Stock Code:2324

# COMPAL ELECTRONICS, INC.
# AND SUBSIDIARIES

**Consolidated Financial Statements**

**With Independent Auditors' Report**
**For the Years Ended December 31, 2022 and 2021**

**Address:** No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan
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# Representation Letter

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements and is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.
Chairman: Sheng-Hsiung Hsu (Rock Hsu)
Date: March 15, 2023

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# Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

## Opinion

We have audited the consolidated financial statements of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Inventory valuation

   Please refer to Note (4)(h) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note (6)(f) of the consolidated financial statements.

   Description of key audit matters:

   The inventory is measured at the lower of cost or net realizable value. The short life cycle of electronic products may cause significant changes in customers' demand and sales of related products. Consequently, the book value of inventory may be lower than the net realizable value of inventory. Therefore, the valuation of inventory is one of the key audit matters.

   Our key audit procedures performed in respect of the above area included the following:

   In order to verify the rationality of assessment of inventory valuation estimated by the Group, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Group's inventory aging reports, analyzing the change of inventory aging, judgement of specific items, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

**Other Matter**

Compal Electronics Inc, has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit committee) are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2023

**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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

## December 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | Assets | | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|---|
| | **Current assets:** | | | | | |
| 1100 | Cash and cash equivalents (Note (6)(a)) | $ | 79,665,302 | 17.6 | 75,162,103 | 14.0 |
| 1110 | Current financial assets at fair value through profit or loss (Note (6)(b)) | | 187 | - | 400,754 | 0.1 |
| 1170 | Notes and accounts receivable, net (Note (6)(e)) | | 186,804,648 | 41.2 | 288,436,522 | 53.7 |
| 1180 | Notes and accounts receivable due from related parties, net (Notes (6)(e) and (7)) | | 4,416,073 | 1.0 | 1,729,332 | 0.3 |
| 1200 | Other receivables, net (Notes (6)(e) and (7)) | | 2,369,411 | 0.5 | 2,445,690 | 0.5 |
| 1310 | Inventories (Notes (6)(f) and (8)) | | 111,593,984 | 24.6 | 115,012,365 | 21.4 |
| 1470 | Other current assets (Note (8)) | | 5,856,898 | 1.3 | 3,928,624 | 0.7 |
| | | | 390,706,503 | 86.2 | 487,115,390 | 90.7 |
| | **Non-current assets:** | | | | | |
| 1550 | Investments accounted for using equity method (Note (6)(g)) | | 8,047,569 | 1.7 | 8,369,312 | 1.6 |
| 1510 | Non-current financial assets at fair value through profit or loss (Note (6)(b)) | | 558,909 | 0.1 | 259,778 | - |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note (6)(c)) | | 5,425,908 | 1.2 | 6,235,063 | 1.2 |
| 1600 | Property, plant and equipment (Notes (6)(k), (6)(l) and (8)) | | 28,808,211 | 6.4 | 26,990,364 | 5.0 |
| 1755 | Right-of-use assets (Note (6)(l)) | | 13,705,316 | 3.0 | 3,066,218 | 0.6 |
| 1780 | Intangible assets (Note (6)(h)) | | 1,722,165 | 0.4 | 1,548,508 | 0.3 |
| 1840 | Deferred tax assets (Note (6)(s)) | | 2,393,778 | 0.5 | 1,646,524 | 0.3 |
| 1990 | Other non-current assets (Note (8)) | | 2,116,074 | 0.5 | 1,864,183 | 0.3 |
| | | | 62,777,930 | 13.8 | 49,979,950 | 9.3 |
| | **Total assets** | $ | 453,484,433 | 100.0 | 537,095,340 | 100.0 |

| | Liabilities and Equity | | December 31, 2022 Amount | % | December 31, 2021 Amount | % |
|---|---|---|---|---|---|---|
| | **Current liabilities:** | | | | | |
| 2100 | Short-term borrowings (Note (6)(m)) | $ | 74,832,426 | 16.5 | 118,422,407 | 22.0 |
| 2120 | Current financial liabilities at fair value through profit or loss (Note (6)(b)) | | 62,527 | - | 1,589 | - |
| 2125 | Current financial liabilities for hedging (Note (6)(d)) | | 47,809 | - | - | - |
| 2130 | Current contract liabilities (Note (6)(w)) | | 784,238 | 0.2 | 1,065,954 | 0.2 |
| 2170 | Notes and accounts payable | | 152,137,066 | 33.6 | 220,549,039 | 41.1 |
| 2180 | Notes and accounts payable to related parties (Note (7)) | | 9,701,032 | 2.1 | 3,517,324 | 0.7 |
| 2200 | Other payables (Note (7)) | | 29,622,760 | 6.5 | 29,701,088 | 5.5 |
| 2230 | Current tax liabilities | | 7,202,033 | 1.6 | 7,013,976 | 1.3 |
| 2250 | Current provisions (Note (6)(q)) | | 734,061 | 0.2 | 1,204,115 | 0.2 |
| 2280 | Current lease liabilities (Note (6)(p)) | | 1,813,555 | 0.4 | 625,292 | 0.1 |
| 2300 | Other current liabilities | | 3,352,565 | 0.7 | 2,037,822 | 0.4 |
| 2365 | Current refund liabilities | | 2,632,039 | 0.6 | 2,035,437 | 0.4 |
| 2321 | Bonds payable, current portion (Note (6)(o)) | | - | - | 326,571 | 0.1 |
| 2322 | Long-term borrowings, current portion (Note (6)(n)) | | 19,462,800 | 4.3 | 15,741,481 | 2.9 |
| | | | 302,384,911 | 66.7 | 402,242,095 | 74.9 |
| | **Non-Current liabilities:** | | | | | |
| 2540 | Long-term borrowings (Note (6)(n)) | | 11,674,322 | 2.6 | 9,219,032 | 1.7 |
| 2570 | Deferred tax liabilities (Note (6)(s)) | | 1,247,342 | 0.3 | 1,226,805 | 0.2 |
| 2580 | Non-current lease liabilities (Note (6)(p)) | | 9,533,209 | 2.1 | 1,679,504 | 0.3 |
| 2640 | Non-current net defined benefit liability (Note (6)(r)) | | 660,019 | 0.1 | 822,033 | 0.2 |
| 2670 | Non-current liabilities, others (Note (6)(g)) | | 574,787 | 0.1 | 366,068 | 0.1 |
| | | | 23,689,679 | 5.2 | 13,313,442 | 2.5 |
| | **Total liabilities** | | 326,074,590 | 71.9 | 415,555,537 | 77.4 |
| | **Equity:** | | | | | |
| | **Equity attributable to owners of parent** (Note (6)(t)): | | | | | |
| 3110 | Ordinary share | | 44,071,466 | 9.7 | 44,071,466 | 8.2 |
| 3200 | Capital surplus | | 5,078,580 | 1.1 | 6,724,856 | 1.2 |
| 3300 | Retained earnings | | 69,969,059 | 15.4 | 69,651,940 | 13.0 |
| 3400 | Other equity interest | | (1,943,104) | (0.4) | (8,206,750) | (1.5) |
| 3500 | Treasury shares | | (881,247) | (0.2) | (881,247) | (0.2) |
| | | | 116,294,754 | 25.6 | 111,360,265 | 20.7 |
| 36XX | **Non-controlling interests** | | 11,115,089 | 2.5 | 10,179,538 | 1.9 |
| | **Total equity** | | 127,409,843 | 28.1 | 121,539,803 | 22.6 |
| | **Total liabilities and equity** | $ | 453,484,433 | 100.0 | 537,095,340 | 100.0 |

See accompanying notes to consolidated financial statements.

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Consolidated Statements of Comprehensive Income

## For the years ended December 31, 2022 and 2021

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

| | | 2022 | | 2021 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4000 | **Net sales revenue** (Notes (6)(w) and (7)) | $1,073,245,915 | 100.0 | 1,235,682,015 | 100.0 |
| 5000 | **Cost of sales** (Notes (6)(f), (6)(r), (7) and (12)) | 1,032,881,736 | 96.2 | 1,194,190,441 | 96.6 |
| | **Gross profit** | 40,364,179 | 3.8 | 41,491,574 | 3.4 |
| | **Operating expenses:** (Notes (6)(r) and (12)) | | | | |
| 6100 | Selling expenses | 8,232,253 | 0.8 | 7,088,418 | 0.6 |
| 6200 | Administrative expenses | 4,983,404 | 0.4 | 4,562,706 | 0.4 |
| 6300 | Research and development expenses | 17,929,525 | 1.7 | 16,491,857 | 1.3 |
| | | 31,145,182 | 2.9 | 28,142,981 | 2.3 |
| | **Net operating income** | 9,218,997 | 0.9 | 13,348,593 | 1.1 |
| | **Non-operating income and expenses:** | | | | |
| 7100 | Interest income (Note (6)(y)) | 3,089,926 | 0.3 | 2,017,314 | 0.2 |
| 7210 | Other gains and losses, net (Notes (6)(d), (6)(k), (6)(y) and (6)(aa)) | 1,363,841 | 0.1 | 2,511,423 | 0.2 |
| 7050 | Finance costs (Notes (6)(o) and (6)(p)) | (3,245,701) | (0.3) | (1,049,137) | (0.1) |
| 7190 | Other income (Note (6)(y)) | 652,426 | - | 648,106 | - |
| 7590 | Miscellaneous disbursements | (73,104) | - | (52,513) | - |
| 7670 | Impairment loss (Note (6)(k)) | (9,431) | - | (404,513) | - |
| 7770 | Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g)) | (272,824) | - | 448,562 | - |
| | **Total non-operating income and expenses** | 1,505,133 | 0.1 | 4,119,242 | 0.3 |
| 7900 | **Profit from continuing operations before tax** | 10,724,130 | 1.0 | 17,467,835 | 1.4 |
| 7950 | **Less: Income tax expenses** (Note (6)(s)) | 2,182,603 | 0.2 | 3,727,347 | 0.3 |
| | **Profit** | 8,541,527 | 0.8 | 13,740,488 | 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 | 161,558 | - | (56,056) | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | (1,074,884) | (0.1) | 630,396 | 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 | (21,325) | - | 135,751 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s)) | (49,117) | - | 50,190 | - |
| | Components of other comprehensive income that will not be reclassified to profit or loss | (885,534) | (0.1) | 659,901 | 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 | 7,375,388 | 0.7 | (1,892,168) | (0.2) |
| 8368 | Gains (losses) on hedging instrument (Note (6)(z)) | (47,809) | - | 2,192 | - |
| 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 | 81,580 | - | (25,372) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s)) | (12,026) | - | (17,539) | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | 7,421,185 | 0.7 | (1,897,809) | (0.2) |
| 8300 | **Other comprehensive income** | 6,535,651 | 0.6 | (1,237,908) | (0.1) |
| 8500 | **Total comprehensive income** | $ 15,077,178 | 1.4 | 12,502,580 | 1.0 |
| | **Profit, attributable to:** | | | | |
| 8610 | Profit, attributable to owners of parent | $ 7,288,292 | 0.7 | 12,632,667 | 1.0 |
| 8620 | Profit, attributable to non-controlling interests | 1,253,235 | 0.1 | 1,107,821 | 0.1 |
| | | $ 8,541,527 | 0.8 | 13,740,488 | 1.1 |
| | **Comprehensive income attributable to:** | | | | |
| 8710 | Comprehensive income (loss), attributable to owners of parent | $ 13,636,212 | 1.3 | 11,445,530 | 0.9 |
| 8720 | Comprehensive income (loss), attributable to non-controlling interests | 1,440,966 | 0.1 | 1,057,050 | 0.1 |
| | | $ 15,077,178 | 1.4 | 12,502,580 | 1.0 |
| | **Earnings per share** (Note (6)(v)) | | | | |
| 9750 | **Basic earnings per share** | $ | 1.67 | | 2.90 |
| 9850 | **Diluted earnings per share** | $ | 1.66 | | 2.86 |

See accompanying notes to consolidated financial statements.

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
## Consolidated Statements of Changes in Equity
## For the years ended December 31, 2022 and 2021
## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of parent | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Retained earnings | | | | Total other equity interest | | | | | | | |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | Others | Total other equity interest | Treasury shares | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
| **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 year ended December 31, 2021 | - | - | - | - | 12,632,667 | 12,632,667 | - | - | - | - | - | 12,632,667 | 1,107,821 | 13,740,488 |
| Other comprehensive income | - | - | - | - | (40,067) | (40,067) | (1,855,728) | 707,754 | 904 | (1,147,070) | - | (1,187,137) | (50,771) | (1,237,908) |
| Total comprehensive income | - | - | - | - | 12,592,600 | 12,592,600 | (1,855,728) | 707,754 | 904 | (1,147,070) | - | 11,445,530 | 1,057,050 | 12,502,580 |
| 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 | - | 61,825 | - | - | (25,946) | (25,946) | - | 14,709 | - | 14,709 | - | 50,588 | - | 50,588 |
| Changes in equity of associates and joint ventures accounted for using equity method | - | 2,132 | - | - | (49,878) | (49,878) | - | 49,878 | - | 49,878 | - | 2,132 | - | 2,132 |
| 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 | - | 918 | - | - | - | - | - | - | - | - | - | 918 | - | 918 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (34,657) | (34,657) |
| Balance at December 31, 2021 | 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 year ended December 31, 2022 | - | - | - | - | 7,288,292 | 7,288,292 | - | - | - | - | - | 7,288,292 | 1,253,235 | 8,541,527 |
| Other comprehensive income | - | - | - | - | 118,035 | 118,035 | 7,274,994 | (1,032,694) | (12,415) | 6,229,885 | - | 6,347,920 | 187,731 | 6,535,651 |
| Total comprehensive income | - | - | - | - | 7,406,327 | 7,406,327 | 7,274,994 | (1,032,694) | (12,415) | 6,229,885 | - | 13,636,212 | 1,440,966 | 15,077,178 |
| 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 | - | 33,397 | - | - | (2,260) | (2,260) | - | - | - | - | - | 31,137 | - | 31,137 |
| Changes in equity of associates and joint ventures accounted for using equity method | - | (18,066) | - | - | (38,351) | (38,351) | - | 36,599 | - | 36,599 | - | (19,818) | - | (19,818) |
| Adjustments of capital surplus for cash dividends received by subsidiaries | - | 100,035 | - | - | - | - | - | - | - | - | - | 100,035 | - | 100,035 |
| Others | - | 1,217 | - | - | - | - | - | - | - | - | - | 1,217 | - | 1,217 |
| Disposal of investments in equity instruments measured at fair value through other comprehensive income | - | - | - | - | 2,838 | 2,838 | - | (2,838) | - | (2,838) | - | - | - | - |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (505,415) | (505,415) |
| **Balance at December 31, 2022** | **$ 44,071,466** | **5,078,580** | **22,576,846** | **8,206,750** | **39,185,463** | **69,969,059** | **(1,469,711)** | **(461,103)** | **(12,290)** | **(1,943,104)** | **(881,247)** | **116,294,754** | **11,115,089** | **127,409,843** |

See accompanying notes to consolidated financial statements.

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

### For the years ended December 31, 2022 and 2021

### (Expressed in Thousands of New Taiwan Dollars)

| | 2022 | 2021 |
|---|---|---|
| **Cash flows from (used in) operating activities:** | | |
| **Profit before tax** | $ 10,724,130 | 17,467,835 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation and amortization | 7,544,408 | 6,903,111 |
| Expected credit loss | 30,177 | (17,646) |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | 23,672 | (3,170) |
| Finance cost | 3,245,701 | 1,049,137 |
| Interest income | (3,089,926) | (2,017,314) |
| Dividend income | (128,597) | (143,686) |
| Compensation cost of share-based payments | 22,025 | 33,407 |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | 272,824 | (448,562) |
| Gain on disposal of property, plant and equipment, and right-of-use assets | (7,086) | (1,969,560) |
| Impairment loss | 9,431 | 404,513 |
| Others | (158) | 706 |
| **Total adjustments to reconcile profit (loss)** | 7,922,471 | 3,790,936 |
| **Changes in operating assets and liabilities:** | | |
| **Changes in operating assets:** | | |
| Decrease in financial assets at fair value through profit or loss | 400,567 | 1,844,499 |
| Decrease (increase) in notes and accounts receivable | 99,026,904 | (57,806,973) |
| Decrease (increase) in other receivable | 357,505 | (746,025) |
| Decrease (increase) in inventories | 3,761,054 | (18,649,166) |
| Increase in other current assets | (1,523,444) | (434,580) |
| Decrease (increase) in other non-current assets | 438,312 | (251,890) |
| **Total changes in operating assets** | 102,460,898 | (76,044,135) |
| **Changes in operating liabilities:** | | |
| Increase (decrease) in financial liabilities at fair value through profit or loss | 60,938 | (135,028) |
| (Decrease) increase in notes and accounts payable | (62,369,969) | 24,215,948 |
| Increase in other payables | 976,433 | 5,961,832 |
| Increase in refund liabilities | 596,602 | 460,968 |
| (Decrease) increase in provisions | (472,840) | 334,065 |
| (Decrease) increase in contract liabilities | (281,716) | 245,938 |
| Increase in other current liabilities | 1,309,581 | 567,356 |
| Others | (18,337) | 45,798 |
| **Total changes in operating liabilities** | (60,199,308) | 31,696,877 |
| **Total changes in operating assets and liabilities** | 42,261,590 | (44,347,258) |
| **Total adjustments** | 50,184,061 | (40,556,322) |
| Cash inflow generated from operations | 60,908,191 | (23,088,487) |
| Interest received | 2,813,791 | 1,975,718 |
| Dividends received | 270,042 | 302,344 |
| Interest paid | (2,697,025) | (1,033,955) |
| Income taxes paid | (2,656,389) | (1,990,003) |
| **Net cash flows from (used in) operating activities** | 58,638,610 | (23,834,383) |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of financial assets at fair value through profit or loss and through other comprehensive income | (587,240) | (859,403) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 10,028 | - |
| Acquisition of investments accounted for using equity method | (54,000) | (17,189) |
| Net cash flow from acquisition of subsidiaries | (135,971) | (197,002) |
| Proceeds from capital reduction and liquidation of investments | 2,010 | 17,472 |
| Acquisition of property, plant and equipment | (7,727,184) | (11,737,557) |
| Proceeds from disposal of property, plant and equipment | 185,814 | 3,801,301 |
| Acquisition of intangible assets | (659,132) | (960,300) |
| Increase in restricted assets | (795,029) | (936,497) |
| Others | (154,230) | (173,940) |
| **Net cash flows used in investing activities** | (9,914,934) | (11,063,115) |
| **Cash flows from (used in) financing activities:** | | |
| (Decrease) increase in short-term borrowings | (43,590,249) | 25,424,931 |
| Repayments of bonds payable | (7,400) | - |
| Proceeds from long-term borrowings | 79,108,377 | 50,106,091 |
| Repayments of long-term borrowings | (72,931,768) | (44,479,931) |
| Payment of lease liabilities | (2,422,290) | (835,037) |
| Cash dividends paid | (8,714,259) | (6,971,407) |
| Change in non-controlling interests | (1,062,788) | (692,982) |
| Others | 207,983 | 26,093 |
| **Net cash flows (used in) from financing activities** | (49,412,394) | 22,577,758 |
| **Effect of exchange rate changes on cash and cash equivalents** | 5,191,917 | (1,645,080) |
| **Net increase (decrease) in cash and cash equivalents** | 4,503,199 | (13,964,820) |
| **Cash and cash equivalents at beginning of period** | 75,162,103 | 89,126,923 |
| **Cash and cash equivalents at end of period** | $ 79,665,302 | 75,162,103 |

See accompanying notes to consolidated financial statements.

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

## For the years ended December 31, 2022 and 2021

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

**(1) Company history**

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2023.

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

(Continued)

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

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

| Standards or Interpretations | Content of amendment | Effective date per IASB |
|---|---|---|
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.<br>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt. | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.<br>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. | January 1, 2024 |

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

**(4) Summary of significant accounting policies:**

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(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), the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the consolidated financial statements have been prepared on the historical cost basis:

1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss are measured at fair value;

2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;

3) Hedging financial instruments are measured at fair value;

4) The defined benefit liability (or asset) is recognized as plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(r).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

| Name of investor | Name of Subsidiary | Nature of Operation | Percentage of ownership December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| The Company | Panpal Technology Corp. ("Panpal") | Investment | 100% | 100% | Panpal held 31,648 thousand shares of the Company as of December 31, 2022, which represented 0.7% of the Company's outstanding shares. |

(Continued)

