcadyan	758,988 (US\$25,581)	758,988 (US\$25,581)	7,554,624
HengHao	1,393,036 (US\$46,872)	1,393,036 (US\$46,872)	(Note 13)
Poindus Systems	29,630 (US\$1,000)	29,630 (US\$1,000)	310,514

- 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 June 30, 2022.

(iii) Significant transactions:

For the six months ended June 30, 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".