Stock Code:2324

COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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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, 2023 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: February 29, 2024

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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 sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 identification, 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, 2023 and 2022, 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)
February 29, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 72,479,480	16.6	79,665,302	17.6
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	52,062	-	187	-
1170	Notes and accounts receivable, net (Note (6)(e))	187,280,320	42.9	186,804,648	41.2
1180	Notes and accounts receivable due from related parties, net (Notes (6)(e) and (7))	6,434,296	1.5	4,416,073	1.0
1200	Other receivables, net (Notes (6)(e) and (7))	2,372,980	0.5	2,369,411	0.5
1310	Inventories (Notes (6)(f) and (8))	95,102,692	21.8	111,593,984	24.6
1470	Other current assets (Note (8))	5,202,467	1.1	5,856,898	1.3
		368,924,297	84.4	390,706,503	86.2
	Non-current assets:				
1550	Investments accounted for using equity method (Note (6)(g))	7,448,351	1.7	8,047,569	1.7
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	1,217,512	0.3	558,909	0.1
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	9,116,008	2.1	5,425,908	1.2
1600	Property, plant and equipment (Notes (6)(k), (6)(l) and (8))	29,040,525	6.7	28,808,211	6.4
1755	Right-of-use assets (Note (6)(l))	13,793,968	3.2	13,705,316	3.0
1780	Intangible assets (Note (6)(h))	1,462,162	0.3	1,722,165	0.4
1840	Deferred tax assets (Note (6)(s))	3,615,912	0.8	2,393,778	0.5
1990	Other non-current assets (Note (8))	2,152,239	0.5	2,116,074	0.5
		67,846,677	15.6	62,777,930	13.8
	Total assets	$ 436,770,974	100.0	453,484,433	100.0