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

| Name of investor | Name of Subsidiary | Nature of Operation | Percentage of ownership December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| The Company | Gempal Technology Corp. ("Gempal") | 〃 | 100% | 100% | Gempal held 18,369 thousand shares of the Company as of December 31, 2022, which represented 0.4% of the Company's outstanding shares. |
| 〃 | Hong Ji Capital Co., Ltd. ("Hong Ji") | Investment | 100% | 100% | |
| 〃 | Hong Jin Investment Co., Ltd. ("Hong Jin") | 〃 | 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% | 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% | |
| 〃 | HengHao Technology Co., Ltd. ("HengHao") | Manufacturing of PCs, computer periphery devices, and electronic components | 100% | 100% | |
| 〃 | Ripal Optoelectronics Co., Ltd. ("Ripal") | Manufacturing of electric appliance and audiovisual electric products | 100% | 100% | |
| 〃 | Mactech Co., Ltd ("Mactech") | Manufacturing of equipment and lighting, retailing of equipment and international trading | 53% | 53% | |
| 〃 | General Life Biotechnology Co., Ltd. ("GLB") | Manufacturing and sales of medical equipment | 50% | 50% | |
| 〃 | Unicore BioMedical Co., Ltd. ("Unicore") | Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment | 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% | |
| 〃 | 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% | |
| 〃 | 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% | |
| 〃 | 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% | |
| 〃 | Auscom Engineering Inc. ("Auscom") | R&D of notebook PC related products and components | 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 December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| The Company | Just International Ltd. ("Just") | Investment | 100% | 100% | |
| 〃 | Compal International Holding Co., Ltd. ("CIH") | 〃 | 100% | 100% | |
| 〃 | Compal Electronics (Holding) Ltd. ("CEH") | 〃 | 100% | 100% | |
| 〃 | Bizcom Electronics, Inc. ("Bizcom") | Warranty services and marketing of monitors and notebook PCs | 100% | 100% | |
| 〃 | Flight Global Holding Inc. ("FGH") | Investment | 100% | 100% | |
| The Company and BSH | High Shine Industrial Corp. ("HSI") | 〃 | 100% | 100% | |
| The Company | Compal Europe (Poland) Sp. z o.o. ("CEP") | Maintenance and warranty services of notebook PCs | 100% | 100% | |
| 〃 | Big Chance International Co., Ltd. ("BCI") | Investment | 100% | 100% | |
| 〃 | Compal Rayonnant Holdings Limited ("CRH") | 〃 | 100% | 100% | |
| 〃 | Core Profit Holdings Limited ("CORE") | 〃 | 100% | 100% | |
| 〃 | Compalead Electronics B.V. ("CPE") | 〃 | 100% | 100% | |
| 〃 | CGS Technology (Poland) Sp. z o.o. ("CGSP") | Maintenance and warranty services of notebook PCs | 100% | 100% | |
| Panpal and Gempal | Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB") | Manufacturing of notebook PCs | 100% | 100% | |
| 〃 | Compal Electronics India Private Limited ("CEIN") | Manufacturing and warranty service of mobile phones | 100% | 100% | |
| Panpal and CEB | Compal Electronica DA Amazonia Ltda. ("CEA") | Manufacturing of notebook PCs | 100% | 100% | |
| Just | Compal Display Holding (HK) Limited ("CDH (HK)") | Investment | 100% | 100% | |
| 〃 | Compal Electronics International Ltd. ("CII") | 〃 | 100% | 100% | |
| 〃 | Compal International Ltd. ("CPI") | 〃 | 100% | 100% | |
| CDH (HK) | Compal Electronics (China) Co., Ltd. ("CPC") | Manufacturing and sales of monitors | 100% | 100% | |
| 〃 | Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO") | Manufacturing and sales of LCD TVs | 100% | 100% | |
| 〃 | Compal System Trading (Kunshan) Co., Ltd. ("CST") | International trade and distribution of computers and electronic components | 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 December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| 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% | |
| CII | Smart International Trading Ltd. ("Smart") | Investment | 100% | 100% | |
| 〃 | Amexcom Electronics Inc. ("AEI") | Sales and maintenance of LCD TVs | 100% | 100% | The Company had decided its dissolution and liquidation on December 26, 2022. |
| 〃 | Mexcom Electronics, LLC ("MEL") | Investment | 100% | 100% | |
| 〃 | Mexcom Technologies, LLC ("MTL") | 〃 | 100% | 100% | |
| CIH | Compal International Holding (HK) Limited ("CIH (HK)") | 〃 | 100% | 100% | |
| 〃 | Jenpal International Ltd. ("Jenpal") | 〃 | 100% | 100% | |
| 〃 | Prospect Fortune Group Ltd. ("PFG") | 〃 | 100% | 100% | |
| 〃 | Fortune Way Technology Corp. ("FWT") | 〃 | 100% | 100% | |
| CIH (HK) | Compal Electronics Technology (Kunshan) Co., Ltd. ("CET") | Manufacturing of notebook PCs | 100% | 100% | |
| 〃 | Compal Information (Kunshan) Co., Ltd. ("CIC") | 〃 | 100% | 100% | |
| 〃 | Compal Information Technology (Kunshan) Co., Ltd. ("CIT") | 〃 | 100% | 100% | |
| 〃 | Kunshan Botai Electronics Co., Ltd. ("BT") | 〃 | 100% | 100% | |
| 〃 | Compal Digital Technology (Kunshan) Co., Ltd. ("CDT") | Manufacturing and sales of notebook PCs, mobile phones, and digital products | 100% | 100% | |
| BT | Compower Global Service Co., Ltd. ("CGS") | Maintenance and warranty service of notebook PCs | 100% | 100% | |
| CDH (HK) and CIH (HK) | Compal Investment (Jiangsu) Co., Ltd. ("CIJ") | Investment | 100% | 100% | |
| CIJ | Compal Display Electronics (Kunshan) Co., Ltd. ("CDE") | Manufacturing and sales of LCD TVs | 100% | 100% | |
| The Company and Webtek | Etrade Management Co., Ltd. ("Etrade") | Investment | 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 December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| The Company | Webtek Technology Co., Ltd. (“Webtek”) | 〃 | 100% | 100% | |
| 〃 | Forever Young Technology Inc. (“Forever”) | 〃 | 100% | 100% | |
| 〃 | UniCom Global, Inc. (“UCGI”) | Manufacturing and sales of computers and electronic components | 100% | 100% | |
| 〃 | Palcom International Corporation (“Palcom”) | Sales of mobile phones | 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.<br>The Company had decided its dissolution and liquidation on December 22, 2022. |
| 〃 | QiJie Electronics (ShenZhen) Co., Ltd. (“QiJie”) | Sales of PCs and computer periphery devices | 100% | - | The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems’ shares in March 2022. |
| 〃 | 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% | - | The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems’ shares in March 2022.<br>The Company had decided its dissolution and liquidation on December 22, 2022. |
| CDH (HK) and Etrade | Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”) | Manufacturing and processing of mobile phones and tablet PCs | 100% | 100% | |
| Etrade | Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”) | 〃 | 100% | 100% | |
| 〃 | Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”) | 〃 | 100% | 100% | |
| Forever | Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”) | R&D and manufacturing of electronic communication equipment | 100% | 100% | |
| 〃 | Giant Rank Trading Ltd. (“GIA”) | Sales of mobile phones | 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 December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| Forever | 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% | |
| Arcadyan | Arcadyan Technology N.A. Corp. ("Arcadyan USA") | Sales of wireless network products | 100% | 100% | |
| 〃 | Arcadyan Germany Technology GmbH ("Arcadyan Germany") | Technical support and sales of wireless network products | 100% | 100% | |
| 〃 | Arcadyan Technology Corporation Korea ("Arcadyan Korea") | Sales of wireless network products | 100% | 100% | |
| 〃 | Arcadyan Holding (BVI) Corp. ("Arcadyan Holding") | Investment | 100% | 100% | |
| 〃 | Arcadyan Technology Limited ("Arcadyan UK") | Technical support of wireless network products | 100% | 100% | |
| 〃 | Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU") | Sales of wireless network products | 100% | 100% | |
| 〃 | Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU") | Sales of wireless network products | 100% | 100% | |
| 〃 | Zhi-Bao Technology Inc. ("Zhi-Bao") | Investment | 100% | 100% | |
| 〃 | Tatung Technology Inc. ("TTI") | R&D and sales of household digital electronic products | 61% | 61% | |
| 〃 | AcBel Telecom Inc. ("AcBel Telecom") | Investment | - | 51% | The liquidation of the company had been completed on August 19, 2022. |
| Arcadyan and Zhi-Bao | Arcadyan do Brasil Ltda. ("Arcadyan Brasil") | Sales of wireless network products | 100% | 100% | |
| 〃 | Arcadyan India Private Limited ("Arcadyan India") | Sales of wireless network products | 100% | 100% | The subsidiary was incorporated on March 25, 2021. |
| The Company, Arcadyan and its subsidiaries | Compal Broadband Network Inc. ("CBN") | R&D and sales of cable modem, digital set-up box, and other communication products | 63% | 62% | |
| CBN | Compal Broadband Networks Belgium BVBA ("CBNB") | Import and export business, technical support and consulting service of broadband networks | 100% | 100% | |
| 〃 | Compal Broadband Networks Netherlands B.V. ("CBNN") | 〃 | 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% | The subsidiary was incorporated in April, 2021 and the Group has substantial control over it. (Note 1) |

(Continued)

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

| Name of investor | Name of Subsidiary | Nature of Operation | Percentage of ownership December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| Arcadyan Holding | Sinoprime Global Inc. ("Sinoprime") | Investment | 100% | 100% | |
| 〃 | Arcadyan Technology (Shanghai) Corp. ("SVA Arcadyan") | R&D and sales of wireless network products | 100% | 100% | |
| 〃 | Arch Holding (BVI) Corp. ("Arch Holding") | Investment | 100% | 100% | |
| Arch Holding | Compal Networking (Kunshan) Co., Ltd. ("CNC") | Manufacturing of wireless network products | 100% | 100% | |
| Sinoprime | Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam") | Manufacturing of wireless network products | 100% | 100% | |
| TTI | Quest International Group Co., Ltd. ("Quest") | Investment | 100% | 100% | |
| 〃 | Tatung Technology of Japan Co., Ltd. ("TTJC") | Sales of household digital electronic products | 100% | 100% | |
| Quest | Exquisite Electronic Co., Ltd. ("Exquisite") | Investment | 100% | 100% | |
| Exquisite | Tatung Home Appliances (Wujiang) Co., Ltd. ("THAC") | Manufacturing of household digital electronic products | 100% | 100% | |
| HSI | Intelligent Universal Enterprise Ltd. ("IUE") | Investment | 100% | 100% | |
| 〃 | Goal Reach Enterprises Ltd. ("Goal") | 〃 | 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% | |
| Goal | Compal Development & Management (Vietnam) Co., Ltd. ("CDM") | Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam | 100% | 100% | |
| Rayonnant Technology and CRH | Allied Power Holding Corp. ("APH") | Investment | 100% | 100% | |
| APH | Primetek Enterprises Limited ("PEL") | 〃 | 100% | 100% | |
| 〃 | Rayonnant Technology (HK) Co., Ltd. ("Rayonnant Technology (HK)") | 〃 | 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% | |
| HengHao | HengHao Holdings A Co., Ltd. ("HHA") | Investment | 100% | 100% | |
| HHA | HengHao Holdings B Co., Ltd. ("HHB") | 〃 | 100% | 100% | |

(Continued)

| Name of investor | Name of Subsidiary | Nature of Operation | Percentage of ownership December 31, 2022 | Percentage of ownership December 31, 2021 | Description |
|---|---|---|---|---|---|
| HHB | HengHao Optoelectronics Technology (Kunshan) Co., Ltd. ("HengHao Kunshan") | Production of touch panels and related components | 100% | 100% | |
| 〃 | Lucom Display Technology (Kunshan) Limited ("Lucom") | Manufacturing of touch panels and LCD TVs | 100% | 100% | |
| BCI | Center Mind International Co., Ltd. ("CMI") | Investment | 100% | 100% | |
| 〃 | Prisco International Co., Ltd. ("PRI") | 〃 | 100% | 100% | |
| CMI | Compal Investment (Sichuan) Co., Ltd. ("CIS") | Outward investment and consulting services | 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% | |
| 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% | |
| 〃 | 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% | |
| CORE | Billion Sea Holdings Limited ("BSH") | Investment | 100% | 100% | |
| BSH | Mithera Capital Io LP ("Mithera") | 〃 | 99% | 99% | |
| 〃 | Compal USA (Indiana), Inc. ("CIN") | Foundry of automotive electronic products | 100% | 100% | The Group acquired 100% of its shares in September 2021. |
| Unicore | Raycore Biotech Co., Ltd. ("Raycore") | Animal medication retail and wholesale | - | 100% | 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.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

1) fair value through other comprehensive income financial assets;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group entities' functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group entities' functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(Continued)

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(f) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive payment is established, which in the case of quoted securities is normally on the date the shareholders' meeting approved the earning distribution.

(Continued)

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest and loss or gain related to financial liabilities are recognized as profit or loss and are reported under non-operating income and expenses. Financial liabilities are reclassified as equity when converted, and conversions do not generate profit or loss.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than significant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expenses.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

(Continued)

The Group designates its hedging instruments, including derivatives, embedded derivatives, and nonderivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

The Group shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in “other equity－gains (losses) on hedging instruments”. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is presented in the line item of non-operating income and expenses in the statement of comprehensive income.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of the forward exchange contracts is separately accounted for as a cost of hedging and accumulated in a separate component within equity.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or in the periods during which the hedged item affects the profit or loss, and is presented in the same accounting item with the hedged item recognized in the consolidated statement of comprehensive income. However, for a cash flow hedge of a forecast transaction recognized as a nonfinancial asset or liability, the amount accumulated in “other equity－gains (losses) on hedging instruments in cash flow hedging securities” and retained in other comprehensive income is reclassified as the initial cost of the nonfinancial asset or liability. In addition, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in future periods, it shall immediately reclassify the amount in profit or loss.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedge reserve (and costs of hedging) remains in equity until the hedged future cash flows are no longer expected to occur. Otherwise, that amount would be adjusted within the carrying amount of the non-financial item. For other cash flow hedges, the amount is reclassified to profit or loss in the same period or in the periods as the hedged expected future cash flows affect the profit or loss. However, if the hedged future cash flows are no longer expected to occur, the amount shall immediately be reclassified from cash flow reserve (and the cost of hedging reserve) to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or join control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that significant influence ceases. When changes in an associate’s equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognizes the changes in ownership interests of its associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group’s interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group’s share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(Continued)

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, however, when the balance of the capital surplus arising from the investment was insufficient, the difference charged or credited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint ventures) have rights to the net assets of the arrangement. A joint venture shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless, the entity is exempted from applying the equity method as specified in that Standard.

When assessing the classification of a joint arrangement, the Group shall consider the structure and legal form of the arrangement, the terms in the contractual arrangement and other facts and circumstances. The Group had previously reviewed the contractual structure of the joint arrangement, and has now decided to reclassify the investments in "Jointly Controlled Entities" to "Joint Ventures". Although the investments have been reclassified, they are still recorded under the equity method. Thus, there is no effect in the recognized assets, liabilities and other comprehensive income.

(Continued)

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings: 9~50 years

2) Building improvement: 2~30 years

3) Machinery and equipment: 2~14 years

4) Research equipment: 3~10 years

5) Modeling equipment: 0.5~5 years

6) Other equipment: 0.25~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(Continued)

(m) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in intangible assets. The measurement of initial recognition of goodwill, please refer to note (4)(u).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill related to an investment accounted for using equity method is included in the carrying amount of the investment, and not allocated to any asset, including goodwill, forms part of the carrying amount of the investment accounted for using the equity method.

(ii) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

2) Its intention to complete the intangible asset and use or sell it.

3) Its ability to use or sell the intangible asset.

4) How the intangible asset will generate probable future economic benefits.

5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditure arising from the development phase is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1) Patents: the shorter of contract period and estimated useful lives

2) Royalty: amortized by contract period

3) Computer software: 1~7 years

4) Copyright: 10 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(n) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, assets arising from employee benefits and non-current assets classified as held for sale are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The Group assesses goodwill and intangible assets, which have indefinite useful lives and are not available for use, on an annual basis and recognizes an impairment loss on excess of carrying value over the recoverable amount.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

(Continued)

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer' s cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset' s recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(Continued)

(q) Recognition of Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells electronic products to electronic products brand vendor. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group assesses sales discounts based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year. A refund liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group' s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(t) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(Continued)

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(u) Business combination

Goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and as an amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

All the transaction costs incurred for the business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

If the business combination is achieved in stages, the Group shall measure any non-controlling equity interest in the acquire, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interest is measured (1) at fair value at the acquisition date or (2) by using other valuation techniques acceptable under the IFRS as endorsed by the FSC.

In a business combination achieved in stages, the Group shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(Continued)

(v) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Group. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Group divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise and employee compensation not yet approved by the Board of Directors.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements. In addition, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Group records a refund liabilities (sales returns and allowance provisions) for estimated returns and other allowances in the same period the related revenue is recorded. The estimate is made based on historical experience, market and economic conditions, and any other known factors using the expected value or the most likely amount and it could be different from actual sales returns and allowances, therefore, the management periodically reviews the adequacy of the estimation used.

(Continued)

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial changes, there may be significant differences in the net realizable value of inventories. Refer to note (6)(g) for further description of the valuation of inventories.

## (6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Cash on hand | $ 17,835 | 18,472 |
| Checking accounts and demand deposits | 39,976,385 | 17,073,664 |
| Time deposits | 35,233,038 | 58,069,967 |
| Cash equivalents | 4,438,044 | - |
| | **$ 79,665,302** | **75,162,103** |

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

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Mandatorily measured at fair value through profit or loss:** | | |
| Non-derivative financial assets | | |
| Stock unlisted in domestic markets | $ 117,150 | 137,540 |
| Fund in domestic or foreign markets | 441,759 | 399,550 |
| Derivative instruments not used for hedging | | |
| Foreign exchange contracts | 187 | 120,897 |
| Swap contracts | - | 2,545 |
| Total | **$ 559,096** | **660,532** |
| Current | $ 187 | 400,754 |
| Non-current | 558,909 | 259,778 |
| | **$ 559,096** | **660,532** |

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Financial liabilities held-for-trading:** | | |
| Derivative instruments not used for hedging | | |
| Foreign exchange contracts | **$ 62,527** | **1,589** |

(Continued)

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:

| | December 31, 2022 | | |
|---|---|---|---|
| | Contract amount (in thousands) | Currency | Maturity date |
| **Derivative financial assets:** | | | |
| **Foreign exchange contracts:** | | | |
| Forward exchange sold | EUR 8,000 | EUR to USD | May 12~ June 14, 2023 |
| Forward exchange purchased | USD 512 | USD to INR | January 31, 2023 |
| **Derivative financial liabilities:** | | | |
| **Foreign exchange contracts:** | | | |
| Forward exchange sold | EUR 25,000 | EUR to USD | January 31~ April 20, 2023 |
| Forward exchange sold | EUR 2,000 | EUR to TWD | January 31, 2023 |
| Forward exchange purchased | USD 172,800 | USD to BRL | January 4~June 15, 2023 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Contract amount (in thousands) | Currency | Maturity date |
| **Derivative financial assets:** | | | |
| **Foreign exchange contracts:** | | | |
| Forward exchange sold | EUR 33,000 | EUR to USD | January 10~May 09, 2022 |
| Forward exchange sold | EUR 1,500 | EUR to TWD | January 05, 2022 |
| Forward exchange purchased | 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 |
| **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 |

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

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

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Equity investments at fair value through other comprehensive income: | | |
| Stock listed in domestic markets | $ 2,797,667 | 3,350,210 |
| Stock listed in foreign markets | 579,341 | 695,728 |
| Stock unlisted in domestic markets | 1,822,164 | 1,879,166 |
| Stock unlisted in foreign markets | 226,736 | 309,959 |
| Total | $ 5,425,908 | 6,235,063 |

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, Kunji Venture Capital Co., Ltd, and HeDing Venture Capital Co., Ltd, measured at fair value through other comprehensive income by the Group, had been completed in 2021. The proceed from the liquidation was $1,172, resulting in a cumulative valuation loss of $157,150, which was reclassified from other comprehensive income to retained earnings.

During 2022, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in GENKI SANGA HOLDINGS CO., LTD. The fair value of the shares upon disposal amounted to $10,028, resulting in a cumulative gain of $2,838, which was reclassified from other comprehensive income to retained earnings.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2022 and 2021, will be $271,295 and $311,753, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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

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

(d) Financial instruments used for hedging

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Cash flow hedge:** | | |
| **Financial liabilities used for hedging:** | | |
| Forward exchange contracts | $ 47,809 | - |

(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 December 31, 2022, the details related to the items designated as hedge instruments were as follows:

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Contract amount (in thousands) | Currency | Maturity period | Average strike price |
| **Derivative financial liabilities used for hedging** | | | | |
| **Foreign exchange contracts:** | | | | |
| Forward exchange sold | EUR 65,000 | EUR to USD | January 30~December 28, 2023 | 1.0472 |

(iii) For the year ended December 31, 2022 and 2021, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of $44,071 and $0, respectively, recorded as "other gains and losses, net".

(iv) For the year ended December 31, 2022 and 2021, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss are recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

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

(e) Notes and accounts receivable

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Notes receivables from operating activities | $ 10,645 | 81,244 |
| Accounts receivables – measured at amortized cost | 179,043,536 | 261,179,612 |
| Accounts receivables – fair value through other comprehensive income | 16,091,084 | 32,796,946 |
| | 195,145,265 | 294,057,802 |
| Less: allowance for uncollectible accounts | (3,924,544) | (3,891,948) |
| | **$ 191,220,721** | **290,165,854** |
| Notes and accounts receivable | **$ 186,804,648** | **288,436,522** |
| Notes and accounts receivable – related parties | **$ 4,416,073** | **1,729,332** |

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:

| December 31, 2022 | | | | |
|---|---|---|---|---|
| **Credit rating** | **Carrying amount of notes and accounts receivable** | **Weighted-average ECL rate** | **Lifetime ECLs** | **Credit-impaired** |
| Level A | $ 168,144,302 | 0% | - | No |
| Level B | 12,364,116 | 0.68% | 84,412 | No |
| Level C | 3,795,534 | 100% | 3,795,534 | Yes |
| | **$ 184,303,952** | | **3,879,946** | |

| 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 | 3,795,534 | 100% | 3,795,534 | Yes |
| | **$ 286,337,354** | | **3,863,796** | |

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

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

| December 31, 2022 | | | | |
|---|---|---|---|---|
| **Credit rating** | **Carrying amount of notes and accounts receivable** | **Weighted-average ECL rate** | **Lifetime ECLs** | **Credit-impaired** |
| Level A | $ 2,524,744 | 0% | - | No |
| Level B | 6,876,702 | 0.10% | 6,923 | No |
| Level C | 1,419,845 | 1.00% | 17,653 | No |
| Level D | - | | - | - |
| Level E | 20,022 | 100% | 20,022 | Yes |
| | $ **10,841,313** | | **44,598** | |

| 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** | |

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

| | **December 31, 2022** | **December 31, 2021** |
|---|---|---|
| Overdue 1 to 180 days | $ 3,119,372 | 1,338,940 |
| Overdue 181 to 365 days | - | 7,679 |
| Overdue 365 days | 8,552 | - |
| | $ **3,127,924** | **1,346,619** |

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

| | **2022** | **2021** |
|---|---|---|
| Balance at January 1 | $ 3,891,948 | 3,910,928 |
| Acquisition through business combination | 59 | - |
| Impairment losses recognized (reversed) | 30,394 | (18,227) |
| Effect of changes in exchange rates | 2,143 | (753) |
| Balance at December 31 | $ **3,924,544** | **3,891,948** |

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**
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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 December 31, 2022 and 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 1,600,000 thousand and EUR 1,000 thousand, USD 1,600,000 thousand and EUR 15,000 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 in 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 December 31, 2022 and 2021, the factored accounts receivable with no advance amounting to $447 and $958, 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 December 31, 2022 and 2021, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

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

| December 31, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Purchaser | Accounts receivable factored (gross) | Amount advanced | | Amount recognized in other receivable | Collateral | Amount derecognized | Interest rate |
| | | Unpaid | Paid | | | | |
| Financial Institution | $ 30,114,458 | - | 30,114,011 | 447 | - | 30,114,458 | 2.75%~5.61% |

| December 31, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Purchaser | Accounts receivable factored (gross) | Amount advanced | | Amount recognized in other receivable | Collateral | Amount derecognized | Interest rate |
| | | Unpaid | Paid | | | | |
| Financial Institution | $ 33,594,209 | - | 33,593,251 | 958 | - | 33,594,209 | 0.47%~0.86% |

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

(Continued)

(f) Inventories

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Finished goods | $ 42,519,903 | 22,625,832 |
| Work in progress | 11,680,487 | 9,683,904 |
| Raw materials | 56,764,510 | 82,224,084 |
| Raw materials in transit | 629,084 | 478,545 |
| | **$ 111,593,984** | **115,012,365** |

(i) For the years ended December 31, 2022 and 2021, inventory cost recognized as cost of sales amounted to $1,032,881,736 and $1,194,190,441, respectively.

(ii) The loss due to the write-down of inventories to net realizable value amounted to $1,992,685 and $1,938,800 for the years ended December 31, 2022 and 2021, respectively.

(iii) As of December 31, 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8). As of December 31, 2021, the Group did not provide any inventories as collaterals for its loans.

(g) Investments accounted for using equity method

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Associates | $ 8,142,707 | 8,453,133 |
| Joint venture | (18,066) | (17,587) |
| | 8,124,641 | 8,435,546 |
| Plus: credit balance of investment in equity method (other non-current liability) | 43,757 | 43,020 |
| Less: unrealized profits or losses | (120,829) | (109,254) |
| | **$ 8,047,569** | **8,369,312** |

(i) Associates

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Allied Circuit Co., Ltd. ("Allied Circuit") | $ 1,741,281 | 2,847,809 |
| Avalue Technology Inc. ("Avalue") | 1,214,819 | 849,180 |
| | **$ 2,956,100** | **3,696,989** |

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

| | 2022 | 2021 |
|---|---|---|
| The Group's share of the gain (loss) of associates | $ (270,373) | 448,467 |

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Carrying amount of individually immaterial associates | $ 8,142,707 | 8,453,133 |

| | 2022 | 2021 |
|---|---|---|
| The Group's share of the net income (loss) of associates: | | |
| Profit (loss) from continuing operations | (270,373) | 448,467 |
| Other comprehensive income | 60,255 | 110,379 |
| Total comprehensive income | $ (210,118) | 558,846 |

(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:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| The carrying amount of the Group's interests in all individually insignificant joint ventures | $ (18,066) | (17,587) |

| | 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)) | (2,451) | 95 |

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

(iv) As of December 31, 2022 and 2021, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Acquisition of the subsidiary

(i) Poindus Systems

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 $618,366 and loss $2,134, 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:

1) Consideration transferred

| | |
|---|---|
| Cash | **$ 353,046** |

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**
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2) 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) |
| | **$** | **563,868** |

3) 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 | | (563,868) |
| | **$** | **37,060** |

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.

(Continued)

(ii) CIN

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

Since the acquisition of 100% equity of CIN on September 30, 2021, the revenue and net profit contributed by CIN were $139,834 and loss of $35,101, respectively. If the transaction takes place on January 1, 2021, the management estimates that the Group's revenue in 2021 would increase by $490,751, while net profit would decrease by $8,992.

In determining these amounts, management has assumed that the transaction occurred on January 1, 2021 and that the provisional fair value adjustment resulting from the acquisition date is the same.

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

1) Consideration transferred

| | |
|---|---|
| cash | **$ 226,421** |

2) The identifiable assets acquired and the liabilities assumed

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

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

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

| | | |
|---|---|---|
| Consideration transferred | $ | 226,421 |
| Less: fair value of identifiable net assets | | (187,207) |
| | **$** | **39,214** |

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

(i) Changes in subsidiaries' equity

(i) Changes in subsidiaries' equity did not result in the Group's loss of control

1) Subsidiaries' employee stock options exercised

CBN issued 38 thousand new shares because of its employees' exercised stock options in 2021, which resulted in the reduce of the Group's ownership of CBN by 0.02%, respectively.

2) Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of HippoScreen about $70,000, resulting in an increase in the ownership of the Group in HippoScreen by 21%.

3) Issuance of subsidiaries' restricted shares

CBN issued 1,500 thousand restricted shares in the year ended December 31, 2021, resulting in a decrease in the ownership of the Group in CBN by 0.95%.

4) Cancellation of subsidiaries' restricted shares and conversion of convertible bonds

Arcadyan canceled 30 thousand and 53 thousand restricted shares in the years ended December 31, 2022 and 2021. Whereas, Arcadyan issued 3,892 thousand and 8,136 thousand new shares due to the conversion of convertible bonds during 2022 and 2021. These two events, respectively, resulted in a decrease of 0.59% and 1.30% the ownership of the Company and its subsidiaries in Arcadyan in the years ended December 31, 2022 and 2021.

CBN canceled 469 thousand restricted shares in the years ended December 31, 2022, resulted in a increase of 0.43% the ownership of the Group in CBN in the years ended December 31, 2022.

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5) Acquire additional equity in a subsidiary

In June 2022, the Group acquired 0.12% of equity interest in GLB from minority shareholders with $700 in cash, increasing of the equity from 50.00% to 50.12%.

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

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

| | 2022 | 2021 |
|---|---|---|
| Capital surplus – changes in ownership interest in subsidiaries | $ 33,397 | 61,825 |
| Retained earnings | (2,260) | (11,237) |
| | $ 31,137 | 50,588 |

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

| | | Percentage of non-controlling interests | |
|---|---|---|---|
| **Subsidiaries** | **Main operation place** | **December 31, 2022** | **December 31, 2021** |
| Arcadyan Technology Corporation | Taiwan | 67 % | 66 % |

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

Arcadyan's collective financial information

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current assets | $ 33,543,752 | 28,532,932 |
| Non-current assets | 6,476,775 | 5,368,181 |
| Current liabilities | (25,841,325) | (20,476,963) |
| Non-current liabilities | (239,941) | (501,037) |
| Net assets | $ 13,939,261 | 12,923,113 |
| Non-controlling interests | $ 9,503,906 | 8,796,235 |

(Continued)

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| | 2022 | 2021 |
|---|---|---|
| Sales revenue | $ 47,167,749 | 38,240,058 |
| Net income | $ 1,915,053 | 1,701,800 |
| Other comprehensive income | 283,981 | (77,222) |
| Comprehensive income | $ 2,199,034 | 1,624,578 |
| Profit, attributable to non-controlling interests | $ 1,248,748 | 1,083,011 |
| Comprehensive income, attributable to non-controlling interests | $ 1,435,919 | 1,032,457 |
| Net cash flows from operating activities | $ 2,529,050 | (1,524,264) |
| Net cash flows from investing activities | (1,415,888) | (1,789,637) |
| Net cash flows from financing activities | (1,577,423) | 2,240,204 |
| Effect of exchange rate changes on cash and cash equivalents | 73,033 | (35,292) |
| Net increase (decrease) in cash and cash equivalents | $ (391,228) | (1,108,989) |

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 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 | 49,023 | 1,940,684 | 2,047,295 | 2,057,259 | 6,094,601 |
| Disposals and derecognitions | - | (89,464) | (386,369) | (1,186,876) | - | (1,662,709) |
| Reclassifications | - | 3,025,276 | 1,491,632 | 152,137 | (4,669,045) | - |
| Effect of movements in exchange rates | 8,459 | 1,289,824 | 1,181,719 | 554,985 | 313,732 | 3,348,719 |
| Balance on December 31, 2022 | $ 2,485,718 | 21,658,458 | 36,234,090 | 13,405,317 | 2,295,702 | 76,079,285 |
| Balance on January 1, 2021 | $ 1,944,094 | 18,519,873 | 28,498,191 | 11,885,697 | 1,220,785 | 62,068,640 |
| Acquisition through business combination | 10,892 | 87,477 | 162,654 | 4,376 | - | 265,399 |
| Additions | 479,377 | 693,335 | 3,164,422 | 1,598,322 | 6,125,821 | 12,061,277 |
| Disposals and derecognitions | - | (1,893,781) | (915,011) | (1,142,655) | - | (3,951,447) |
| Reclassifications | 43,694 | 378,343 | 2,011,033 | 229,103 | (2,662,173) | - |
| Effect of movements in exchange rates | (1,138) | (401,448) | (915,221) | (831,423) | (90,951) | (2,240,181) |
| Balance on December 31, 2021 | $ 2,476,919 | 17,383,799 | 32,006,068 | 11,743,420 | 4,593,482 | 68,203,688 |

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| | Land | Buildings and building improvement | Machinery | Other equipment | Under construction and prepayment for purchase of equipment | Total |
|---|---|---|---|---|---|---|
| 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 | - | 942,521 | 3,411,902 | 1,776,422 | - | 6,130,845 |
| Disposals and derecognitions | - | (89,237) | (269,897) | (1,124,847) | - | (1,483,981) |
| Effect of movements in exchange rates | - | 713,151 | 150,183 | 474,157 | - | 1,337,491 |
| Balance on December 31, 2022 | **$ -** | **12,555,957** | **24,546,694** | **10,168,423** | **-** | **47,271,074** |
| Balance on January 1, 2021 | $ - | 10,855,109 | 20,571,645 | 8,556,546 | - | 39,983,300 |
| Acquisition through business combination | - | 18,824 | 148,912 | 4,290 | - | 172,026 |
| Depreciation for the period | - | 923,523 | 2,566,033 | 1,947,870 | - | 5,437,426 |
| Impairment loss | - | - | 378,072 | 26,441 | - | 404,513 |
| Disposals and derecognitions | - | (622,536) | (812,833) | (1,009,328) | - | (2,444,697) |
| Effect of movements in exchange rates | - | (185,398) | (1,597,679) | (556,167) | - | (2,339,244) |
| Balance on December 31, 2021 | **$ -** | **10,989,522** | **21,254,150** | **8,969,652** | **-** | **41,213,324** |
| Carrying amounts: | | | | | | |
| Balance on December 31, 2022 | **$ 2,485,718** | **9,102,501** | **11,687,396** | **3,236,894** | **2,295,702** | **28,808,211** |
| Balance on January 1, 2021 | **$ 1,944,094** | **7,664,764** | **7,926,546** | **3,329,151** | **1,220,785** | **22,085,340** |
| Balance on December 31, 2021 | **$ 2,476,919** | **6,394,277** | **10,751,918** | **2,773,768** | **4,593,482** | **26,990,364** |

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

In order to activate the assets of the Group, the subsidiary of the Group, CDE, and a non-related party, Kunshan Xincheng Construction Development Co., Ltd., entered into a real estate purchase and sales agreement at the total price of $4,147,946 (CNY 956,012 thousand), which include the land use rights and the existing land building, based on a resolution approved during the board meeting held on May 7, 2021. Upon completion of the above transaction, the Group recognized a disposal gain of $1,961,419, which was accounted for as other gains and losses, after deducting the book value of assets and related transaction costs from the transaction price.

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

(l) Right-of-use assets

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

| | Land | Buildings | Machinery | Vehicles and other | Total |
|---|---|---|---|---|---|
| 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 | 299,827 | 33,423 | 14,525 | 11,563,799 |
| Deductions | - | (630,668) | (57,348) | (9,818) | (697,834) |
| Effect of movements in exchange rates | 104,834 | (52,921) | (1,573) | (2,108) | 48,232 |
| Balance on December 31, 2022 | **$ 12,180,851** | **3,320,227** | **51,104** | **72,553** | **15,624,735** |
| Balance on January 1, 2021 | $ 1,268,129 | 3,378,467 | 76,930 | 74,969 | 4,798,495 |
| Additions | - | 996,820 | - | 22,824 | 1,019,644 |
| Deductions | (362,689) | (679,921) | - | (28,923) | (1,071,533) |
| Effect of movements in exchange rates | (45,447) | (31,336) | (328) | (248) | (77,359) |
| Balance on December 31, 2021 | **$ 859,993** | **3,664,030** | **76,602** | **68,622** | **4,669,247** |
| 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 | 151,927 | 799,367 | 10,019 | 21,042 | 982,355 |
| Deductions | - | (523,734) | (27,382) | (9,635) | (560,751) |
| Effect of movements in exchange rates | 19,481 | (125,053) | (1,444) | (2,231) | (109,247) |
| Balance on December 31, 2022 | **$ 241,063** | **1,613,228** | **18,093** | **47,035** | **1,919,419** |
| Balance on January 1, 2021 | $ 54,756 | 1,175,689 | 24,749 | 46,349 | 1,301,543 |
| Depreciation for the period | 52,675 | 805,895 | 12,326 | 20,421 | 891,317 |
| Deductions | (37,698) | (512,348) | - | (28,923) | (578,969) |
| Effect of movements in exchange rates | (78) | (10,411) | (175) | (198) | (10,862) |
| Balance on December 31, 2021 | **$ 69,655** | **1,458,825** | **36,900** | **37,649** | **1,603,029** |
| Carrying amount: | | | | | |
| Balance on December 31, 2022 | **$ 11,939,788** | **1,706,999** | **33,011** | **25,518** | **13,705,316** |
| Balance on January 1, 2021 | **$ 1,213,373** | **2,202,778** | **52,181** | **28,620** | **3,496,952** |
| Balance on December 31, 2021 | **$ 790,338** | **2,205,205** | **39,702** | **30,973** | **3,066,218** |

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 $130,854 and $26,049, respectively, and were capitalized under property, plant and equipment for the year ended December 31, 2022, with a capitalization rate of 1.5%.

(Continued)

(m) Short-term borrowings

The details of short-term borrowings were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Unsecured bank loans | $ 74,823,426 | 118,422,407 |
| Secured bank loans | 9,000 | - |
| | $ 74,832,426 | 118,422,407 |
| Unused credit line for short-term borrowings | $ 212,701,000 | 113,777,000 |
| Range of interest rates | 0.05%~8.37% | 0.05%~2.95% |

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

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

(n) Long-term borrowings

The details of long-term borrowings were as follows:

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Currency | Annual range of interest rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 1.48%~2.06% | 2023~2026 | $ 30,525,000 |
| Secured bank loans | TWD | 1.25%~2.00% | 2025~2026 | 612,122 |
| Less: current portion | | | | (19,462,800) |
| Total | | | | $ 11,674,322 |
| Unused credit lines for long-term borrowings | | | | $ 13,018,000 |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Currency | Annual range of interest rate | Maturity year | Amount |
| Unsecured bank loans | TWD | 0.62%~0.98% | 2022~2024 | $ 24,300,000 |
| Secured bank loans | TWD | 1.00%~1.50% | 2022~2026 | 660,513 |
| Less: current portion | | | | (15,741,481) |
| Total | | | | $ 9,219,032 |
| Unused credit lines for long-term borrowings | | | | $ 12,345,000 |

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

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

(o) Unsecured convertible corporate bonds

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total convertible corporate bonds issued | $ 1,000,000 | 1,000,000 |
| Unamortized discounts on corporate bonds payable | - | (1,433) |
| Unamortized issuance costs on corporate bonds payable | - | (496) |
| Accumulated converted amount | (992,600) | (671,500) |
| Repayments of bonds payable | (7,400) | - |
| Balance of corporate bonds payable as of the reporting date | **$ -** | **326,571** |
| Conversion options included in equity components (classified as capital surplus and non-controlling interests) | **$ -** | **15,987** |

| | 2022 | 2021 |
|---|---|---|
| Interest expenses | **$ 763** | **11,968** |

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

(ii) The main terms of issuing the above-mentioned convertible corporate bonds was as follows:

1) Coupon rate: 0%

2) Duration: three years (June 6, 2019~June 6, 2022)

3) Repayment

Put option and call option are excluded from the issuance of convertible corporate bonds. Except that the bondholders convert the bonds to Arcadyan's common shares or the bonds are repurchased and cancelled by Arcadyan from the securities firm's business office, the bonds will be repaid in cash at par value when the bonds expired.

4) Terms of conversion

a) The bondholder may opt to have its bonds converted into the Arcadyan's common shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity day (June 6, 2022), except for the following:

- The closing period in accordance with the applicable law;

- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

- The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.

b) Conversion price is determined as NT$98.3 per share upon issuing. Arcadyan paid cash dividends and issued new shares for cash in 2019; therefore, the conversion price has been adjusted to $93 per share. Arcadyan distributed cash dividends to common stocks shareholders with retained earnings in 2021 and 2020, thereafter, the conversion price has been adjusted to NT82.5 and $87.7 per share, respectively.

(iii) 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.

(iv) As of June 6, 2022 and December 31, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for $321,100 and $671,500 with a par value of $38,920 and $81,363, respectively, and the capital surplus were recognized for $296,640 and $616,933 (including the stock option conversion premium of $15,626 and $32,680 and the unamortized discounts on corporate bonds payable of $1,166 and $5,884, respectively).

(p) Lease liabilities

The details of leases liabilities were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Current | $ 1,813,555 | 625,292 |
| Non-current | $ 9,533,209 | 1,679,504 |

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

The amounts recognized in profit or loss were as follows:

| | 2022 | 2021 |
|---|---|---|
| Interest on lease liabilities | $ 44,563 | 63,701 |
| Variable lease payments not included in the measurement of lease liabilities | $ 2,528 | 32,350 |
| Expenses relating to leases of low-value assets or short-term leases | $ 186,825 | 303,454 |

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

| | 2022 | 2021 |
|---|---|---|
| Total cash outflow for leases | $ 2,656,206 | 1,234,542 |

(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)(l).

(ii) Other leases

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

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

(q) Provisions

| | Warranties |
|---|---|
| Balance on January 1, 2022 | $ 1,204,115 |
| Business combination | 2,786 |
| Provisions made during the period | 365,410 |
| Provisions used during the period | (349,378) |
| Provisions reversed during the period | (488,899) |
| Effect of movements in exchange rates | 27 |
| Balance on December 31, 2022 | $ 734,061 |
| Balance on January 1, 2021 | $ 870,050 |
| Provisions made during the period | 476,940 |
| Provisions used during the period | (136,853) |
| Provisions reversed during the period | (6,022) |
| Balance on December 31, 2021 | $ 1,204,115 |

Provisions relate to sales of products are assessed based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year.

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(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Present value of defined benefit obligations | $ (1,433,878) | (1,554,902) |
| Fair value of plan assets | 773,859 | 732,869 |
| Net defined benefit liabilities | **$ (660,019)** | **(822,033)** |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The balance of the Group' s labor pension reserve account in the Bank of Taiwan amounted to $757,556 (excluding the ending balance of interest rectivable) as of December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Group were as follows:

| | 2022 | 2021 |
|---|---|---|
| Defined benefit obligations on January 1 | $ (1,554,902) | (1,516,219) |
| Benefit paid by the plan | 64,567 | 38,959 |
| Current service costs and interest | (16,068) | (12,850) |
| Remeasurements of net benefit liabilities | 106,275 | (64,792) |
| Amount increased through business combination | (32,306) | - |
| Effect of movements in exchange rates | (1,444) | - |
| Defined benefit obligations on December 31 | **$ (1,433,878)** | **(1,554,902)** |

(Continued)

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

| | 2022 | 2021 |
|---|---|---|
| Fair value of plan assets on January 1 | $ 732,869 | 730,046 |
| Expected return on plan assets | 5,073 | 3,675 |
| Remeasurements of net benefit plan assets | 56,929 | 9,626 |
| Contributions paid by the employer | 28,460 | 28,481 |
| Benefits paid by the plan | (64,567) | (38,959) |
| Amount increased through business combination | 14,425 | - |
| Effect of movements in exchange rates | 670 | - |
| Fair value of plan assets on December 31 | **$ 773,859** | **732,869** |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

| | 2022 | 2021 |
|---|---|---|
| Current service cost | $ 4,720 | 5,198 |
| Net interest on the net defined benefit liability (asset) | 6,275 | 3,977 |
| | **$ 10,995** | **9,175** |
| Cost of sales | $ 516 | 547 |
| Selling expenses | 627 | 576 |
| Administrative expenses | 2,714 | 2,137 |
| Research and development expenses | 7,138 | 5,915 |
| | **$ 10,995** | **9,175** |

5) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting date:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Discount rate | 1.70%~1.75% | 0.63%~0.8% |
| Future salary increasing rate | 3.00% | 3.00% |

(Continued)

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date is $28,407.

The weighted-average lifetime of the defined benefit plan is 8.1~12.98 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

| | **Effects to the defined benefit obligation** | |
|---|---|---|
| | **Increased 0.25%** | **Decreased 0.25%** |
| December 31, 2022 | | |
| Discount rate | (27,794) | 28,712 |
| Future salary increasing rate | 28,198 | (27,427) |
| December 31, 2021 | | |
| Discount rate | (34,611) | 35,847 |
| Future salary increasing rate | 34,882 | (33,869) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

(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 $486,231 and $446,148 for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to $1,321,190 and $1,193,098 for the years ended December 31, 2022 and 2021, respectively.

(Continued)

(s) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2022 and 2021, was as follows:

| | 2022 | 2021 |
|---|---|---|
| Current tax expense | | |
| Recognized during the period | $ 3,388,485 | 4,240,078 |
| 5% surtax on unappropriated earnings | 171,404 | 14,627 |
| Tax credit of investment | (728,549) | (596,726) |
| | 2,831,340 | 3,657,979 |
| Deferred tax expense | | |
| Recognition and reversal of temporary differences | (648,737) | 69,368 |
| Income tax expense | **$ 2,182,603** | **3,727,347** |

2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

| | 2022 | 2021 |
|---|---|---|
| Items that will not be reclassified subsequently to profit or loss: | | |
| Remeasurement of the defined benefit obligation | $ 32,313 | (11,211) |
| Unrealized gains (losses) on equity instruments at fair value through other comprehensive income | (81,430) | 61,401 |
| | **$ (49,117)** | **50,190** |
| Items that will be reclassified subsequently to profit or loss: | | |
| Foreign currency translation differences of foreign operations | $ (2,464) | (17,539) |
| Gains (losses) on hedging instrument | (9,562) | - |
| | **$ (12,026)** | **(17,539)** |

(Continued)

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3) The income tax expense that was reconciled between the actual income tax expense and profit before tax for the years ended December 31, 2022 and 2021, was as follows:

| | 2022 | 2021 |
|---|---|---|
| Profit before tax | $ 10,724,130 | 17,467,835 |
| Income tax calculated based on tax rate | $ 3,142,341 | 4,734,068 |
| Estimated tax effect of tax exemption on investment income, net | (442,560) | (171,208) |
| Realized investment loss | (98,000) | (65,440) |
| Investment tax credit | (728,549) | (596,726) |
| Changes in temporary differences | 503,909 | (704,260) |
| Adjustment of estimated difference | (365,942) | 516,286 |
| Surtax on unappropriated earnings | 171,404 | 14,627 |
| | $ 2,182,603 | 3,727,347 |

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

| | Refund liabilities | Unrealized exchange losses, net | Loss on inventory valuation | Others | Total |
|---|---|---|---|---|---|
| Deferred tax assets: | | | | | |
| Balance on January 1, 2022 | $ 195,296 | 477,006 | 202,499 | 771,723 | 1,646,524 |
| Recognized in profit or loss | 91,252 | 522,279 | 220,089 | (84,574) | 749,046 |
| Recognized in other comprehensive income | - | - | - | (20,287) | (20,287) |
| Acquisition of subsidiaries | - | - | - | 18,495 | 18,495 |
| Balance on December 31, 2022 | $ 286,548 | 999,285 | 422,588 | 685,357 | 2,393,778 |
| Balance on January 1, 2021 | 134,880 | 655,455 | 123,270 | 600,603 | 1,514,208 |
| Recognized in profit or loss | 60,416 | (178,449) | 79,229 | 142,450 | 103,646 |
| Recognized in other comprehensive income | - | - | - | 28,670 | 28,670 |
| Balance on December 31, 2021 | $ 195,296 | 477,006 | 202,499 | 771,723 | 1,646,524 |

| | Unrealized exchange gains, net | Others | Total |
|---|---|---|---|
| Deferred tax liabilities: | | | |
| Balance on January 1, 2022 | $ (504,663) | (722,142) | (1,226,805) |
| Recognized in profit or loss | (250,368) | 150,059 | (100,309) |
| Recognized in other comprehensive income | - | 81,430 | 81,430 |
| Acquisition of subsidiaries | - | (1,658) | (1,658) |
| Balance on December 31, 2022 | $ (755,031) | (492,311) | (1,247,342) |

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**
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| | Unrealized exchange gains, net | Others | Total |
|---|---|---|---|
| Balance on January 1, 2021 | $ (424,990) | (567,480) | (992,470) |
| Recognized in profit or loss | (79,673) | (93,341) | (173,014) |
| Recognized in other comprehensive income | - | (61,321) | (61,321) |
| Balance on December 31, 2021 | **$ (504,663)** | **(722,142)** | **(1,226,805)** |

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Tax effect of deductible temporary differences | **$ 1,674,595** | **1,502,666** |
| Tax effect of loss carryforward | **$ 996,446** | **978,257** |

The Group assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets. In addition, according to Income Tax Act, the loss carryforward are the losses incurred in past 10 years assessed by ROC tax authoritie which can be deducted from the net profit of current year before levied. The items are not recognized as deferred income tax assets due to the fact that the Group may not have sufficient taxable income in the future for the losses.

As of December 31, 2022, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

| Year of loss | Expiry year | Deductible amount |
|---|---|---|
| 2013 (Assessed) | 2023 | $ 211,104 |
| 2014 (Assessed) | 2024 | 41,534 |
| 2015 (Assessed) | 2025 | 569,361 |
| 2016 (Assessed) | 2026 | 1,422,761 |
| 2017 (Assessed) | 2027 | 918,086 |
| 2018 (Assessed) | 2028 | 554,750 |
| 2019 (Assessed) | 2029 | 349,024 |
| 2020 (Assessed/Filed) | 2030 | 130,501 |
| 2020 (Filed) | 2025 | 20,484 |
| 2021 (Filed) | 2031 | 48,639 |
| 2021 (Filed) | 2026 | 126,335 |
| 2022 (Estimated) | 2032 | 206,435 |
| 2022 (Filed) | 2027 | 277,800 |
| | | **$ 4,876,814** |

(iv) Unrecognized deferred tax assets and liabilities related to investments in subsidiaries

The temporary differences associated with investment in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

As of December 31, 2022 and 2021, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to $2,618,241 and $2,335,023, respectively.

As of December 31, 2022 and 2021, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to $68,023,499 and $58,082,760, respectively.

(v) Examination and approval

The Company's tax returns for the year through 2020 were assessed by the tax authorities.

The income tax returns through 2021 and the liquidation period of Acbel Telecom have been examined by the tax authorities. The ROC tax authorities have assessed the income tax returns of Hong Jin and Shennona through 2021, of Hippo Screen, Zhi-Bao, UCGI, Palcom, Panpal, Gempal, Hong Ji, Unicore, Raycore, Ripal, CBN, Mactech, GLB, Arcadyan, TTI, Poindus Systems, Poindus Investment and Aco Healthcare through 2020, of Rayonnant Technology and HengHao through 2019.

(t) Capital and other equities

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's authorized common stock consisting of 6,000,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to $60,000,000 of which 4,407,147 thousand shares, were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Additional paid-in capital | $ 1,898,477 | 3,660,119 |
| Treasury share transactions | 2,721,968 | 2,621,933 |
| Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries | 36,766 | 36,766 |
| Recognition of changes in ownership interests in subsidiaries | 156,072 | 122,675 |
| Changes in equity of associates and joint ventures accounted for using equity method | 265,297 | 283,363 |
| | **$ 5,078,580** | **6,724,856** |

(Continued)

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

The Company's Board of Directors meeting held on March 15, 2022 and March 26, 2021, approved to distribute the cash dividend of $1,762,859 and $1,762,859 (representing 0.4 and 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, 2023, approved to distribute the cash dividend of $881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post System website.

(iii) 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.

1) Legal reverse

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reverse

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

3) Earnings distribution

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

| | 2021 | | | 2020 | |
|---|---|---|---|---|---|
| | Amount per share | | Total amount | Amount per share | Total amount |
| Cash dividends distributed to common shareholders | $ | 1.6 | 7,051,435 | 1.2 | 5,288,576 |

Earnings distribution for 2022 was approved by the Board of Directors held on March 15, 2023. The relevant information was as follows:

| | 2022 | | |
|---|---|---|---|
| | Amount per share | | Total amount |
| Cash dividends distributed to common shareholders from the unappropriated earnings | $ | 1.0 | 4,407,147 |

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(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2022 and 2021. As of December 31, 2022, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was $881,247. The fair value of the ordinary shares of the Company was 23.05 and 24.20 New Taiwan dollars per share as of December 31, 2022 and 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.

(v) 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 | 7,183,714 | (590,539) | - | 6,593,175 |
| Subsidiaries | 9,700 | (420,019) | (12,415) | (422,734) |
| Associates | 81,580 | 11,625 | - | 93,205 |
| Balance on December 31, 2022 | **$ (1,469,711)** | **(461,103)** | **(12,290)** | **(1,943,104)** |
| Balance on January 1, 2021 | $ (6,888,977) | (376,952) | (779) | (7,266,708) |
| The Group | (1,791,462) | 567,871 | - | (1,223,591) |
| Subsidiaries | (38,894) | 160,972 | 904 | 122,982 |
| Associates | (25,372) | 185,939 | - | 160,567 |
| Balance on December 31, 2021 | **$ (8,744,705)** | **537,830** | **125** | **(8,206,750)** |

(u) Share-based payment

(i) Arcadyan – employee restricted shares

At the meeting held on June 21, 2018, the Arcadyan's Board of Directors decided to issue 4,500 thousand shares of employee restricted shares to Arcadyan full-time employees who meet certain requirements. The restricted shares have been registered, with and approved by, the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the effective date of the share issuance.

3,500,000 shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500 thousand restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than NT$4, and at the same time, the employees with the restricted shares meet the performance requirement, the other 1,000 thousand shares of the restricted shares are vested 100% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are between NT$3 to NT$4, and at the same time, the employees with the restricted shares meet the performance requirement, the restricted shares are vested 75% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are less than NT$3, the employees with restricted shares, whether or not they meet the performance requirement, no restricted shares are vested at the date the shareholders approved the financial statements for the second fiscal year. The earnings per share mentioned above are calculated based on the profit approved by the shareholders and the weighted average number of ordinary shares outstanding at the date of the restricted shares have been approved by the authority.

After the issuance, the restricted shares are kept by a trust, which is appointed by Arcadyan, before they are vested. These restricted shares shall not be sold, transferred, pledged, gifted, disposed by any other means, to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations. If the shares remain unvested after the vesting period, Arcadyan will redeem all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be received in cash and stock dividends, or could be used to participate in cash injection. The aforementioned new shares are not considered as restricted shares.

The information of Arcadyan's restricted shares is as follows:

Unit: in thousands of shares

| | 2022 | 2021 |
|---|---|---|
| Outstanding shares on January 1 | 1,283 | 2,306 |
| Canceled during the period | (30) | (53) |
| The number vested in this period | (1,253) | (970) |
| Outstanding shares on December 31 | **-** | **1,283** |

As of December 31, 2022 and 2021, the unearned employee benefit was $0 and $13,030.

The compensation cost related to the restricted shares amounted to $2,396 and $32,576 for the year ended December 31, 2022 and 2021.

(ii) CBN－employee stock options

At the meeting held on May 17, 2016, CBN' s Board of Directors resolved to issue 1,500,000 units of employee stock options with an exercisable right of one share of CBN' s ordinary shares per unit. The issuance of employee stock options and related information are as follows:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Shares** | **Weighted-average exercise price (NT dollars)** | **Shares** | **Weighted-average exercise price (NT dollars)** |
| Outstanding shares on January 1 | - | $ - | 3,000 | $ 10 |
| Expired during the period | - | - | - | - |
| Exercised during the period | - | - | (3,000) | 10 |
| Outstanding shares on December 31 | - | - | - | - |
| Exercisable shares on December 31 | - | - | - | - |

The options under the aforesaid employee stock option plan have been executed in 2021.

The issuance terms of the share options are as follows.

1) Exercise price: NT$10 per share.

2) Exercisable duration:

The employees who received share options being granted over five months and are still employed by CBN and meet requirements can exercise a specific percentage in each period as stated below. The exercisable duration of the options is five years. No transfer is allowed except for inheritance. After the expiration of the exercisable duration, the unexercised options will be canceled by CBN and not re-issued anymore.

| Period to exercise options | Exercisable percentage (cumulative) |
|---|---|
| 5 months after options received | 100 ％ |

a) Exercise method: CBN would issue new shares as the options are exercised.

b) Exercise procedure: In accordance with CBN's issuance and exercise rules, after receiving the consideration of share options, the entitlement certification of share options exercised is registered as ordinary shares once a quarter.

The compensation cost for the year ended December 31, 2021 was $0.

(iii) CBN- Issuance of restricted shares

On June 24, 2020, CBN issued 1,500 thousand new restricted shares through shareholders' meeting. This is a gratuitous issuance, and the recipients are full-time employees of CBN who have been employed on grant day and meet specific terms. It have been approved by the Financial Supervisory Commission.

(Continued)

In addition, the base date for capital increase has been decided by the chairman of the board of directors to be December 20, 2021, and the change registration will be completed on January 7, 2022.

If the employees who have been on the job for one year, two years and three years ,since the new restricted shares have been given, achieved the performance required by CBN, the proportion of shares with acquired conditions can be 40%, 30% and 30%, respectively. After the issuance of new shares, employees must hand over all of them to the trust agency designated by the company for safekeeping before they meet the terms. Except for inheritance, they shall not be sold, mortgaged, transferred, gifted, pledged or disposed of in other ways. Before the employees meet the terms, all matters concerning shareholders' rights and interests are entrusted to the trust agency designated by CBN to exercise on their behalf. If any of the assigned employees does not meet the acquired terms, CBN will take back their shares from the employees for free and cancel them.

The information of CBN’s restricted shares is as follows:

Unit: in thousands of shares

| | 2022 | 2021 |
|---|---|---|
| Outstanding shares on January 1 | 1,500 | - |
| Shares granted in this period | - | 1,500 |
| Share vested in this period | (365) | - |
| Shares canceled in this period | (469) | - |
| Outstanding shares on December 31 | **666** | **1,500** |

The above-mentioned new restricted shares of CBN takes the closing price of $30.70 on the grant day, December 20, 2021, as the fair value, that Capital-restricted shares $31,050. Until December 31, 2021, the balance of unearned remuneration for employees was $11,213.

The compensation cost related to the restricted shares amounted to $19,629 and $831 for the year ended December 31, 2022 and 2021, respectively.

(v) Earnings per share

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

| | 2022 | 2021 |
|---|---|---|
| **Basic earnings per share:** | | |
| Profit attributable to ordinary shareholders of the Company | $ 7,288,292 | 12,632,667 |
| Weighted-average number of outstanding ordinary shares (in thousands) | 4,357,130 | 4,357,130 |
| **Diluted earnings per share:** | | |
| Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares) | 7,288,292 | 12,632,667 |
| Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares | | |
| Weighted-average number of outstanding ordinary shares (in thousands) | 4,357,130 | 4,357,130 |
| Effect of potential diluted common stock | | |
| Employee compensation (in thousands) | 43,369 | 65,517 |
| Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands) | 4,400,499 | 4,422,647 |

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

| | 2022 | | |
|---|---|---|---|
| | IT Product Segment | Strategically Integrated Product Segment | Total |
| Primary geographical markets: | | | |
| United States | $ 427,079,787 | 17,611,390 | 444,691,177 |
| China | 133,117,810 | 334,869 | 133,452,679 |
| Netherlands | 67,705,775 | 1,003,330 | 68,709,105 |
| Others | 398,174,794 | 28,218,160 | 426,392,954 |
| | $ 1,026,078,166 | 47,167,749 | 1,073,245,915 |
| Major products: | | | |
| 5C related electronics products | $ 1,021,266,892 | 45,809,328 | 1,067,076,220 |
| Others | 4,811,274 | 1,358,421 | 6,169,695 |
| | $ 1,026,078,166 | 47,167,749 | 1,073,245,915 |

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**
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| | 2021 | | |
|---|---|---|---|
| | IT Product Segment | Strategically Integrated Product Segment | Total |
| Primary geographical markets: | | | |
| United States | $ 477,875,378 | 8,487,079 | 486,362,457 |
| China | 158,629,441 | 431,844 | 159,061,285 |
| Netherlands | 86,727,156 | 1,435,217 | 88,162,373 |
| Others | 474,209,982 | 27,885,918 | 502,095,900 |
| | **$ 1,197,441,957** | **38,240,058** | **1,235,682,015** |
| Major products: | | | |
| 5C related electronics products | $ 1,195,237,339 | 37,264,055 | 1,232,501,394 |
| Others | 2,204,618 | 976,003 | 3,180,621 |
| | **$ 1,197,441,957** | **38,240,058** | **1,235,682,015** |

(ii) Contract balances

| | December 31, 2022 | December 31, 2021 | January 1, 2021 |
|---|---|---|---|
| Notes and accounts receivable (including related parties) | $ 195,145,265 | 294,057,802 | 236,120,826 |
| Less: allowance for impairment | (3,924,544) | (3,891,948) | (3,910,928) |
| Total | **$ 191,220,721** | **290,165,854** | **232,209,898** |
| Contract liabilities | **$ 784,238** | **1,065,954** | **820,016** |

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

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the balance of contract liability at the beginning of the period was $1,065,954 and $820,016, 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.

(x) Employees' and directors' compensations

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

The Company accrued and recognized its employee compensation of $750,945 and $1,350,062, and directors' compensation of $39,790 and $71,390 for the years ended December 31, 2022 and 2021, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2022 and 2021.

There is no differences between the amount estimated and recognized in the financial statements in 2021. The related information can be accessed through the Market observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

| | **2022** | **2021** |
|---|---|---|
| Interest income from bank deposits | 3,077,815 | 2,015,709 |
| Other interest income | 12,111 | 1,605 |
| Total interest income | **3,089,926** | **2,017,314** |

(ii) Other income

The other incomes for the years ended December 31, 2022 and 2021, were as follows:

| | 2022 | 2021 |
|---|---|---|
| Dividend revenue | $ 128,597 | 143,686 |
| Other revenue | 523,829 | 504,420 |
| | **$ 652,426** | **648,106** |

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2022 and 2021, were as follows:

| | 2022 | 2021 |
|---|---|---|
| Gains (losses) on financial assets and liabilities at fair value through profit or loss, net | $ (765,115) | 418,827 |
| Foreign currency exchange gains (losses), net | 2,121,647 | 123,742 |
| Gains (losses) on disposal of property, plant, and equipment | 7,086 | 1,969,560 |
| Gains on disposal of investments, net | 2,568 | - |
| Others | (2,345) | (706) |
| | **$ 1,363,841** | **2,511,423** |

(z) Reclassification of the components of other comprehensive income

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

| | 2022 | 2021 |
|---|---|---|
| Cash flow hedge: | | |
| Gains (losses) from current period | 82,853 | 43,006 |
| Less: reclassification of gains (losses) included in profit or loss | 130,662 | 40,814 |
| Profit (loss) recognized in other comprehensive income | **(47,809)** | **2,192** |

(aa) Financial instruments

(i) Credit risk

1) The carrying amount of financial assets represents the maximum amount exposed to credit risk.

The Group' s customers are mainly from the high-tech industry. The Group does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of the customers.

2) Receivables and debt securities

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, 2022.) 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 years ended December 31, 2022 and 2021 were as follows:

| | Other receivables |
|---|---|
| Balance on January 1, 2022 | $ 2,973 |
| Impairment losses recognized (reversed) | (217) |
| Balance on December 31, 2022 | **$ 2,756** |
| Balance on January 1, 2021 | $ 2,392 |
| Impairment losses recognized (reversed) | 581 |
| Balance on December 31, 2021 | **$ 2,973** |

(ii) Liquidity risk

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

| | Carrying Amount | Contractual cash flows | Within 1 year | 1 ~ 2 years | Over 2 years |
|---|---|---|---|---|---|
| **December 31, 2022** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Secured borrowings | $ 621,122 | (621,122) | (171,800) | (207,617) | (241,705) |
| Unsecured borrowings | 105,348,426 | (105,348,426) | (94,123,426) | (5,400,000) | (5,825,000) |
| Lease liabilities－current and non-current | 11,346,764 | (12,637,278) | (1,888,347) | (6,783,542) | (3,965,389) |
| Notes and accounts payable | 161,838,098 | (161,838,098) | (161,838,098) | - | - |
| Other payables | 29,622,760 | (29,622,760) | (29,622,760) | - | - |
| Derivative financial liabilities | | | | | |
| Forward exchange contracts: | 62,527 | | | | |
| Outflow | | (6,386,190) | (6,386,190) | - | - |
| Inflow | | 6,176,658 | 6,176,658 | - | - |
| Forward exchange contracts used for hedging: | 47,809 | | | | |
| Outflow | | (2,126,800) | (2,126,800) | - | - |
| Inflow | | 2,090,285 | 2,090,285 | - | - |
| | **$ 308,887,506** | **(310,313,731)** | **(287,890,478)** | **(12,391,159)** | **(10,032,094)** |

(Continued)

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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| | Carrying Amount | Contractual cash flows | Within 1 year | 1 ~ 2 years | Over 2 years |
|---|---|---|---|---|---|
| **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 | | | | | |
| Currency swap contracts: | 1,589 | | | | |
| Outflow | | (358,893) | (358,893) | - | - |
| Inflow | | 357,183 | 357,183 | - | - |
| | $ 399,783,327 | (399,891,913) | (388,926,927) | (7,584,333) | (3,380,653) |

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

| | December 31, 2022 | | | December 31, 2021 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD to TWD | $ 11,446,943 | 30.71 | 351,535,620 | 18,449,976 | 27.68 | 510,695,336 |
| USD to CNY | 12,508 | 6.9571 | 384,121 | 26,386 | 6.378 | 730,364 |
| EUR to TWD | 65,974 | 32.72 | 2,158,669 | 83,417 | 31.32 | 2,612,620 |
| CNY to USD | 3,598,880 | 0.1437 | 15,881,955 | 3,451,738 | 0.1568 | 14,981,316 |
| Non-monetary items | | | | | | |
| THB to TWD | 652,264 | 0.8882 | 579,341 | 842,184 | 0.8261 | 695,728 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD to TWD | 10,358,052 | 30.71 | 318,095,777 | 17,976,968 | 27.68 | 497,602,474 |
| USD to CNY | 1,087 | 6.9571 | 33,382 | 1,170 | 6.378 | 32,386 |
| USD to BRL | 194,543 | 5.2177 | 5,974,416 | 197,060 | 5.5805 | 5,454,621 |
| EUR to TWD | 21,492 | 32.72 | 703,218 | 27,835 | 31.32 | 871,792 |
| CNY to USD | 3,522,857 | 0.1437 | 15,546,463 | 3,269,701 | 0.1568 | 14,191,235 |

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| USD (against the TWD) | | |
| Strengthening 5% | $ 1,671,992 | 654,643 |
| Weakening 5% | (1,671,992) | (654,643) |
| USD (against the CNY) | | |
| Strengthening 5% | 17,537 | 34,899 |
| Weakening 5% | (17,537) | (34,899) |
| USD (against the BRL) | | |
| Strengthening 5% | (298,721) | (272,731) |
| Weakening 5% | 298,721 | 272,731 |
| EUR (against the TWD) | | |
| Strengthening 5% | 72,773 | 87,041 |
| Weakening 5% | (72,773) | (87,041) |
| CNY (against the USD) | | |
| Strengthening 5% | 16,775 | 39,504 |
| Weakening 5% | (16,775) | (39,504) |

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 years ended December 31, 2022 and 2021, the foreign exchange gains (losses), including both realized and unrealized, amounted to $2,121,647 and $123,742, respectively.

(Continued)

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

| | **2022** | **2021** |
|---|---|---|
| Interest increased by 0.25% | $ 58,941 | 1,656 |
| Interest decreased by 0.25% | (58,941) | (1,656) |

(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.

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets at fair value through profit or loss─current and non-current** | | | | | |
| Derivative financial assets for non-hedging | $ 187 | - | 187 | - | 187 |
| Non-derivative financial assets mandatorily measured at fair value through profit or loss | 558,909 | - | - | 558,909 | 558,909 |
| Subtotal | 559,096 | | | | |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Stocks listed on domestic markets | 2,797,667 | 2,797,667 | - | - | 2,797,667 |
| Stocks listed on foreign markets | 579,341 | 579,341 | - | - | 579,341 |
| Stocks unlisted on domestic markets | 1,822,164 | - | - | 1,822,164 | 1,822,164 |
| Stocks unlisted on foreign markets | 226,736 | - | - | 226,736 | 226,736 |
| Accounts receivable | 16,091,084 | - | 16,091,084 | - | 16,091,084 |
| Subtotal | 21,516,992 | | | | |
| **Financial assets measured at amortized cost** | | | | | |
| Cash and cash equivalents | 79,665,302 | - | - | - | - |
| Notes and accounts receivable, net | 170,713,564 | - | - | - | - |
| Notes and accounts receivable due from related parties, net | 4,416,073 | - | - | - | - |
| Other receivables | 2,369,411 | - | - | - | - |
| Other current assets (restricted assets) | 803,156 | - | - | - | - |
| Refundable deposits | 828,367 | - | - | - | - |
| Other non-current assets (restricted assets) | 969,960 | - | - | - | - |
| Subtotal | 259,765,833 | | | | |
| Total | $ 281,841,921 | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| Derivative financial liabilities for non-hedging | $ 62,527 | - | 62,527 | - | 62,527 |
| **Derivative financial liabilities for hedging** | 47,809 | - | 47,809 | - | 47,809 |
| **Financial liabilities measured at amortized cost** | | | | | |
| Short-term borrowings | 74,832,426 | - | - | - | - |
| Notes and accounts payable | 152,137,066 | - | - | - | - |
| Notes and accounts payable to related parties | 9,701,032 | - | - | - | - |
| Other payables | 29,622,760 | - | - | - | - |
| Lease liabilities－current and non-current | 11,346,764 | - | - | - | - |
| Long-term borrowings current portion | 19,462,800 | - | - | - | - |
| Long-term borrowings | 11,674,322 | - | - | - | - |
| Deposits received | 519,308 | - | - | - | - |
| Subtotal | 309,296,478 | | | | |
| Total | $ 309,406,814 | | | | |

(Continued)

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

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair Value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| **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 | 537,090 | - | 277,312 | 259,778 | 537,090 |
| Subtotal | 660,532 | | | | |
| **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 | 32,796,946 | - | 32,796,946 | - | 32,796,946 |
| Subtotal | 39,032,009 | | | | |
| **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) | 544,684 | - | - | - | - |
| Subtotal | 336,651,181 | | | | |
| Total | **$ 376,343,722** | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| Derivative financial liabilities for non-hedging | $ 1,589 | - | 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 | 311,325 | - | - | - | - |
| Subtotal | 400,093,063 | | | | |
| Total | **$ 400,094,652** | | | | |

(Continued)

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.

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 years ended December 31, 2022 and 2021.

5) Changes in level 3

The change in level 3 at fair value in the years ended December 31, 2022 and 2021, were as follows:

| | | Financial assets at fair value through profit or loss | Financial assets at fair value through other comprehensive income | Total |
|---|---|---|---|---|
| Balance on January 1, 2022 | $ | 259,778 | 2,189,125 | 2,448,903 |
| Total gains and losses recognized: | | | | |
| In profit or loss | | (23,672) | - | (23,672) |
| In other comprehensive income | | - | (405,953) | (405,953) |
| Purchased | | 323,183 | 264,057 | 587,240 |
| Disposal | | - | (10,028) | (10,028) |
| Proceeds from liquidation of investments | | - | (2,010) | (2,010) |
| Effect of changes in exchange rates | | (380) | 13,709 | 13,329 |
| Balance on December 31, 2022 | $ | **558,909** | **2,048,900** | **2,607,809** |
| Balance on January 1, 2021 | $ | 201,609 | 2,352,919 | 2,554,528 |
| Total gains and losses recognized: | | | | |
| In profit or loss | | 3,170 | - | 3,170 |
| In other comprehensive income | | - | (335,469) | (335,469) |
| Purchased | | 54,999 | 187,540 | 242,539 |
| Proceeds from liquidation and capital reduction of investments | | - | (12,249) | (12,249) |
| Effect of changes in exchange rates | | - | (3,616) | (3,616) |
| Balance on December 31, 2021 | $ | **259,778** | **2,189,125** | **2,448,903** |

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "other gains and losses, net" and "unrealized gains and losses from equity instruments at fair value through other comprehensive income" were as follows:

| | 2022 | 2021 |
|---|---|---|
| Total gains and losses recognized: | | |
| In profit or loss before tax (as "other gains and losses") | $ (23,672) | 3,170 |
| In other comprehensive income (as "unrealized gains and losses from equity instruments at fair value through other comprehensive income") | $ (409,229) | (331,801) |

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 (1.54~2.89 and 1.82~11.62, respectively, on December 31, 2022 and 2021) | The higher the multiple is, the higher the fair value will be. |
| | | Multiples of earnings (14.33~17.25 and 16.37~27.97, respectively, on December 31, 2022 and 2021) | The higher the multiple is, the higher the fair value will be. |
| | | Lack-of-Marketability discount rate (40%~65% and 40%~85%, respectively, on December 31, 2022 and 2021) | The higher the Lack-of-Marketability discount rate is, the lower the fair value will be. |

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**
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| Item | Valuation technique | Significant unobservable inputs | Inter-relationships between significant unobservable inputs and fair value |
|---|---|---|---|
| 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:

| | | | Other comprehensive income | |
|---|---|---|---|---|
| | Input | Move up or down | Favorable change | Unfavorable change |
| **December 31, 2022** | | | | |
| Financial assets at fair value through other comprehensive income | Price-Book ratio multiples | 5% | $ 8,394 | 11,549 |
| | Multiples of earnings | 5% | $ 5,808 | 5,820 |
| | Lack-of-Marketability discount rate | 5% | $ 9,432 | 6,266 |
| **December 31, 2021** | | | | |
| Financial assets at fair value through other comprehensive income | Price-Book ratio multiples | 5% | $ 17,810 | 16,250 |
| | Multiples of earnings | 5% | $ 4,882 | 4,738 |
| | Lack-of-Marketability discount rate | 5% | $ 11,767 | 13,470 |

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.

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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

| December 31, 2022 | | | |
|---|---|---|---|
| Financial assets that are offset which have an exercisable master netting arrangement or similar agreement | | | |
| | Gross amounts of recognized financial assets (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial assets presented in the balance sheet (c)=(a)-(b) |
| Cash/ Short-term borrowings | $ 351,096,620 | 351,096,620 | - |
| | (USD 11,432,648 ) | (USD 11,432,648 ) | |

| 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 | $ 360,789,950 | 360,789,950 | - |
| | (USD 13,034,319 ) | (USD 13,034,319 ) | |

(ab) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Group. For detailed information, please refer to the related notes of each risk.

(Continued)

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Group has business with. As of December 31, 2022 and 2021, the Group did not provide any guarantees to other companies besides its subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(m) and (6)(n) for unused credit lines of short-term and long-term borrowings as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group. The currencies used in these transactions are primarily denominated in TWD, USD, EUR and CNY.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Group buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Group manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

The Group is exposed to equity price risk arising from investments in listed equity securities.

(ac) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2022 and 2021, the debt ratio was as follows:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Total liabilities | $ 326,074,590 | 415,555,537 |
| Total assets | $ 453,484,433 | 537,095,340 |
| Debt ratio | 72% | 77% |

The Group could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

As of December 31, 2022, there were no changes in the Group's approach of capital management.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021 were acquisition of right-of-use assets by leasing, please refer to note (6)(l).

Reconciliation of liabilities arising from financing activities was as follows:

| | January 1, 2022 | Cash flow | Other non-cash changes | December 31, 2022 |
|---|---|---|---|---|
| Short-term borrowings | $ 118,422,407 | (43,590,249) | 268 | 74,832,426 |
| Bonds payable | 326,571 | (7,400) | (319,171) | - |
| Long-term borrowings | 24,960,513 | 6,176,609 | - | 31,137,122 |
| Lease liabilities | 2,304,796 | (2,422,290) | 11,464,258 | 11,346,764 |
| Deposits received and others | 366,068 | 207,983 | 736 | 574,787 |
| Total liabilities from financing activities | **$ 146,380,355** | **(39,635,347)** | **11,146,091** | **117,891,099** |

| | January 1, 2021 | Cash flow | Other non-cash changes | December 31, 2021 |
|---|---|---|---|---|
| Short-term borrowings | $ 92,838,733 | 25,424,931 | 158,743 | 118,422,407 |
| Bonds payable | 980,219 | - | (653,648) | 326,571 |
| Long-term borrowings | 19,334,353 | 5,626,160 | - | 24,960,513 |
| Lease liabilities | 2,287,762 | (835,037) | 852,071 | 2,304,796 |
| Deposits received and others | 340,131 | 26,093 | (156) | 366,068 |
| Total liabilities from financing activities | **$ 115,781,198** | **30,242,147** | **357,010** | **146,380,355** |

**(7) Related-party transactions:**

(a) Name and relationship with related parties

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

| Name of related party | Relationship with the Group |
|---|---|
| Compal Precision Module (Jiangsu) Co., Ltd. ("CPM") | An associate |
| Changbao Electronic Technology (Chongqing) Co., Ltd. ("Changbao") | An associate |
| Avalue | An associate |
| Crownpo Technology Inc. ("Crownpo") | An associate |
| Allied Circuit | An associate |
| LIZ Electronics (Kunshan) Co., Ltd. | An associate |
| LIZ Electronics (Nantong) Co., Ltd. | An associate |
| ARCE Therapeutics Co., Ltd. ("ARCE") | An associate |
| Raypal Biomedical Co., Ltd. ("Raypal") | An associate |
| Hong Ya Technology Co., Ltd. ("Hong Ya") | An associate |
| Kinpo Group Management Service Company ("Kinpo Group Management Service") | An associate |
| Acbel Polytech Inc. ("Acbel") and its subsidiaries | The Chairman of the Board is the first degree of kinship of the Chairman of the Company |
| Cal-Comp Electronics (USA) Co., Ltd. ("CCUS") | The same Chairman of the Ultimate parent company with 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:

| | 2022 | 2021 |
|---|---|---|
| Short-term employee benefits | $ 699,852 | 803,552 |
| Post-employment benefits | 7,534 | 7,854 |
| Share-based payments | 11,328 | 6,110 |
| | **$ 718,714** | **817,516** |

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

(Continued)

(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:

| | 2022 | 2021 |
|---|---|---|
| Associates | $ 208,846 | 220,127 |
| Other related parties | 9,744 | 34,059 |
| | **$ 218,590** | **254,186** |

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:

| | 2022 | 2021 |
|---|---|---|
| Associates | $ 4,038,193 | 6,346,763 |
| Other related parties | 32,748,290 | 4,115,321 |
| | **$ 36,786,483** | **10,462,084** |

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 | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Notes and accounts receivable | Associates | $ 44,795 | 31,640 |
| Notes and accounts receivable | Other related parties | 4,371,278 | 1,697,692 |
| Other receivables | Associates | 1,321 | 2,463 |
| Other receivables | Other related parties | - | 45 |
| | | **$ 4,417,394** | **1,731,840** |

(iv) Payables to related parties

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

| Account | Related party categories | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Notes and accounts payable | Associates | $ 774,001 | 1,992,718 |
| Notes and accounts payable | Other related parties | 8,927,031 | 1,524,606 |
| Other payables | Associates | 96 | 35 |
| Other payables | Other related parties | 20,327 | 19,542 |
| | | $ 9,721,455 | 3,536,901 |

(v) Property transactions

| | | For the years ended December 31, 2021 | | |
|---|---|---|---|---|
| **Relationship** | **Item** | **Number of shares** | **Object** | **Acquisition price** |
| Other related party–Jipo Investment | Acquisition of financial assets at fair value through other comprehensive income | 46,197 thousand shares | Common stocks of Kinpo | 616,864 |
| Other related party-CCUS | Acquisition of the subsidiary | 1 thousand shares | Common stocks of CIN | 226,421 |
| Associates-RayPal Biomedical | Acquisition of minority shares | 588 thousand shares | Common stocks of Raycore | 15,129 |

## (8) Pledged assets:

The carrying values of pledged assets were as follows:

| Pledged Assets | Subject | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Inventories | Bank loans | $ 59,707 | - |
| Other current assets | Customs deposit | 534,153 | 336,523 |
| Other current assets | Pledged deposit | 269,003 | 96,880 |
| Property, plant, and equipment | Bank loans | 485,364 | 466,320 |
| Other non-current assets | Customs deposit | 800 | 500 |
| Other non-current assets | Pledged deposit | 969,160 | 544,184 |
| | | $ 2,318,187 | 1,444,407 |

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

(a) Huawei Technologies Co., Ltd. filed an infringement litigation against the Group on October 28, 2022. The Group will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of the Company from any damage.

(b) 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. 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.

(c) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

(d) As of December 31, 2022 and 2021, the Group's signed commitments to purchase property, plant and equipment amounted to $967,396 and $290,063, respectively.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other:**

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

| By function / By item | 2022 Operating costs | 2022 Operating expenses | 2022 Total | 2021 Operating costs | 2021 Operating expenses | 2021 Total |
|---|---|---|---|---|---|---|
| Employee benefits | | | | | | |
| Salary | 16,187,550 | 15,215,703 | 31,403,253 | 15,289,343 | 14,136,585 | 29,425,928 |
| Labor and health insurance | 1,162,379 | 1,022,635 | 2,185,014 | 1,016,912 | 962,630 | 1,979,542 |
| Pension | 1,173,680 | 644,736 | 1,818,416 | 1,077,976 | 570,445 | 1,648,421 |
| Others | 3,359,696 | 718,760 | 4,078,456 | 2,689,676 | 631,048 | 3,320,724 |
| Depreciation | 5,794,829 | 1,187,517 | 6,982,346 | 5,238,351 | 1,090,392 | 6,328,743 |
| Amortization | 71,405 | 490,657 | 562,062 | 78,684 | 495,684 | 574,368 |

**(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 year ended December 31, 2022:

(i) Loans to other parties: Please refer to Table 1

(ii) Guarantees and endorsements for other parties: Please refer to Table 2

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Please refer to Table 4

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: 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

(Continued)

(d) Major shareholders:

| Shareholder's Name | Shareholding | |
|---|---|---|
| | Shares | Percentage |
| Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF | 269,519,000 | 6.11 % |

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:**

(a) General information

The Group's information technology product segment is primarily engaged in the development, manufacture and sale of information technology products and mobile communication products. The strategy integrate product segment is primarily engaged in the research, development, manufacture and sale of networking products.

(b) Reportable segments and operating segment information

Accounting policies for the operating segments correspond to those stated in note 4. The profit and loss of the operating segment of the Group is measured by earnings before taxes and as the basis for performance measurement. The amount of the Group's reportable segments consistent with the report that the operating decision maker uesd, and the Group does not allocate assets and liabilities to the reportable segments for the purpose of operating decisions to measure assets and liabilities of segments.

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The operating segment information was as follows:

| | For the year ended December 31, 2022 | | | |
|---|---|---|---|---|
| | **Information technology product segment** | **Strategy integrated product segment** | **Adjustment and elimination** | **Total** |
| **Revenue** | | | | |
| Revenue from external customers | $ 1,026,078,166 | 47,167,749 | - | 1,073,245,915 |
| Interest revenue | 2,998,570 | 91,356 | - | 3,089,926 |
| Total revenue | **$ 1,029,076,736** | **47,259,105** | **-** | **1,076,335,841** |
| Interest expense | $ 3,131,824 | 113,877 | - | 3,245,701 |
| Deprectation and amortization | 6,810,232 | 734,176 | - | 7,544,408 |
| Investment gain (loss) | (272,824) | - | - | (272,824) |
| Other significant non-cash items: | | | | |
| Impairment of assets | 9,431 | - | - | 9,431 |
| **Reportable segment profit** | **$ 8,246,412** | **2,477,718** | **-** | **10,724,130** |
| **Reportable segment assets** | | | | **$ 453,484,433** |
| **Reportable segment liabilities** | | | | **$ 326,074,590** |

| | For the year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | **Information technology product segment** | **Strategy integrated product segment** | **Adjustment and elimination** | **Total** |
| **Revenue** | | | | |
| Revenue from external customers | $ 1,197,441,957 | 38,240,058 | - | 1,235,682,015 |
| Interest revenue | 1,950,777 | 66,537 | - | 2,017,314 |
| Total revenue | **$ 1,199,392,734** | **38,306,595** | **-** | **1,237,699,329** |
| Interest expense | $ 1,011,790 | 37,347 | - | 1,049,137 |
| Deprectation and amortization | 6,335,289 | 567,822 | - | 6,903,111 |
| Investment gain (loss) | 448,562 | - | - | 448,562 |
| Other significant non-cash items: | | | | |
| Impairment of assets | 404,513 | - | - | 404,513 |
| **Reportable segment profit** | **$ 15,201,740** | **2,266,095** | **-** | **17,467,835** |
| **Reportable segment assets** | | | | **$ 537,095,340** |
| **Reportable segment liabilities** | | | | **$ 415,555,537** |

(c) Products information

The infromation of revenue from external customers:

| Products and services | 2022 | 2021 |
|---|---|---|
| 5C related electronic products | $ 1,067,076,220 | 1,232,501,394 |
| Others | 6,169,695 | 3,180,621 |
| | **$ 1,073,245,915** | **1,235,682,015** |

(d) Geographic information

Stated below are the geographic information on the Group's sales presented by destination of sales and non-current assets presented by location.

(i) Revenue from external customers:

| Country | 2022 | 2021 |
|---|---|---|
| United States | $ 444,691,177 | 486,362,457 |
| China | 133,452,679 | 159,061,285 |
| Netherlands | 68,709,105 | 88,162,373 |
| Others | 426,392,954 | 502,095,900 |
| | **$ 1,073,245,915** | **1,235,682,015** |

(ii) Non-current assets:

| Country | 2022 | 2021 |
|---|---|---|
| China | $ 13,812,658 | 14,411,598 |
| Taiwan | 20,877,772 | 9,837,851 |
| Vietnam | 10,671,422 | 8,708,075 |
| Others | 989,914 | 511,749 |
| | **$ 46,351,766** | **33,469,273** |

Non current assets include plant, property, and equipment, intangible assets, and other assets, excluding deferred tax assets.

(e) The details of sales revenue from external customers more than 10% of the amount of consolidated statement of comprehensive income are as follows:

| | 2022 | 2021 |
|---|---|---|
| D Company | $ 460,236,878 | 534,800,186 |
| F Company | 170,398,727 | 223,256,380 |
| A Company | 96,621,806 | 144,069,158 |
| E Company | 102,969,721 | 116,116,250 |
| | **$ 830,227,132** | **1,018,241,974** |

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

**Table 1 Loans to other parties:**

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | | |
| 0 | The Company | UCGI | Other receivables | Y | 466,958 | 230,000 | 230,000 | 1.67%~3.5% | Short-term financing | - | Operating demand | - | - | - | 23,258,950 | 46,517,901 | (Note 1) |
| 0 | The Company | HengHao | Other receivables | Y | 400,000 | 200,000 | 200,000 | 1.85% | Short-term financing | - | Operating demand | - | - | - | 23,258,950 | 46,517,901 | (Note 1) |
| 0 | The Company | CEB | Other receivables | Y | 1,399,775 | 767,750 | 767,750 | 1.02%~5% | Short-term financing | - | Operating demand | - | - | - | 23,258,950 | 46,517,901 | (Note 1) |
| 0 | The Company | Kinpo & Compal Group Assets Development Corporation | Other receivables | Y | 600,000 | 600,000 | 600,000 | 1.85% | Short-term financing | - | Operating demand | - | - | - | 600,044 | 46,517,901 | (Note 1) |
| 0 | The Company | CEA | Other receivables | Y | 2,347,875 | 1,381,950 | 1,381,950 | 1.02%~5% | Short-term financing | - | Operating demand | - | - | - | 23,258,950 | 46,517,901 | (Note 1) |
| 1 | CIH | CEP | Other receivables | Y | 64,430 | 61,420 | 61,420 | 5.05% | Short-term financing | - | Operating demand | - | - | - | 42,553,108 | 42,553,108 | (Note 2) |
| 2 | CPC | CIC | Other receivables | Y | 450,600 | 440,800 | 440,800 | 2.20% | Short-term financing | - | Operating demand | - | - | - | 2,589,107 | 2,589,107 | (Note 3) |
| 3 | CIT | CCI Nanjing | Other receivables | Y | 4,510,100 | 2,149,700 | 1,781,180 | 3.5%~5.05% | Short-term financing | - | Operating demand | - | - | - | 25,750,769 | 25,750,769 | (Note 4) |
| 3 | CIT | Rayonnant (Taicang) | Other receivables | Y | 80,538 | 76,775 | - | 5.05% | Short-term financing | - | Operating demand | - | - | - | 25,750,769 | 25,750,769 | (Note 4) |
| 3 | CIT | HengHao Kunshan | Other receivables | Y | 966,450 | 921,300 | 921,300 | 5.05% | Short-term financing | - | Operating demand | - | - | - | 25,750,769 | 25,750,769 | (Note 4) |
| 4 | CPO | HengHao Kunshan | Other receivables | Y | 1,047,900 | - | - | 3.50% | Short-term financing | - | Operating demand | - | - | - | 3,047,746 | 3,047,746 | (Note 5) |
| 4 | CPO | CIT | Other receivables | Y | 675,900 | 661,200 | 661,200 | 2.20% | Short-term financing | - | Operating demand | - | - | - | 3,047,746 | 3,047,746 | (Note 5) |
| 5 | CET | BT | Other receivables | Y | 270,360 | 264,480 | 176,320 | 2.00% | Short-term financing | - | Operating demand | - | - | - | 4,960,064 | 4,960,064 | (Note 6) |
| 6 | Panpal | Kinpo & Compal Group Assets Development Corporation | Other receivables | Y | 1,200,000 | 600,000 | 600,000 | 1.67%~1.85% | Short-term financing | - | Operating demand | - | - | - | 2,045,874 | 2,045,874 | (Note 7) |
| 6 | Panpal | HengHao Kunshan | Other receivables | Y | 1,200,000 | 600,000 | 600,000 | 1.53%~1.85% | Short-term financing | - | Operating demand | - | - | - | 2,045,874 | 2,045,874 | (Note 7) |
| 6 | Panpal | Ray-Kwong Medical Management Consulting | Other receivables | Y | 10,000 | - | - | 1.53% | Short-term financing | - | Operating demand | - | - | - | 18,190 | 2,045,874 | (Note 7) |
| 7 | CIC | HengHao Kunshan | Other receivables | Y | 2,406,825 | 1,689,050 | 1,689,050 | 3.5%~5.05% | Short-term financing | - | Operating demand | - | - | - | 10,388,018 | 10,388,018 | (Note 8) |
| 8 | BSH | CIN | Other receivables | Y | 579,870 | 552,780 | 337,810 | 5.05% | Short-term financing | - | Operating demand | - | - | - | 8,034,374 | 8,034,374 | (Note 9) |
| 9 | Gempal | Kinpo & Compal Group Assets Development Corporation | Other receivables | Y | 1,000,000 | 600,000 | 600,000 | 1.67%~1.85% | Short-term financing | - | Operating demand | - | - | - | 855,095 | 855,095 | (Note 10) |
| 9 | Gempal | Ray-Kwong Medical Management Consulting | Other receivables | Y | 20,000 | 10,000 | 10,000 | 1.85% | Short-term financing | - | Operating demand | - | - | - | 18,190 | 855,095 | (Note 10) |
| 10 | Hong Ji | Kinpo & Compal Group Assets Development Corporation | Other receivables | Y | 200,000 | - | - | 1.67% | Short-term financing | - | Operating demand | - | - | - | 467,760 | 467,760 | (Note 11) |
| 11 | CGSP | CEP | Other receivables | Y | 64,430 | 61,420 | - | 5.05% | Short-term financing | - | Operating demand | - | - | - | 92,429 | 92,429 | (Note 12) |
| 12 | Arcadyan | Acradyan Brasil | Other receivables | Y | 35,867 | - | - | 1.00% | Short-term financing | - | Operating demand | - | - | - | 2,761,448 | 5,522,896 | (Note 13) |
| 12 | Arcadyan | Acradyan Brasil | Other receivables | Y | 59,880 | - | - | 1.00% | Short-term financing | - | Operating demand | - | - | - | 2,761,448 | 5,522,896 | (Note 13) |
| 12 | Arcadyan | Acradyan Brasil | Other receivables | Y | 64,300 | 61,420 | 42,994 | 5.00% | Short-term financing | - | Operating demand | - | - | - | 2,761,448 | 5,522,896 | (Note 13) |
| 12 | Arcadyan | Arcadyan Vietnam | Other receivables | Y | 280,250 | - | - | 1.00% | Transaction for business between two parties | 4,821,470 | - | - | - | - | 2,761,448 | 5,522,896 | (Note 13) |

(Continued)

**Table 1 Loans to other parties:**

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

| No. | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral Item | Collateral Value | Individual funding loan limits | Maximum limit of fund financing | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | Arcadyan | Arcadyan Vietnam | Other receivables | Y | 321,500 | 307,100 | - | 1.00% | Transaction for business between two parties | 14,679,380 | - | - | - | - | 2,761,448 | 5,522,896 | (Note 13) |
| 12 | Arcadyan | Arcadyan RU | Other receivables | Y | 32,150 | - | - | 1.00% | Transaction for business between two parties | 418,792 | - | - | - | - | 335,034 | 5,522,896 | (Note 13) |
| 13 | Arcadyan Holding | CNC | Other receivables | Y | 546,550 | - | - | 1.00% | Short-term financing | - | Operating demand | - | - | - | 2,108,499 | 2,108,499 | (Note 14) |
| 14 | Poindus Systems | Adasys | Other receivables | Y | 21,268 | 21,268 | 21,268 | 2.00% | Transaction for business between two parties | 80,428 | - | - | - | - | 51,752 | 208,682 | (Note 15) |
| 14 | Poindus Systems | Poindus UK | Other receivables | Y | 26,093 | - | - | 1.00% | Transaction for business between two parties | 58,395 | - | - | - | - | 39,102 | 208,682 | (Note 15) |
| 14 | Poindus Systems | Poindus UK | Other receivables | Y | 24,506 | 24,109 | 24,109 | 1.00% | Transaction for business between two parties | 58,395 | - | - | - | - | 51,752 | 208,682 | (Note 15) |

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

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

Note 13: 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 14: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/ guarantees for the borrower when calculating.

Note 15: According to Poindus Systems' Procedures for Lending Funds to Other parties, the total amount of loans for individual is the lower of the amount of transaction for business between the two parties during the previous twelve months and 10% of the net worth of the company's latest financial statements, with the total limit of 40% of the net worth of the company's latest financial statements.

Note 16: The transactions had been eliminated in the consolidated financial statements.

(Continued)

## Notes to Consolidated Financial Statements

**Table 2 Guarantees and endorsements for other parties:**

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements (Note 1、2) | Parent company endorsements/guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 0 | The Company | CEP | (Note 4) | 29,073,688 | 95,386 | 61,146 | 61,146 | - | 0.05% | 58,147,377 | Y | - | - |
| 0 | The Company | CEB | (Note 5) | 29,073,688 | 132,082 | 61,420 | 61,420 | - | 0.05% | 58,147,377 | Y | - | - |
| 0 | The Company | CEA | (Note 5) | 29,073,688 | 193,973 | - | - | - | 0.00% | 58,147,377 | Y | - | - |
| 0 | The Company | HengHao Kunshan | (Note 5) | 29,073,688 | 27,036 | 26,448 | 26,448 | - | 0.02% | 58,147,377 | Y | - | Y |
| 1 | Arcadyan | Arcadyan AU | (Note 5) | 1,840,965 | 241,125 | 230,325 | - | - | 1.67% | 5,522,896 | Y | - | - |
| 2 | Poindus Systems | Qijie | (Note 5) | 104,341 | 32,325 | 30,710 | - | - | 5.98% | 260,852 | 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, Poindus Systems only endorses and guarantees to subsidiaries wherein it holds 100% of their voting shares. Poindus Systems' endorsement and guarantee for a subsidiary shall not exceed 20% of its net worth; and the total amount of endorsements/guarantees shall not exceed 50% of its net worth.

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

Note 5: Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

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

(December 31, 2022)

(In Thousands of shares/ units)

| | | | | Ending balance | | | | The highest holdings in the period | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Name of holder** | **Category and name of security** | **Relationship with security issuer** | **Account name** | **Shares/Units (thousands)** | **Carrying value** | **Holding percentage (%)** | **Fair value** | **Shares/Units (thousands)** | **Holding percentage (%)** | **Note** |
| The Company | Taiwan Star | - | Financial assets at fair value through other comprehensive income-non-current | 98,046 | 418,658 | 2% | 418,658 | 98,046 | 2% | |
| | Kinpo | The same chairman of the Company | Financial assets at fair value through other comprehensive income-non-current | 124,044 | 1,674,591 | 8% | 1,674,591 | 124,044 | 8% | |
| | Cal-Comp | The same chairman of the Company | Financial assets at fair value through other comprehensive income-non-current | 281,233 | 579,341 | 5% | 579,341 | 281,233 | 5% | |
| | HWA VI Venture Capital Corp. | - | Financial assets at fair value through other comprehensive income-non-current | 290 | 22,571 | 10% | 22,571 | 290 | 10% | |
| | HWA Chi Venture Capital Corp. | - | Financial assets at fair value through other comprehensive income-non-current | 53 | 11,112 | 11% | 11,112 | 53 | 11% | |
| | mProbe Ltd. | - | Financial assets at fair value through other comprehensive income-non-current | 4,000 | 13,040 | 3% | 13,040 | 4,000 | 3% | |
| | Chen Feng Optoelectronics | - | Financial assets at fair value through other comprehensive income-non-current | 6,685 | 101,676 | 7% | 101,676 | 6,685 | 7% | |
| | PrimeSensor Technology Inc. | - | Financial assets at fair value through other comprehensive income-non-current | 868 | 19,638 | 1% | 19,638 | 868 | 1% | |
| | Ganzin Technology, Inc. | - | Financial assets at fair value through other comprehensive income-non-current | 2,000 | 36,000 | 7% | 36,000 | 2,000 | 7% | |
| | Genovior Biotech Crop. | - | Financial assets at fair value through other comprehensive income-non-current | 3,846 | 9,000 | 2% | 9,000 | 3,846 | 2% | |
| | Airoha Technology Corp. | - | Financial assets at fair value through other comprehensive income-non-current | 215 | 114,137 | - | 114,137 | 215 | - | |
| | Clean Energy Fund | - | Financial assets at fair value through profit or loss-non current | - | 132,417 | 2% | 132,417 | - | 2% | |
| | IIH Biomedical Venture Fund | - | Financial assets at fair value through profit or loss-non current | 5,000 | 54,150 | 8% | 54,150 | 5,000 | 8% | |
| | Phoenix Innovation Investment Corporation. | - | Financial assets at fair value through profit or loss-non current | 6,000 | 63,000 | 19% | 63,000 | 6,000 | 19% | |
| | Others | | Financial assets at fair value through profit or loss and other comprehensive income | | 134,076 | | 134,076 | | | |
| | Total | | | | 3,383,407 | | | | | |
| Panpal | Compal Electronics, Inc. | The parent company | Financial assets at fair value through other comprehensive income-non-current | 31,648 | 729,488 | 1% | 729,488 | 31,648 | 1% | (Note 1) |
| | Kinpo | The same chairman of the Company | Financial assets at fair value through other comprehensive income-non-current | 69,370 | 936,490 | 5% | 936,490 | 69,370 | 5% | |
| | CDIB Partners Investment Holding Corp. | - | Financial assets at fair value through other comprehensive income-non-current | 54,000 | 694,440 | 5% | 694,440 | 54,000 | 5% | |
| | 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 | 169,449 | 1% | 169,449 | 5,677 | 1% | |
| | Lian Hong Art. Co., Ltd. | - | Financial assets at fair value through other comprehensive income-non-current | 2,225 | 67,470 | 6% | 67,470 | 2,225 | 6% | |
| | Taiwan Biotech Co., Ltd. | - | Financial assets at fair value through other comprehensive income-non-current | 7,845 | 141,204 | 3% | 141,204 | 7,845 | 3% | |
| | Others | | Financial assets at fair value through other comprehensive income-non-current | | 14,215 | | 14,215 | | | |
| | Total | | | | 2,752,756 | | | | | |
| Gempal | Compal Electronics, Inc. | The parent company | Financial assets at fair value through other comprehensive income-non-current | 18,369 | 423,413 | - | 423,413 | 18,369 | - | (Note 1) |
| | Lian Hong Art. Co., Ltd. | - | Financial assets at fair value through other comprehensive income-non-current | 2,225 | 67,450 | 6% | 67,450 | 2,225 | 6% | |
| | Others | - | Financial assets at fair value through other comprehensive income-non-current | | 1,371 | | 1,371 | | | |
| | Total | | | | 492,234 | | | | | |
| Hong Ji | SUYIN Optronics Co., Ltd. (“SUYIN Optronics”) | - | Financial assets at fair value through other comprehensive income-non- | 380 | - | 1% | - | 380 | 1% | (Note 2) |
| Hong Jin | SUYIN Optronics | - | Financial assets at fair value through other comprehensive income-non- | 332 | - | 1% | - | 332 | 1% | (Note 2) |
| Arcadyan | GeoThings Inc. | - | Financial assets at fair value through profit or loss-non- current | 200 | - | 4% | - | 200 | 7% | (Note 2) |
| | AirHop Communication Inc. | - | Financial assets at fair value through profit or loss-non- current | 1,152 | - | 5% | - | 1,152 | 5% | (Note 2) |

(Continued)

## Notes to Consolidated Financial Statements

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

(December 31, 2022)

(In Thousands of shares/ units)

| Name of holder | Category and name of security | Relationship with security issuer | Account name | Ending balance Shares/Units (thousands) | Ending balance Carrying value | Ending balance Holding percentage (%) | Ending balance Fair value | The highest holdings in the period Shares/Units (thousands) | The highest holdings in the period Holding percentage (%) | Note |
|---|---|---|---|---|---|---|---|---|---|---|
| Arcadyan | Adant Technologies Inc. | - | Financial assets at fair value through profit or loss-non- current | 349 | - | 5% | - | 349 | 5% | (Note 2) |
| | IOT Eye, Inc. | - | Financial assets at fair value through profit or loss-non- current | 60 | - | 14% | - | 60 | 14% | (Note 2) |
| | TIEF FUND L.P. | - | Financial assets at fair value through profit or loss-non- current | - | 46,379 | 7% | 46,379 | - | 7% | |
| | Chimei Motor Electronics Co., LTD | - | Financial assets at fair value through other comprehensive income-non-current | 1,650 | 46,150 | 5% | 46,150 | 1,650 | 7% | |
| | Golden Smarthome Technology Corp. | - | Financial assets at fair value through other comprehensive income-non-current | 1,229 | - | 6% | - | 1,229 | 6% | (Note 2) |
| | Total | | | | 92,529 | | | | | |
| Mactech | Taichung International Golf Country Club | - | Financial assets at fair value through other comprehensive income-non-current | - | 11,220 | - | 11,220 | - | - | |
| HHB | HWALLAR OPTRONICS (Fuzhou) CO., LTD. | - | Financial assets at fair value through profit or loss-non- current | - | - | 19% | - | - | 19% | (Note 2) |
| Mithera | Beyond Limits, Inc. | - | Financial assets at fair value through other comprehensive income-non-current | 873 | 138,195 | - | 138,195 | 873 | - | |
| BT | Suzhou Genki Fuhong Health Management Co., Ltd. | - | Financial assets at fair value through other comprehensive income-non-current | - | 4,414 | 17% | 4,414 | - | 17% | |
| CIT | Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund | - | Financial assets at fair value through profit or loss-non current | - | 252,667 | - | 252,667 | - | - | |
| BSH | Achi Capital Partners Fund LP | - | Financial assets at fair value through profit or loss-non current | - | 10,296 | - | 10,296 | - | - | |

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)

**Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:**

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

| Name of company | Category and name of security | Account name | Name of counter-party | Relationship with the company | Beginning Balance | | Purchases | | Sales | | | | Others | | Ending Balance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares/ Units | Amount | Shares/ Units | Amount | Shares/ Units | Price | Cost | Gain (loss) on disposal | Shares/ Units | Amount | Shares/ Units | Amount |
| The Company | Stock： Poindus Systems | Investments accounted for using equity method | Public buyouts and purchases from the open market | - | - | - | 11,768 | 353,046 | - | - | - | - | - | (28,278) (Note 1) | 11,768 | 324,768 |
| CPC | Structured deposits: Structured deposits– Bank of China RMB Strcutured Deposit | Financial assets at fair value through profit or loss-current | Bank of China | - | - | - | - | 442,622 | - | 450,371 | 442,622 | 7,749 (Note 2) | - | - | - | - |
| CIT | Structured deposits– Bank of China RMB Strcutured Deposit | Financial assets at fair value through profit or loss-current | Bank of China | - | - | - | - | 1,106,555 | - | 1,125,927 | 1,106,555 | 19,372 (Note 2) | - | - | - | - |
| 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. | - | - | - | - | 442,622 | - | 450,043 | 442,622 | 7,421 (Note 2) | - | - | - | - |
| CIC | Structured deposits– Bank of China RMB Strcutured Deposit | Financial assets at fair value through profit or loss-current | Bank of China | - | - | - | - | 663,933 | - | 675,556 | 663,933 | 11,623 (Note 2) | - | - | - | - |
| CET | Structured deposits– Bank of China RMB Strcutured Deposit | Financial assets at fair value through profit or loss-current | Bank of China | - | - | - | - | 442,622 | - | 450,371 | 442,622 | 7,749 (Note 2) | - | - | - | - |

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

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

(Continued)

# COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

| Name of company | Name of property | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information | | | | References for determining price | Purpose of acquisition and current condition | Others |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship with the Company | Date of transfer | Amount | | | |
| Arcadyan Vietnam | Plant, mechanical and electrical equipment | May 5, 2022 (Note 1) | 1,437,610 | 657,737 | Donghui Co., Ltd. and Chengyuande Construction and Trade Co., Ltd. | None | not applicable | not applicable | not applicable | not applicable | price comparison and negotiation | operational use | None |
| Kinpo & Compal Group Assets Development Corporation | Buildings and building improvements | November 11, 2022 (Note 2) | In the maximum limit of 22,200 thousands | － | － | － | － | － | － | － | － | － | － |
| Compal Electronics (Vietnam) Co., Ltd (Note 3) | Land use rights | December 16, 2022 | 921,300 | 184,260 | GREEN i-PARK CORPORATION | None | not applicable | not applicable | not applicable | not applicable | Refer to the real estate appraisal report issued by a professional appraiser | operational use | None |

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000. The total contract amount is expected to be 1,437,610 (VND 1,118,763 million).

Note 2: In order to meet the operation planning of the group headquarter and corporate sustainable development needs, the Board of Directors of Kinpo & Compal Group Assets Development Corporation resolved on November 11, 2022, to authorize the chairman of the Board to build a new group operation headquarters building in the maximum limit of 22.2 billion.

Note 3: Compal Electronics (Vietnam) Co., Ltd (tentative name) is a newly established subsidiary of BSH 100% owned.

(Continued)

## Notes to Consolidated Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

| | | | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Company Name | Counter party | Nature of relationship | Purchase/ (Sale) | Amount | Percentage of total purchases/ (sales) | Payment terms | Unit price | Payment Terms | Ending Balance | Percentage of total notes/accounts receivable (payable) | Note |
| The Company | UCGI | Subsidiaries wholly owned by the Company | Sale | (221,051) | (0.0)% | 120 days | Similar to non-related parties | There is no significant difference | 18,806 | 0.0% | (Note 2) |
| | CBN | The Company's subsidiaries | Sale | (439,192) | (0.0)% | Net 90 days from delivery | Similar to non-related parties | There is no significant difference | 258,313 | 0.1% | (Note 2) |
| | Arcadyan | The Company's subsidiaries | Sale | (4,736,735) | (0.5)% | 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 | 1,451,984 | 0.8% | (Note 2) |
| | Just and its subsidiaries | Subsidiaries wholly owned by the Company | Sale | (1,190,095) | (0.1)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 1,433,533 | 0.8% | (Note 2) |
| | CIH and its subsidiaries | Subsidiaries wholly owned by the Company | Purchase | 129,322,840 | 13.5% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (47,687,191) | (30.9)% | (Note 2) |
| | Just and its subsidiaries | Subsidiaries wholly owned by the Company | Purchase | 136,046,231 | 14.2% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (1,721,087) | (1.1)% | (Note 2) |
| | HSI and its subsidiaries | Subsidiaries wholly owned by the Company | Purchase | 57,511,789 | 6.0% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (4,914,134) | (3.2)% | (Note 2) |
| | BCI and its subsidiaries | Subsidiaries wholly owned by the Company | Purchase | 44,099,411 | 4.6% | 120 days | Markup based on BCI and its subsidiaries' cost | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (8,835,507) | (5.7)% | (Note 2) |
| | Etrade and its subsidiaries | Subsidiaries wholly owned by the Company | Purchase | 11,706,241 | 1.2% | Net 60 days from delivery | 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 | (2,242,604) | (1.5)% | (Note 2) |
| | Kinpo | The same chairman of the Company | Purchase | 31,343,280 | 2.8% | Net 35 days from the end of the month | Similar to non-related parties | There is no significant difference. | (8,476,775) | (5.5)% | |
| Just and its subsidiaries | Compal Electronic, Inc. | Parent company | Sale | (136,046,231) | (99.0)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 1,721,087 | 97.4% | (Note 2) |
| | UCGI | With the same ultimate parent company | Sale | (118,656) | (0.1)% | 60 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 38,621 | 2.2% | (Note 2) |
| | Compal Electronic, Inc. | Parent company | Purchase | 1,190,095 | 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 | (1,433,533) | (4.1)% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Purchase | 389,981 | 0.3% | 120 days | Similar to non-related parties | Adjustments will be made based on demand for funding | (128,602) | (0.4)% | (Note 2) |
| | Etrade and its subsidiaries | With the same ultimate parent company | Purchase | 201,643 | 0.2% | Net 60 days from delivery | According Etrade and its subsidiaries to markup pricing | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (117,120) | (0.3)% | (Note 2) |
| CIH and its subsidiaries | Compal Electronic, Inc. | Parent company | Sale | (129,322,840) | (92.9)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 47,687,191 | 87.4% | (Note 2) |
| | CEA | With the same ultimate parent company | Sale | (405,697) | (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 | 124,747 | 0.1% | (Note 2) |
| | CEB | With the same ultimate parent company | Sale | (219,877) | (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 | 72,382 | 0.1% | (Note 2) |
| | Just and its subsidiaries | With the same ultimate parent company | Sale | (389,981) | (0.3)% | 120 days | Similar to non-related parties | Adjustments will be made based on demand for funding | 128,602 | 0.1% | (Note 2) |

(Continued)

## Notes to Consolidated Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

| | | | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Company Name | Counter party | Nature of relationship | Purchase/ (Sale) | Amount | Percentage of total purchases/ (sales) | Payment terms | Unit price | Payment Terms | Ending Balance | Percentage of total notes/accounts receivable (payable) | Note |
| CIH and its subsidiaries | BCI and its subsidiaries | With the same ultimate parent company | Sale | (3,026,857) | (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 | 1,425,340 | 1.4% | (Note 2) |
| | HSI and its subsidiaries | With the same ultimate parent company | Sale | (4,315,689) | (3.1)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 4,199,215 | 4.2% | (Note 2) |
| | BCI and its subsidiaries | With the same ultimate parent company | Purchase | 770,541 | 0.8% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (32,896) | (0.0)% | (Note 2) |
| | HSI and its subsidiaries | With the same ultimate parent company | Purchase | 420,918 | 0.5% | 120 days | Similar to non-related parties | Adjustments will be made based on demand for funding | (16,497) | (0.0)% | (Note 2) |
| | Rayonnant and its subsidiaries | With the same ultimate parent company | Purchase | 1,147,721 | 1.2% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (194,275) | (0.2)% | (Note 2) |
| | HengHao | With the same ultimate parent company | Purchase | 179,199 | 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 | (25,055) | (0.0)% | (Note 2) |
| | CPM | An associate | Purchase | 2,571,306 | 2.8% | 120 days | Similar to non-related parties | There is no significant difference. | (541,816) | (0.7)% | |
| | Changbao | An associate | Purchase | 944,245 | 1.0% | 120 days | Similar to non-related parties | There is no significant difference. | (176,997) | (0.2)% | |
| | Acbel and its subsidiaries | The Chairman of the Board is the first degree of kinship of the Chairman of the Company | Purchase | 806,342 | 0.9% | 120 days | Similar to non-related parties | There is no significant difference. | (294,099) | (0.4)% | |
| CBN | Compal Electronic, Inc. | Parent company | Purchase | 439,192 | 19.0% | Net 90 days from delivery | - | There is no significant difference. | (258,313) | (31.0)% | (Note 2) |
| BCI and its subsidiaries | Compal Electronic, Inc. | Parent company | Sale | (44,099,411) | (89.2)% | 120 days | Markup based on BCI and its subsidiaries' cost | Adjustments will be made based on demand for funding | 8,835,507 | 27.7% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Sale | (770,541) | (1.6)% | 120 days | According to markup pricing | Adjustments will be made based on demand for funding | 32,896 | 0.1% | (Note 2) |
| | HSI and its subsidiaries | With the same ultimate parent company | Sale | (1,365,373) | (2.8)% | 120 days | According to markup pricing | Adjustments will be made based on demand for funding | 2,409,030 | 7.6% | (Note 1、2) |
| | CEB | With the same ultimate parent company | Sale | (543,836) | (1.1)% | 120 days | According to markup pricing | There is no significant difference. | 485,682 | 1.5% | (Note 2) |
| | CEA | With the same ultimate parent company | Sale | (918,657) | (1.9)% | 120 days | According to markup pricing | There is no significant difference. | 180,177 | 0.6% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Purchase | 3,026,857 | 7.2% | 120 days | According to markup pricing | Adjustments will be made based on demand for funding | (1,425,340) | (4.7)% | (Note 2) |
| BCI and its subsidiaries | HSI and its subsidiaries | With the same ultimate parent company | Purchase | 790,403 | 1.9% | Net 60 days from delivery | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (546,121) | (1.8)% | (Note 2) |
| | Rayonnant and its subsidiaries | With the same ultimate parent company | Purchase | 282,287 | 0.7% | 120 days | Similar to non-related parties | Adjustments will be made based on demand for funding | (27,686) | (0.1)% | (Note 2) |
| | CPM | An associate | Purchase | 446,632 | 1.1% | 120 days | Similar to non-related parties | There is no significant difference. | (24,880) | (0.1)% | |
| | Acbel and its subsidiaries | The Chairman of the Board is the first degree of kinship of the Chairman of the Company | Purchase | 410,565 | 1.0% | 120 days | Similar to non-related parties | There is no significant difference. | (121,992) | (0.4)% | |
| CEB | BCI and its subsidiaries | With the same ultimate parent company | Purchase | 543,836 | 14.3% | 120 days | According to markup pricing | There is no significant difference. | (485,682) | (31.2)% | (Note 2) |
| | CEA | With the same ultimate parent company | Purchase | 1,620,529 | 42.7% | 45 days | Similar to non-related parties | There is no significant difference. | (415,662) | (26.7)% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Purchase | 219,877 | 5.8% | 120 days | Similar to non-related parties | There is no significant difference. | (72,382) | (4.6)% | (Note 2) |
| CEA | CEB | With the same ultimate parent company | Sale | (1,620,529) | (17.3)% | 45 days | Similar to non-related parties | There is no significant difference. | 415,662 | 17.3% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Purchase | 405,697 | 5.3% | 120 days | Similar to non-related parties | There is no significant difference. | (124,747) | (16.2)% | (Note 2) |
| | BCI and its subsidiaries | With the same ultimate parent company | Purchase | 918,657 | 12.0% | 120 days | Similar to non-related parties | There is no significant difference. | (180,177) | (23.4)% | (Note 2) |

(Continued)

## Notes to Consolidated Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

| | | | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company Name** | **Counter party** | **Nature of relationship** | **Purchase/ (Sale)** | **Amount** | **Percentage of total purchases/ (sales)** | **Payment terms** | **Unit price** | **Payment Terms** | **Ending Balance** | **Percentage of total notes/accounts receivable (payable)** | **Note** |
| Etrade and its subsidiaries | Compal Electronic, Inc. | Parent company | Sale | (11,706,241) | (98.2)% | Net 60 days from delivery | According to markup pricing | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 2,242,604 | 101.3% | (Note 2) |
| | Just and its subsidiaries | With the same ultimate parent company | Sale | (201,643) | (1.7)% | Net 60 days from delivery | According to markup pricing | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 117,120 | 5.3% | (Note 2) |
| | HSI and its subsidiaries | With the same ultimate parent company | Purchase | 1,829,041 | 16.9% | Net 60 days from delivery | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (522,935) | (24.5)% | (Note 2) |
| Forever and its subsidiaries | HSI and its subsidiaries | With the same ultimate parent | Sale | (514,870) | (100.0)% | Net 60 days from delivery | Similar to non-related parties | There is no significant difference. | 216,768 | 100.0% | (Note 2) |
| UCGI | Avalue | An associate | Sale | (177,383) | (31.6)% | 75 days | Similar to non-related parties | There is no significant difference. | 38,397 | 21.4% | |
| | Compal Electronic, Inc. | Parent company | Purchase | 221,051 | 45.9% | 120 days | Similar to non-related parties | There is no significant difference. | (18,806) | (29.7)% | (Note 2) |
| | Just and its subsidiaries | With the same ultimate parent company | Purchase | 118,656 | 24.6% | 60 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (38,621) | (61.1)% | (Note 2) |
| HSI and its subsidiaries | Compal Electronic, Inc. | Parent company | Sale | (57,511,789) | (95.7)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 4,914,134 | 26.1% | (Note 2) |
| | Etrade and its subsidiaries | With the same ultimate parent company | Sale | (1,829,041) | (3.0)% | 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 | 522,935 | 2.8% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Sale | (420,918) | (0.7)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 16,497 | 0.1% | (Note 2) |
| | BCI and its subsidiaries | With the same ultimate parent company | Sale | (790,403) | (1.3)% | 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 | 546,121 | 2.9% | (Note 2) |
| | CIH and its subsidiaries | With the same ultimate parent company | Purchase | 4,315,689 | 6.9% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | (4,199,215) | (11.1)% | (Note 2) |
| | BCI and its subsidiaries | With the same ultimate parent company | Purchase | 1,365,373 | 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 | (2,409,030) | (6.3)% | (Note 1、2) |
| | Forever and its subsidiaries | With the same ultimate parent company | Purchase | 514,870 | 0.8% | Net 60 days from delivery | Similar to non-related parties | There is no significant difference. | (216,768) | (0.6)% | (Note 1、2) |
| Rayonnant and its subsidiaries | CIH and its subsidiaries | With the same ultimate parent company | Sale | (1,147,721) | (80.2)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 194,275 | 87.4% | (Note 2) |
| | BCI and its subsidiaries | With the same ultimate parent company | Sale | (282,287) | (19.7)% | 120 days | Similar to non-related parties | There is no significant difference, and adjustments will be made based on demand for funding if necessary | 27,686 | 12.5% | (Note 2) |
| HengHao | CIH and its subsidiaries | With the same ultimate parent company | Sale | (179,199) | (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 | 25,055 | 1.3% | (Note 1、2) |
| Arcadyan | Arcadyan Germany | Arcadyan's subsidiary | Sale | (1,226,274) | (3.0)% | Net 150 days from delivery | - | - | 597,274 | 6.0% | (Note 2) |
| | Arcadyan USA | Arcadyan's subsidiary | Sale | (16,685,476) | (36.0)% | Net 120 days from delivery | - | - | 4,102,435 | 39.0% | (Note 2) |
| | Arcadyan AU | Arcadyan's subsidiary | Sale | (1,135,329) | (2.0)% | Net 60 days from the end of the month of delivery | - | - | 281,293 | 3.0% | (Note 2) |
| | CNC | Arcadyan's subsidiary | Purchase | 11,854,935 | 16.0% | Net 120 days from delivery | According to markup pricing | - | (3,011,224) | (24.0)% | (Note 1、2) |
| | Arcadyan Vietnam | Arcadyan's subsidiary | Purchase | 3,412,391 | 5.0% | 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 | 4,736,735 | 6.0% | Net 60 days from the end of the month of delivery | - | - | (1,451,984) | (12.0)% | (Note 2) |

(Continued)

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

| Company Name | Counter party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase/ (Sale) | Amount | Percentage of total purchases/ (sales) | Payment terms | Unit price | Payment Terms | Ending Balance | Percentage of total notes/accounts receivable (payable) | |
| CNC | Arcadyan | With the same ultimate parent company | Sale | (11,854,935) | (100.0)% | Net 120 days from delivery | According to markup pricing | - | 3,011,224 | 98.0% | (Note 1、2) |
| Arcadyan Vietnam | Arcadyan | With the same ultimate parent company | Sale | (3,412,391) | (100.0)% | Net 180 days from the end of the month of delivery | According to markup pricing | - | (Note 3) | - % | (Note 1、2) |
| Arcadyan Germany | Arcadyan | With the same ultimate parent company | Purchase | 1,226,274 | 100.0% | Net 150 days from delivery | - | - | (597,274) | (100.0)% | (Note 2) |
| Arcadyan USA | Arcadyan | With the same ultimate parent company | Purchase | 16,685,476 | 100.0% | Net 120 days from delivery | - | - | (4,102,435) | (100.0)% | (Note 2) |
| Arcadyan AU | Arcadyan | With the same ultimate parent company | Purchase | 1,135,329 | 100.0% | Net 60 days from the end of the month of delivery | - | - | (281,293) | 100.0% | (Note 2) |
| Ripal | GLB | With the same ultimate parent company | Sale | (134,361) | 58.9% | Net 60 days from the end of the month | Similar to non-related parties | There is no significant difference. | 19,726 | 50.0% | (Note 2) |
| GLB | Ripal | With the same ultimate parent company | Purchase | 134,361 | 43.3% | Net 60 days from the end of the month | Similar to non-related parties | There is no significant difference. | (19,726) | 37.7% | (Note 2) |

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.
Note 2: The transactions had been eliminated in the consolidated financial statements.
Note 3: The amount of other receivables on December 31, 2022 is 1,000,854 thousand dollars.

(Continued)

## 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:**

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

| Name of Company | Counter-party | Nature of relationship | Ending Balance | Turnover rate | Overdue Amount | Overdue Action taken | Amounts received in subsequent period | | Allowance for bad debts |
|---|---|---|---|---|---|---|---|---|---|
| The Company | CBN | The Company's subsidiary | 258,313 | 1.10 | - | - | 188,346 | (Note 1) | - |
| The Company | Arcadyan | The Company's subsidiary | 1,451,984 | 6.52 | - | - | 1,390,870 | (Note 1) | - |
| The Company | Just and its subsidiaries | The Company's subsidiary | 1,433,533 | 1.66 | - | - | 1,433,533 | (Note 1) | - |
| The Company | HSI and its subsidiaries | The Company's subsidiary | 5,537,829 (Note 4) | (Note 4) | | | 1,339,742 | (Note 1) | |
| The Company | Cal-Comp | The same chairman of the Company | 4,370,909 (Note 4) | (Note 4) | - | - | 4,370,909 | (Note 1) | - |
| Just and its subsidiaries | Compal Electronic, Inc. | Parent company | 1,721,087 | 46.04 | - | - | 1,478,627 | (Note 1) | - |
| CIH and its subsidiaries | Compal Electronic, Inc. | Parent company | 47,687,191 | 2.35 | - | - | 45,630,291 | (Note 1) | - |
| CIH and its subsidiaries | CEA | With the same ultimate parent company | 124,747 | 2.44 | - | - | 37,150 | (Note 1) | - |
| CIH and its subsidiaries | Just and its subsidiaries | With the same ultimate parent company | 128,602 | 6.06 | - | - | - | (Note 1) | - |
| CIH and its subsidiaries | HSI and its subsidiaries | With the same ultimate parent company | 4,199,215 | 1.33 | - | - | - | (Note 1) | - |
| CIH and its subsidiaries | BCI and its subsidiaries | With the same ultimate parent company | 1,425,340 | 2.01 | - | - | - | (Note 1) | - |
| BCI and its subsidiaries | Compal Electronic, Inc. | Parent company | 8,835,507 | 3.47 | - | - | 8,835,507 | (Note 1) | - |
| BCI and its subsidiaries | HSI and its subsidiaries | With the same ultimate parent company | 2,409,030 | 0.62 | - | - | - | (Note 1) | - |
| BCI and its subsidiaries | CEB | With the same ultimate parent company | 485,682 | 0.62 | - | - | 62,919 | (Note 1) | - |
| BCI and its subsidiaries | CEA | With the same ultimate parent company | 180,177 | 2.67 | - | - | 160,837 | (Note 1) | - |
| CEA | CEB | With the same ultimate parent company | 415,662 | 4.09 | - | - | - | (Note 1) | - |
| Etrade and its subsidiaries | Compal Electronic, Inc. | Parent company | 2,242,604 | 4.80 | - | - | 391,222 | (Note 1) | - |
| Etrade and its subsidiaries | Just and its subsidiaries | With the same ultimate parent company | 117,120 | 3.44 | - | - | - | (Note 1) | |
| Forever and its subsidiaries | HSI and its subsidiaries | With the same ultimate parent company | 216,768 | 4.75 | - | - | - | (Note 1) | - |
| HSI and its subsidiaries | Compal Electronic, Inc. | Parent company | 4,914,134 | 14.38 | - | - | 4,914,134 | (Note 1) | - |
| HSI and its subsidiaries | Etrade and its subsidiaries | With the same ultimate parent company | 522,935 | 4.76 | - | - | - | (Note 1) | - |
| HSI and its subsidiaries | BCI and its subsidiaries | With the same ultimate parent company | 546,121 | 2.89 | - | - | - | (Note 1) | - |
| Rayonnant and its subsidiaries | CIH and its subsidiaries | With the same ultimate parent company | 194,275 | 11.86 | - | - | - | (Note 1) | - |
| Arcadyan | Arcadyan USA | Arcadyan's subsidiary | 4,102,435 | 5.45 | - | - | 2,632,307 | (Note 2) | - |
| Arcadyan | Arcadyan Vietnam | Arcadyan's subsidiary | 1,000,854 (Note 4) | (Note 4) | - | - | - | (Note 2) | - |
| Arcadyan | Arcadyan AU | Arcadyan's subsidiary | 281,293 | 7.45 | - | - | 188,344 | (Note 2) | - |
| Arcadyan | Arcadyan Germamy | Arcadyan's subsidiary | 597,274 | 2.84 | - | - | 236,699 | (Note 2) | - |
| CNC | Arcadyan | With the same ultimate parent company | 3,011,224 (Note 5) | 4.70 | - | - | 655,717 | (Note 2) | - |
| CBN | HSI and its subsidiaries | With the same ultimate parent company | 364,925 (Note 5) | (Note 5) | 309,627 | Strengthen collections | 364,925 | (Note 3) | |

Note 1：Balance as of March 7, 2023.
Note 2：Balance as of March 3, 2023.
Note 3：Balance as of March 6, 2023.
Note 4：Receivables due to purchasing on behalf of related parties.
Note 5：Accounts receivables due to processing raw material.

(Continued)

**Table 8 Business relationships and significant intercompany transactions:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Company name | Counter party | Relationship (Note 2) | Intercompany transactions: Accounts name | Amount | Terms | Percentage of the consolidated net revenue or total assets |
|---|---|---|---|---|---|---|---|
| 0 | The Company | UCGI | 1 | Sales Revenue | 221,051 | There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary. | - |
| | | | | Accounts Receivable | 18,806 | 〃 | - |
| 0 | The Company | CBN | 1 | Sales Revenue | 439,192 | There is no significant difference of price to non-related parties. The credit period is net 90 days from delivery. | - |
| | | | | Accounts Receivable | 258,313 | 〃 | - |
| 0 | The Company | Arcadyan | 1 | Sales Revenue | 4,736,735 | 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. | 0.4% |
| | | | | Accounts Receivable | 1,451,984 | 〃 | 0.3% |
| 0 | The Company | JUST and its subsidiaries | 1 | Sales Revenue | 1,190,095 | 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 | 1,433,533 | 〃 | 0.3% |
| 1 | JUST and its subsidiaries | The Company | 2 | Sales Revenue | 136,046,231 | There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary. | 12.7% |
| | | | | Accounts Receivable | 1,721,087 | 〃 | 0.4% |
| 1 | JUST and its subsidiaries | UCGI | 3 | Sale Revenue | 118,656 | 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. | - |
| | | | | Accounts Receivable | 38,621 | 〃 | - |
| 2 | CIH and its subsidiaries | The Company | 2 | Sales Revenue | 129,322,840 | There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary. | 12.0% |
| | | | | Accounts Receivable | 47,687,191 | 〃 | 10.5% |
| 2 | CIH and its subsidiaries | CEA | 3 | Sales Revenue | 405,697 | 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 | 124,747 | 〃 | - |
| 2 | CIH and its subsidiaries | CEB | 3 | Sales Revenue | 219,877 | 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 | 72,382 | 〃 | - |
| 2 | CIH and its subsidiaries | JUST and its subsidiaries | 3 | Sales Revenue | 389,981 | 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 | 128,602 | 〃 | - |
| 2 | CIH and its subsidiaries | BCI and its subsidiaries | 3 | Sales Revenue | 3,026,857 | 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% |
| | | | | Accounts Receivable | 1,425,340 | 〃 | 0.3% |
| 2 | CIH and its subsidiaries | HSI and its subsidiaries | 3 | Sales Revenue | 4,315,689 | There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary. | 0.4% |
| | | | | Accounts Receivable | 4,199,215 | 〃 | 0.9% |
| 3 | BCI and its subsidiaries | The Company | 2 | Sales Revenue | 44,099,411 | 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. | 4.1% |
| | | | | Accounts Receivable | 8,835,507 | 〃 | 1.9% |
| 3 | BCI and its subsidiaries | CIH and its subsidiaries | 3 | Sales Revenue | 770,541 | 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 | 32,896 | 〃 | - |
| 3 | BCI and its subsidiaries | HSI and its subsidiaries | 3 | Sales Revenue | 1,365,373 | 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 | 2,409,030 | 〃 | 0.5% |
| 3 | BCI and its subsidiaries | CEB | 3 | Sales Revenue | 543,836 | The price is based on the operating cost. The credit period is net 120 days. | 0.1% |
| | | | | Accounts Receivable | 485,682 | 〃 | 0.1% |
| 3 | BCI and its subsidiaries | CEA | 3 | Sale Revenue | 918,657 | The price is based on the operating cost. The credit period is net 120 days. | 0.1% |
| | | | | Accounts Receivable | 180,177 | 〃 | - |
| 4 | CEA | CEB | 3 | Sale Revenue | 1,620,529 | There is no significant difference of price to non-related parties. The credit period is net 45 days. | 0.2% |
| | | | | Accounts Receivable | 415,662 | 〃 | 0.1% |

(Continued)

**Table 8 Business relationships and significant intercompany transactions:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Company name | Counter party | Relationship (Note 2) | Intercompany transactions: Accounts name | Amount | Terms | Percentage of the consolidated net revenue or total assets |
|---|---|---|---|---|---|---|---|
| 5 | Etrade and its subsidiaries | The Company | 2 | Sales Revenue | 11,706,241 | The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary. | 1.1% |
| | | | | Accounts Receivable | 2,242,604 | 〃 | 0.5% |
| 5 | Etrade and its subsidiaries | JUST and its subsidiaries | 3 | Sales Revenue | 201,643 | The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary. | - |
| | | | | Accounts Receivable | 117,120 | 〃 | - |
| 6 | Forever and its subsidiaries | HSI and its subsidiaries | 3 | Sales Revenue | 514,870 | There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery. | - |
| | | | | Accounts Receivable | 216,768 | 〃 | - |
| 7 | HSI and its subsidiaries | The Company | 2 | Sales Revenue | 57,511,789 | There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary. | 5.4% |
| | | | | Accounts Receivable | 4,914,134 | 〃 | 1.1% |
| 7 | HSI and its subsidiaries | Etrade and its subsidiaries | 3 | Sales Revenue | 1,829,041 | 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. | 0.2% |
| | | | | Accounts Receivable | 522,935 | 〃 | 0.1% |
| 7 | HSI and its subsidiaries | CIH and its subsidiaries | 3 | Sales Revenue | 420,918 | 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 | 16,497 | 〃 | - |
| 7 | HSI and its subsidiaries | BCI and its subsidiaries | 3 | Sales Revenue | 790,403 | 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 | 546,121 | 〃 | 0.1% |
| 8 | Rayonnant and its subsidiaries | CIH and its subsidiaries | 3 | Sales Revenue | 1,147,721 | There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary. | 0.1% |
| | | | | Accounts Receivable | 194,275 | 〃 | - |
| 8 | Rayonnant and its subsidiaries | BCI and its subsidiaries | 3 | Sales Revenue | 282,287 | 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 | 27,686 | 〃 | - |
| 9 | HengHao | CIH and its subsidiaries | 3 | Sales Revenue | 179,199 | 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 | 25,055 | 〃 | - |
| 10 | Arcadyan | Arcadyan Germany | 3 | Sales Revenue | 1,226,274 | There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery. | 0.1% |
| | | | | Accounts Receivable | 597,274 | 〃 | - |
| 10 | Arcadyan | Arcadyan USA | 3 | Sales Revenue | 16,685,476 | There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery. | 1.6% |
| | | | | Accounts Receivable | 4,102,435 | 〃 | 0.9% |
| 10 | Arcadyan | Arcadyan AU | 3 | Sales Revenue | 1,135,329 | There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery. | 0.1% |
| | | | | Accounts Receivable | 281,293 | 〃 | - |
| 10 | Arcadyan | Arcadyan Vietnam | 3 | Other Receivable | 1,000,854 | The credit period is net 180 days from the end of the month of delivery and depended on funding demand. | 0.2% |
| 11 | CNC | Arcadyan | 3 | Processing Revenue | 11,854,935 | The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand. | 1.1% |
| | | | | Accounts Receivable | 3,011,224 | 〃 | 0.7% |
| 12 | Arcadyan Vietnam | Arcadyan | 3 | Processing Revenue | 3,412,391 | The credit period is net 180 days from the end of the month of delivery and depended on funding demand. | 0.3% |
| 13 | Ripal | GLB | 3 | Sales Revenue | 134,361 | There is no significant difference of price to non-related parties.The credit period is net 60 days from the end of the month. | - |
| | | | | Accounts Receivable | 19,726 | 〃 | - |

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)

## Notes to Consolidated Financial Statements

**Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):**

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount December 31, 2022 | Original Investment Amount December 31, 2021 | Ending Balance Shares | Ending Balance Percentage of Ownership | Ending Balance Carrying Value | The highest holdings in the period Shares | The highest holdings in the period Percentage of Ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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% | 505,547 | 52,500 | 70% | (27,910) | (19,538) | (Note 2) |
| | Bizcom | Houston, USA | Warranty services and marketing of LCD TVs and notebook PCs | 36,369 | 36,369 | 100 | 100% | 452,361 | 100 | 100% | 3,410 | 3,410 | (Note 2) |
| | Just | British Virgin Islands | Investment | 1,480,509 | 1,480,509 | 48,010 | 100% | 10,364,994 | 48,010 | 100% | (43,156) | (43,156) | (Note 2) |
| | CIH | British Virgin Islands | Investment | 1,787,680 | 1,787,680 | 53,001 | 100% | 42,565,956 | 53,001 | 100% | 1,030,304 | 1,030,304 | (Note 2) |
| | Panpal | Taipei City | Investment | 5,171,837 | 5,171,837 | 500,000 | 100% | 4,405,558<br>(Note 1) | 500,000<br>0 | 100%<br>0% | (313,956) | (377,252) | (Note 2) |
| | Gempal | Taipei City | Investment | 900,036 | 900,036 | 90,000 | 100% | 1,726,562<br>(Note 1) | 90,000<br>0 | 100%<br>0% | 164,612 | 127,886 | (Note 2) |
| | Kinpo Group management consultant company ("Kinpo Group management") | Taipei City | Consultation, training services, etc. | 3,000 | 3,000 | 300 | 38% | 4,882 | 300 | 38% | 284 | 106 | |
| | Ripal | Tainan City | Manufacturing of electric appliance and audiovisual electric products | 60,000 | 60,000 | 6,000 | 100% | 122,458 | 6,000 | 100% | 24,384 | 20,384 | (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% | 84,482 | 20,000 | 100% | (17,399) | (17,399) | (Note 2) |
| | Lead-Honor Optronics. Co., Ltd. ("Lead-Honor") | Taoyuan City | Manufacturing of electric appliance and audiovisual | 42,000 | 42,000 | 2,772 | 42% | - | 2,772 | 42% | - | - | |
| | CEH | British Virgin Islands | Investment | 34 | 34 | 1 | 100% | 3,619,227 | 1 | 100% | - | #REF! | (Note 2) |
| | Shennona Taiwan | Taipei City | Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade | 6,000 | 6,000 | 600 | 100% | 3,696 | 600 | 100% | 2,056 | 576 | (Note 2) |
| | Allied Circuit | Taoyuan City | Production and sales of PCB | 395,388 | 395,388 | 10,158 | 20% | 438,793 | 10,158 | 20% | 555,696 | 112,728 | |
| | Poindus Systems | Taipei City | Design and manufacture of PCs and peripheral equipment | 353,046 | - | 11,768 | 56% | 324,768 | 11,768 | 56% | 4,415 | (1,196) | (Note 2) |
| | 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% | 44,330 | 100,000 | 52% | (24,930) | (12,973) | (Note 2) |
| | Lipo Holding Co., Ltd. | Cayman Islands | Investment | 489,450 | 489,450 | 98 | 49% | 398,723 | 98 | 49% | (664,683) | (325,694) | |
| | CPE | The Netherlands | Investment | 197,463 | 197,463 | 6,427 | 100% | 864,057 | 6,427 | 100% | 11,842 | 11,842 | (Note 2) |
| | Starmems | Hsinchu County | R&D of MEMS microphone related products | 35,000 | 35,000 | 3,500 | 35% | 24,990 | 3,500 | 35% | (25,660) | (8,981) | (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% | 41,029 | 3,739 | 33% | (95,015) | (31,576) | |
| | Hong Ji | Taipei City | Investment | 1,000,000 | 1,000,000 | 100,000 | 100% | 1,169,400 | 100,000 | 100% | 97,275 | 97,275 | (Note 2) |
| | Hong Jin | Taipei City | Investment | 295,000 | 295,000 | 29,500 | 100% | 374,428 | 29,500 | 100% | 42,400 | 42,400 | (Note 2) |
| | Mactech | Taichung City | Manufacturing of equipment and lighting, retailing of equipment and international trading | 219,601 | 219,601 | 21,756 | 53% | 262,227 | 21,756 | 53% | 44,823 | 26,334 | (Note 2) |
| | Auscom | Austin, TX USA | R&D of notebook PC related products and components | 101,747 | 101,747 | 3,000 | 100% | 149,561 | 3,000 | 100% | 10,180 | 10,180 | (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% | 2,668,147 | 41,305 | 21% | 1,915,053 | 378,755 | (Note 2) |
| | FGH | British Virgin Islands | Investment | 2,754,741 | 2,754,741 | 89,755 | 100% | 4,510,138 | 89,755 | 100% | (152,120) | (152,120) | (Note 2) |
| | Shennona | Delaware, USA | Medical care IOT business | 48,210 | 32,665 | - | 100% | 16,505 | - | 100% | (65) | (65) | (Note 2) |
| | HSI | British Virgin Islands | Investment | 1,346,814 | 1,346,814 | 42,700 | 54% | 233,699 | 42,700 | 54% | 407,288 | 218,225 | (Note 2) |
| | CEP | Poland | Maintenance and warranty | 90,156 | 90,156 | 136 | 100% | (27,599) | 136 | 100% | (23,440) | (23,440) | (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% | 34,975 | 9,100 | 91% | (26,246) | (23,883) | (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% | 32,062 | 4,648 | 28% | (20,788) | (5,762) | |
| | HengHao | Taipei City | Manufacturing of PCs, computer periphery devices, and electronic components | 5,729,757 | 5,729,757 | 20,015 | 100% | (797,521) | 20,015 | 100% | (231,377) | (231,377) | (Note 2) |
| | BCI | British Virgin Islands | Investment | 2,636,051 | 2,636,051 | 90,820 | 100% | 8,565,523 | 90,820 | 100% | 582,505 | 582,505 | (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% | 627,558 | 29,060 | 43% | (57,588) | (24,531) | (Note 2) |
| | Rayonnant | Taipei City | Manufacturing and sales of PCs, computer periphery devices, and electronic components | 295,000 | 295,000 | 29,500 | 100% | 200,647 | 29,500 | 100% | 27,157 | 32,532 | (Note 2) |
| | CRH | British Virgin Islands | Investment | 377,328 | 377,328 | 12,500 | 100% | 287,734 | 12,500 | 100% | 32,813 | 32,813 | (Note 2) |
| | Acendant Private Equity Investment Ltd. | British Virgin Islands | Investment | 943,922 | 943,922 | 31,253 | 35% | 1,405,430 | 31,253 | 35% | (46,382) | #REF! | |
| | Etrade | British Virgin Islands | Investment | 1,532,029 | 1,532,029 | 46,900 | 65% | (364,333) | 46,900 | 65% | 87,088 | (134,458) | (Note 2) |
| | Webtek | British Virgin Islands | Investment | 3,340 | 3,340 | 100 | 100% | 763,229 | 100 | 100% | 33,407 | 33,407 | (Note 2) |

(Continued)

# Notes to Consolidated Financial Statements

**Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):**

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Ending Balance | | | The highest holdings in the period | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares | Percentage of Ownership | Carrying Value | Shares | Percentage of Ownership | | | |
| The Company | Forever | British Virgin Islands | Investment | 1,575 | 1,575 | 50 | 100% | 1,531,800 | 50 | 100% | 84,921 | 84,921 | (Note 2) |
| | UCGI | Taipei City | Manufacturing and retail sale of computers and electronic components | 689,997 | 489,998 | 20,000 | 100% | 162,613 | 20,000 | 100% | 102 | (83) | (Note 2) |
| | Palcom | Taipei City | Selling of mobile phones | 100,000 | 100,000 | 10,000 | 100% | 112,687 | 10,000 | 100% | 3,547 | 3,547 | (Note 2) |
| | Avalue | New Taipei City | Manufacturing, processing, and import and export business of industrial motherboards | 547,595 | 547,595 | 14,924 | 21% | 727,787 | 14,924 | 21% | 556,099 | 118,990 | |
| | CORE | British Virgin Islands | Investment | 4,318,860 | 4,318,860 | 147,000 | 100% | 7,666,891 | 147,000 | 100% | 301,896 | 301,896 | (Note 2) |
| | Compal Ruifang | New Taipei City | Investing and developing businesses, such as public construction and specific zones | 100,000 | - | 10,000 | 100% | 99,940 | 10,000 | 100% | (60) | (60) | (Note 2) |
| | GLB | New Taipei | Manufacturing and wholesale of | 247,560 | 246,860 | 15,035 | 50% | 371,580 | 15,035 | 50% | 81,417 | 40,421 | (Note 2) |
| | CGSP | Poland | Maintenance and warranty | 89,669 | 89,669 | - | 100% | 92,429 | - | 100% | 3,773 | (3,816) | (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% | 23,708 | 20,000 | 33% | (61,803) | (20,601) | |
| | Raypal | Taipei City | Cancerous immunocyte therapy and regenerative medicine | 209,076 | 155,076 | 4,646 | 30% | 186,922 | 4,646 | 30% | (37,927) | (11,348) | |
| | | | | | | | | **97,080,580** | | | | **#REF!** | |
| 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% | 573,951 | 8,192 | 4% | 1,915,053 | 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% | 126,442 | 2,927 | 6% | 555,696 | Investment gain (losses) recognized by Panpal | |
| | Others | | | | | | | (514,643) | | | | | |
| Gempal | 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% | 675,117 | 9,279 | 4% | 1,915,053 | 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% | 139,086 | 3,220 | 6% | 555,696 | Investment gain (losses) recognized by Gempal | |
| | Others | | | | | | | (740) | | | | | (Note 2) |
| Hong Ji | 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% | 675,117 | 9,279 | 4% | 1,915,053 | 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% | 31,888 | 851 | 2% | 555,696 | Investment gain (losses) recognized by Hong Ji | |
| Hong Jin | Arcadyan | Hsinchu City | Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing | 131,942 | 131,942 | 4,609 | 2% | 320,345 | 4,609 | 2% | 1,915,053 | Investment gain (losses) recognized by Hong Jin | (Note 2) |
| Just | CDH (HK) | Hong Kong | Investment | 1,913,156 | 1,913,156 | 62,298 | 100% | 7,842,940 | 62,298 | 100% | (77,396) | Investment gain (losses) recognized by Just | (Note 2) |
| | CII | British Virgin Islands | Investment | 283,914 | 283,914 | 9,245 | 100% | 258,032 | 9,245 | 100% | (24) | Investment gain (losses) recognized by Just | (Note 2) |
| | CPI | British Virgin Islands | Investment | 15,355 | 15,355 | 500 | 100% | 13,668 | 500 | 100% | 11,067 | Investment gain (losses) recognized by Just | (Note 2) |
| CII | Smart | British Virgin Islands | Investment | 31 | 31 | 1 | 100% | 381 | 1 | 100% | (7) | Investment gain (losses) recognized by CII | (Note 2) |
| | AEI | U.S.A | Sales and maintenance of LCD TVs | 30,710 | 30,710 | 1,000 | 100% | (483) | 1,000 | 100% | (37) | Investment gain (losses) recognized by CII | (Note 2) |
| | MEL | U.S.A | Investment | 252,866 | 252,866 | - | 100% | 209,588 | - | 100% | 20 | Investment gain (losses) recognized by CII | (Note 2) |
| | MTL | U.S.A | Investment | 31 | 31 | - | 100% | 31 | - | 100% | - | Investment gain (losses) recognized by CII | (Note 2) |

(Continued)

## Notes to Consolidated Financial Statements

**Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):**

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Ending Balance | | | The highest holdings in the period | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares | Percentage of Ownership | Carrying Value | Shares | Percentage of Ownership | | | |
| CIH | CIH (HK) | Hong Kong | Investment | 2,297,185 | 2,297,185 | 74,803 | 100% | 41,759,699 | 74,803 | 100% | 1,485,718 | Investment gain (losses) recognized by CIH | (Note 2) |
| | Jenpal | British Virgin Islands | Investment | 225,719 | 225,719 | 7,350 | 100% | 111,492 | 7,350 | 100% | 1,931 | Investment gain (losses) recognized by CIH | (Note 2) |
| | PFG | British Virgin Islands | Investment | 31 | 31 | 1 | 100% | 5,455 | 1 | 100% | 25,570 | Investment gain (losses) recognized by CIH | (Note 2) |
| | FWT | British Virgin Islands | Investment | 457,579 | 457,579 | 14,900 | 100% | 457,578 | 14,900 | 100% | (1) | Investment gain (losses) recognized by CIH | (Note 2) |
| | CCM | British Virgin Islands | Investment | 156,621 | 156,621 | 5,100 | 51% | 25,691 | 5,100 | 51% | (4,805) | Investment gain (losses) recognized by CIH | |
| HSI | IUE | British Virgin Islands | Investment | 2,057,570 | 2,057,570 | 67,000 | 100% | 664,327 | 67,000 | 100% | 406,560 | Investment gain (losses) recognized by HSI | (Note 2) |
| | Goal | British Virgin Islands | Investment | 390,017 | 390,017 | 12,700 | 100% | 338,159 | 12,700 | 100% | 728 | 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 | 2,057,570 | 2,057,570 | 67,000 | 100% | 664,327 | 67,000 | 100% | 406,560 | Investment gain (losses) recognized by IUE | (Note 2) |
| Goal | CDM | Vietnam | Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam | 390,017 | 390,017 | 12,700 | 100% | 339,807 | 12,700 | 100% | 728 | Investment gain (losses) recognized by Goal | (Note 2) |
| BCI | CMI | British Virgin Islands | Investment | 2,481,982 | 2,481,982 | 80,820 | 100% | 5,400,819 | 80,820 | 100% | 392,369 | Investment gain (losses) recognized by BCI | (Note 2) |
| | PRI | British Virgin Islands | Investment | 307,100 | 307,100 | 10,000 | 100% | 3,164,705 | 10,000 | 100% | 190,136 | Investment gain (losses) recognized by BCI | (Note 2) |
| CORE | BSH | British Virgin Islands | Investment | 4,514,370 | 4,514,370 | 147,000 | 100% | 7,666,891 | 147,000 | 100% | 301,896 | Investment gain (losses) recognized by CORE | (Note 2) |
| BSH | Mithera | Cayman Islands | Investment | 155,086 | 155,086 | - | 99% | 140,305 | - | 99% | (3,242) | Investment gain (losses) recognized by BSH | (Note 2) |
| | HSI | British Virgin Islands | Investment | 1,136,270 | 1,136,270 | 37,000 | 46% | 768,787 | 37,000 | 46% | 407,288 | Investment gain (losses) recognized by BSH | (Note 2) |
| | CIN | U.S.A | Manufaturing | 249,672 | 249,672 | 1 | 100% | 215,327 | 1 | 100% | 4,015 | Investment gain (losses) recognized by BSH | (Note 2) |
| Forever | GIA | British Virgin Islands | Selling of mobile phones | - | - | - | 100% | - | - | 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 | 61,420 | 61,420 | - | 100% | 101,739 | - | 100% | 79,661 | Investment gain (losses) recognized by Forever | (Note 2) |
| Webtek | Etrade | British Virgin Islands | Investment | 767,750 | 767,750 | 25,000 | 35% | 7,446 | 25,000 | 35% | 87,088 | Investment gain (losses) recognized by Webtek | (Note 2) |
| Unicore | Raycore | Taipei City | Animal medication retail and wholesale | - | 40,692 | - | 0% | - | - | 0% | - | Investment gain (losses) recognized by Unicore | (Note 2) |
| Arcadyan | Arcadyan Holding | British Virgin Islands | Investment | 1,701,027 | 2,219,782 | 47,780 | 100% | 1,804,421 | 64,780 | 100% | (45,949) | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Arcadyan USA | U.S.A | Sales of wireless network products | 23,055 | 23,055 | 1 | 100% | 79,312 | 1 | 100% | (63,692) | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Arcadyan Germany | Germany | Technology support and sales of wireless network products | 1,125 | 1,125 | 1 | 100% | 87,814 | 1 | 100% | 7,152 | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Arcadyan Korea | Korea | Sales of wireless network products | 2,879 | 2,879 | 20 | 100% | 24,216 | 20 | 100% | 11,167 | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Zhi-Bao | Hsinchu City | Investment | 48,000 | 48,000 | 34,980 | 100% | 405,516 | 34,980 | 100% | (10,735) | 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% | 205,272 | 25,028 | 61% | (256,058) | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | AcBel Telecom | Taipei City | Investment | - | 23,000 | - | 0% | - | 4,494 | 51% | 3,365 | Investment gain (losses) recognized by Arcadyan | (Note 2) |

(Continued)

**Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):**

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount | | Ending Balance | | | The highest holdings in the period | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | December 31, 2021 | Shares | Percentage of Ownership | Carrying Value | Shares | Percentage of Ownership | | | |
| Arcadyan | Arcadyan UK | UK | Technical support of wireless network products | 1,988 | 1,988 | 50 | 100% | 4,759 | 50 | 100% | 572 | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Arcadyan AU | Australia | Sales of wireless network products | 1,161 | 1,161 | 50 | 100% | 61,405 | 50 | 100% | 18,089 | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Arcadyan RU | Russia | Sales of wireless network products | 7,672 | 7,672 | - | 100% | 4,964 | - | 100% | (1,713) | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | CBN | Hsinchu County | Sales of communication and electronic components | 11,925 | 11,925 | 533 | 1% | 11,898 | 533 | 1% | (57,588) | 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% | (41,645) | 968 | 100% | (23,669) | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| | Arcadyan India | India | Sales of wireless network products | 29,110 | 13,507 | 7,500 | 100% | 23,337 | 7,500 | 100% | (4,001) | Investment gain (losses) recognized by Arcadyan | (Note 2) |
| Arcadyan Holding | Sinoprime | British Virgin Islands | Investment | 892,126 | 892,126 | 29,050 | 100% | 1,223,179 | 29,050 | 100% | 267,559 | Investment gain (losses) recognized by Arcadyan Holding | (Note 2) |
| | Arch Holding | British Virgin Islands | Investment | 338,148 | 338,148 | 35 | 100% | 827,635 | 35 | 100% | (323,027) | Investment gain (losses) recognized by Arcadyan Holding | (Note 2) |
| TTI | Quest | Samoa | Investment | 36,852 | 36,852 | 1,200 | 100% | (230,523) | 1,200 | 100% | (142,972) | Investment gain (losses) recognized by TTI | (Note 2) |
| | TTJC | Japan | Sales of household digital electronic products | 9,626 | 9,626 | 1 | 100% | 3,297 | 1 | 100% | (499) | Investment gain (losses) recognized by TTI | (Note 2) |
| Quest | Exquisite | Samoa | Investment | 35,931 | 35,931 | 1,170 | 100% | (232,168) | 1,170 | 100% | (142,975) | Investment gain (losses) recognized by Quest | (Note 2) |
| Sinoprime | Arcadyan Vietnam | Vietnam | Manufacturing of wireless network products | 890,590 | 890,590 | - | 100% | 1,218,634 | - | 100% | 267,530 | Investment gain (losses) recognized by Sinoprime | |
| Zhi-Bao | CBN | Hsinchu County | Produces and sales of communication and electronic components | 36,272 | 36,272 | 13,140 | 19% | 293,202 | 13,140 | 19% | (57,588) | Investment gain (losses) recognized by Zhi-Bao | (Note 2) |
| Rayonnant | APH | British Virgin Islands | Investment | 257,454 | 257,454 | 8,651 | 41% | 193,110 | 8,651 | 41% | 59,449 | 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% | - | 1,820 | 21% | - | Investment gain (losses) recognized by Rayonnant | (Note 2) |
| CRH | APH | British Virgin Islands | Investment | 383,875 | 383,875 | 12,500 | 59% | 287,734 | 12,500 | 59% | 59,449 | Investment gain (losses) recognized by CRH | (Note 2) |
| APH | PEL | British Virgin Islands | Investment | 96,767 | 96,767 | 3,151 | 100% | 43,994 | 3,151 | 100% | 456 | Investment gain (losses) recognized by APH | (Note 2) |
| | Rayonnant(HK) | Hong Kong | Investment | 552,780 | 552,780 | 18,000 | 100% | 428,698 | 18,000 | 100% | 58,993 | Investment gain (losses) recognized by APH | (Note 2) |
| HHT | HHA | British Virgin Islands | Investment | 1,429,235 | 1,429,235 | 46,882 | 100% | (1,091,269) | 46,882 | 100% | (360,633) | Investment gain (losses) recognized by HHT | (Note 2) |
| HHA | HHB | British Virgin Islands | Investment | 1,439,747 | 1,439,747 | 46,882 | 100% | (1,091,210) | 46,882 | 100% | (360,633) | 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% | 5,386 | 20 | 100% | (255) | Investment gain (losses) recognized by CBN | (Note 2) |
| | CBNN | The Netherlands | The import and export business of broad band network products and related components, as well as technical support and advisory services | 7,016 | 7,016 | 20 | 100% | 6,168 | 20 | 100% | (118) | Investment gain (losses) recognized by CBN | (Note 2) |
| | Starmems | Taiwan | R&D of MEMS microphone related products | 10,000 | 10,000 | 1,000 | 10% | 7,140 | 1,000 | 10% | (25,660) | Investment gain (losses) recognized by CBN | (Note 2) |
| FGH | Wah Yuen Technology Holding Ltd. and its subsidiaries | Mauritius | Investment | 2,756,391 | 2,756,391 | 95,862 | 37% | 4,580,629 | 95,862 | 37% | (377,622) | Investment gain (losses) recognized by FGH | |
| Mactech | Taiwan Intelligent Robotics Company, Ltd. | Taipei City | Manufacturing of equipment and lighting | 43,200 | 43,200 | 2,160 | 17% | 2,395 | 2,160 | 17% | (25,969) | Investment gain (losses) recognized by Mactech | |

(Continued)

## Notes to Consolidated Financial Statements

**Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):**

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

| Investor Company | Investee Company | Location | Main Businesses and Products | Original Investment Amount December 31, 2022 | Original Investment Amount December 31, 2021 | Ending Balance Shares | Ending Balance Percentage of Ownership | Ending Balance Carrying Value | The highest holdings in the period Shares | The highest holdings in the period Percentage of Ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Poindus Systems | Poindus Investment | Taipei City | investment holding | 4,100 | 4,100 | (Note 3) | 100% | 559 | (Note 3) | 100% | (61) | Investment gain (losses) recognized by Poindus Systems | (Note 2) |
| | Poindus UK | UK | Sales of PCs and peripherals | 14,297 | 14,297 | 300 | 100% | (7,792) | 300 | 100% | (2,676) | Investment gain (losses) recognized by Poindus Systems | (Note 2) |
| | Adasys | Germany | Sales of PCs and peripherals | 57,712 | 57,712 | 0.002 | 100% | 1,866 | 0.002 | 100% | (26,473) | Investment gain (losses) recognized by Poindus Systems | (Note 2) |
| Poindus Investment | Poindus GmbH | Germany | Sales of PCs and peripherals | 1,721 | 1,721 | (Note 3) | 100% | 135 | (Note 3) | 100% | (61) | 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: A limited company, therefore no number of shares.

(Continued)

**Table 10 Information on investment in Mainland China:**

(December 31, 2022)

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

(In Thousands of New Taiwan Dollars/ shares)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) (Note 4) | Book value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| CPC | Manufacturing and sales of monitors | 1,136,270 | (Note 1) | 1,136,270 | - | - | 1,136,270 | (301,556) | 100% | (301,556) | 2,597,603 | - |
| CDT | Manufacturing and sales of notebook PCs, mobile phones, and Digital products | 614,200 | (Note 2) | 614,200 | - | - | 614,200 | 36,769 | 100% | 36,769 | 123,413 | - |
| CET | Manufacturing of notebook PCs | 368,520 | (Note 2) | 368,520 | - | - | 368,520 | (341,528) | 100% | (341,528) | 4,968,182 | - |
| CSD | Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service | 264,852 | (Note 2) | (Note 3) | - | - | - | (178,620) | 100% | (178,620) | 133,487 | - |
| 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 | 69,639 | (Note 2) | (Note 3) | - | - | - | - | 51% | - | (43,757) | - |
| BT | Manufacturing of notebook PCs | 30,710 | (Note 2) | 30,710 | - | - | 30,710 | 57,996 | 100% | 57,996 | (115,716) | - |
| CGS | Maintenance and warranty service of notebook PCs | 8,828 | (Note 2) | (Note 3) | - | - | - | 7,260 | 100% | 7,260 | (38,545) | - |
| 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 | 982,720 | (Note 1) | 409,364 | - | - | 409,364 | (568,185) | 43% | (245,342) | 300,436 | - |
| 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 | 614,200 | (Note 1) | 45,144 | - | - | 45,144 | (512,722) | 48% | (244,056) | 308,175 | - |
| CIC | Manufacturing of notebook PCs | 368,520 | (Note 2) | 368,520 | - | - | 368,520 | 739,180 | 100% | 739,180 | 10,388,019 | - |
| CPO | Manufacturing and sales of LCD TVs | 371,591 | (Note 1) | 371,591 | - | - | 371,591 | 112,294 | 100% | 112,294 | 3,047,731 | - |

(Continued)

**Table 10 Information on investment in Mainland China:**

(December 31, 2022)

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

(In Thousands of New Taiwan Dollars/ shares)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) (Note 4) | Book value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| CIT | Manufacturing of notebook PCs | 737,040 | (Note 2) | 737,040 | - | - | 737,040 | 954,634 | 100% | 954,634 | 25,750,770 | - |
| CST | International trade and distribution of computers and electronic components | 42,994 | (Note 2) | 42,994 | - | - | 42,994 | (8,091) | 100% | (8,091) | 45,069 | - |
| 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 | 307,100 | (Note 2) | 156,621 | - | - | 156,621 | (4,805) | 51% | (2,450) | 58,466 | - |
| CIJ | Investment and consulting services | 479,076 | (Note 2) | 479,076 | - | - | 479,076 | 158,621 | 100% | 158,621 | 2,643,288 | - |
| CDE | Manufacturing and sales of LCD TVs | 460,650 | (Note 2) | (Note 3) | - | - | - | 160,011 | 100% | 160,011 | 2,608,270 | - |
| CIS | Outward investment and consulting services | 2,481,982 | (Note 1) | 2,481,982 | - | - | 2,481,982 | 392,369 | 100% | 392,369 | 5,400,819 | - |
| CEC | R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products | 2,456,800 | (Note 2) | (Note 3) | - | - | - | 392,329 | 100% | 392,329 | 5,369,643 | - |
| CMC | Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services | 24,568 | (Note 2) | (Note 3) | - | - | - | 148 | 100% | 148 | 24,729 | - |
| CEQ | R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services | 307,100 | (Note 1) | 307,100 | - | - | 307,100 | 190,136 | 100% | 190,136 | 3,164,705 | - |
| Compal Precision Module (Jiangsu) Co., Ltd. | Manufacturing and selling of magnesium alloy injection molding | 12,898,200 | (Note 2) | 2,537,475 | - | - | 2,537,475 | (1,093) | 37% | (400) | 5,538,329 | - |
| Changbao Electronic Technology (Chongqing) Co., Ltd. | Production and marketing of magnesium alloy molding | 1,842,600 | (Note 2) | 351,814 | - | - | 351,814 | (218,529) | 37% | (80,025) | 655,762 | - |
| Rayonnant (Taicang) | Manufacturing and sales of aluminum alloy and magnesium alloy products | 552,780 | (Note 2) | 383,875 | - | - | 383,875 | 58,993 | 100% | 58,993 | 429,298 | - |
| CCI Nanjing | Manufacturing and processing of mobile phones and tablet PCs | 829,170 | (Note 1) | 675,620 | - | - | 675,620 | (64,917) | 100% | (64,917) | (1,168,454) | - |
| CDCN | Manufacturing and processing of mobile phones and tablet PCs | 178,118 | (Note 1) | 178,118 | - | - | 178,118 | 1,490 | 100% | 1,490 | 90,840 | - |
| CWCN | Manufacturing and processing of mobile phones and tablet PCs | 1,504,790 | (Note 1) | 583,490 | - | - | 583,490 | 155,008 | 100% | 155,008 | 1,065,299 | - |
| Hanhelt | R&D and manufacturing of electronic communication equipment | 61,420 | (Note 1) | 61,420 | - | - | 61,420 | (2,771) | 100% | (2,771) | (369) | - |
| <u>Arcadyan</u> | | | | | | | | | | | | |
| SVA Arcadyan | R&D and sales of wireless network products | 248,751 | (Note 1) | 412,128 (Note 7) | - | - | 412,128 | 6,199 | 100% | 6,199 | 35,040 | - |
| CNC | Manufacturing and wireless network products | 382,340 | (Note 1) | 338,148 (Note 8) | - | - | 338,148 | (323,027) | 100% | (323,027) | 827,635 | - |
| THAC | Manufacturing of household electronics products | 102,879 | (Note 1、9) | 35,317 | - | - | 35,317 | (142,975) | 100% | (142,975) | (232,690) | - |

(Continued)

## Notes to Consolidated Financial Statements

**Table 10 Information on investment in Mainland China:**

(December 31, 2022)

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

(In Thousands of New Taiwan Dollars/ shares)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2022 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) (Note 4) | Book value | Accumulated remittance of earnings in current period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | |
| **HengHao** | | | | | | | | | | | | |
| HengHao Kunshan | Production of touch panels and related components | 1,228,400 | (Note 1) | 1,222,350 | - | - | 1,222,350 | (361,185) | 100% | (361,185) | (1,232,238) | - |
| Lucom | Manufacturing of notebook PCs and related modules | 460,650 | (Note 2) | 199,585 (Note 12) | - | - | 199,585 | 671 | 100% | 671 | 140,778 | - |
| **Poindus Systems** | | | | | | | | | | | | |
| Qijie | Sales of PCs and peripherals | 30,710 | (Note 1) | 30,710 | - | - | 30,710 | (10,931) | 100% | (10,931) | 11,493 | - |

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

| Names of Company | Accumulated Investment in Mainland China as of December 31, 2022 | Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs | Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs |
|---|---|---|---|
| The Company | 16,661,311 (US$542,537) (Note 5) | 23,598,055 (US$768,416) | (Note 6) |
| Arcadyan | 785,593 (US$25,581) | 785,593 (US$25,581) | 8,284,344 |
| HengHao | 1,439,439 (US$46,872) | 1,439,439 (US$46,872) | (Note 12) |
| Poindus Systems | 30,710 (US$1,000) | 30,710 (US$1,000) | 308,044 |

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") and Compal Electronics (China) Co., Ltd.

Note 4: The investment income (loss) was determined based on the financial report reviewed by the CPAs.

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

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

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

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

Note 9: Arcadyan's subsidiary, TTI, obtained the control over THAC with US$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 10: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 11: 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 12: The net equity of HengHao is negative at December 31, 2022.

(iii) Significant transactions:

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions" and "Business relationships and significant intercompany transactions".