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note (6)(m))	$ 58,974,271	13.5	74,832,426	16.5
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	164,535	-	62,527	-
2125	Current financial liabilities for hedging (Note (6)(d))	14,246	-	47,809	-
2130	Current contract liabilities (Note (6)(w))	767,327	0.2	784,238	0.2
2170	Notes and accounts payable	148,398,334	34.0	152,137,066	33.6
2180	Notes and accounts payable to related parties (Note (7))	10,597,650	2.4	9,701,032	2.1
2200	Other payables (Note (7))	30,464,866	7.0	29,622,760	6.5
2230	Current tax liabilities	7,594,694	1.7	7,202,033	1.6
2250	Current provisions (Note (6)(q))	787,396	0.2	734,061	0.2
2280	Current lease liabilities (Note (6)(p))	2,001,766	0.5	1,813,555	0.4
2300	Other current liabilities (Note (7))	2,528,809	0.6	3,352,565	0.7
2365	Current refund liabilities	3,573,141	0.8	2,632,039	0.6
2322	Long-term borrowings, current portion (Note (6)(n))	11,385,027	2.6	19,462,800	4.3
		277,252,062	63.5	302,384,911	66.7
	Non-Current liabilities:				
2540	Long-term borrowings (Note (6)(n))	15,285,590	3.5	11,674,322	2.6
2570	Deferred tax liabilities (Note (6)(s))	1,985,324	0.5	1,247,342	0.3
2580	Non-current lease liabilities (Note (6)(p))	8,329,451	1.9	9,533,209	2.1
2640	Non-current net defined benefit liability (Note (6)(r))	651,272	0.1	660,019	0.1
2670	Non-current liabilities, others (Note (6)(g))	494,422	0.1	574,787	0.1
		26,746,059	6.1	23,689,679	5.2
	Total liabilities	303,998,121	69.6	326,074,590	71.9
	Equity:				
	Equity attributable to owners of parent (Note (6)(t)):				
3110	Ordinary share	44,071,466	10.1	44,071,466	9.7
3200	Capital surplus	4,270,915	1.0	5,078,580	1.1
3300	Retained earnings	72,548,155	16.6	69,969,059	15.4
3400	Other equity interest	(387,294)	(0.1)	(1,943,104)	(0.4)
3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
		119,621,995	27.4	116,294,754	25.6
36XX	**Non-controlling interests**	13,150,858	3.0	11,115,089	2.5
	Total equity	132,772,853	30.4	127,409,843	28.1
	Total liabilities and equity	$ 436,770,974	100.0	453,484,433	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, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Net sales revenue** (Notes (6)(w) and (7))	$ 946,714,800	100.0	1,073,245,915	100.0
5000	**Cost of sales** (Notes (6)(f), (6)(r), (7) and (12))	904,317,906	95.5	1,032,881,736	96.2
	Gross profit	42,396,894	4.5	40,364,179	3.8
	Operating expenses: (Notes (6)(r) and (12))				
6100	Selling expenses	6,372,101	0.7	8,232,253	0.8
6200	Administrative expenses	4,896,947	0.5	4,983,404	0.4
6300	Research and development expenses	19,080,135	2.0	17,929,525	1.7
		30,349,183	3.2	31,145,182	2.9
	Net operating income	12,047,711	1.3	9,218,997	0.9
	Non-operating income and expenses:				
7100	Interest income (Note (6)(y))	4,706,927	0.5	3,089,926	0.3
7210	Other gains and losses, net (Notes (6)(d), (6)(y) and (6)(aa))	260,934	-	1,363,841	0.1
7050	Finance costs (Notes (6)(o) and (6)(p))	(5,052,372)	(0.5)	(3,245,701)	(0.3)
7190	Other income (Note (6)(y))	456,861	-	652,426	-
7590	Miscellaneous disbursements	(62,559)	-	(73,104)	-
7670	Impairment loss	-	-	(9,431)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	(467,077)	-	(272,824)	-
	Total non-operating income and expenses	(157,286)	-	1,505,133	0.1
7900	**Profit from continuing operations before tax**	11,890,425	1.3	10,724,130	1.0
7950	**Less: Income tax expenses** (Note (6)(s))	2,759,747	0.3	2,182,603	0.2
	Profit	9,130,678	1.0	8,541,527	0.8
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	2,602	-	161,558	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,221,169	0.1	(1,074,884)	(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	105,613	-	(21,325)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s))	170,975	-	(49,117)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,158,409	0.1	(885,534)	(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	(184,799)	-	7,375,388	0.7
8368	Gains (losses) on hedging instrument (Note (6)(z))	33,563	-	(47,809)	-
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	(103,664)	-	81,580	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))	4,544	-	(12,026)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(259,444)	-	7,421,185	0.7
8300	**Other comprehensive income (after tax)**	898,965	0.1	6,535,651	0.6
8500	**Total comprehensive income**	**$ 10,029,643**	**1.1**	**15,077,178**	**1.4**
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	$ 7,667,627	0.8	7,288,292	0.7
8620	Profit, attributable to non-controlling interests	1,463,051	0.2	1,253,235	0.1
		$ 9,130,678	**1.0**	**8,541,527**	**0.8**
	Comprehensive income attributable to:				
8710	Comprehensive income (loss), attributable to owners of parent	$ 8,558,794	0.9	13,636,212	1.3
8720	Comprehensive income (loss), attributable to non-controlling interests	1,470,849	0.2	1,440,966	0.1
		$ 10,029,643	**1.1**	**15,077,178**	**1.4**
	Earnings per share (Note (6)(v))				
9750	**Basic earnings per share**	**$**	**1.76**		**1.67**
9850	**Diluted earnings per share**	**$**	**1.75**		**1.66**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(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, 2022	$ 44,071,466	6,724,856	21,339,412	7,266,708	41,045,820	69,651,940	(8,744,705)	537,830	125	(8,206,750)	(881,247)	111,360,265	10,179,538	121,539,803
Profit for the 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
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	1,217	-	-	-	-	-	-	-	-	-	1,217	-	1,217
Others	-	-	-	-	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
Profit for the year ended December 31, 2023	-	-	-	-	7,667,627	7,667,627	-	-	-	-	-	7,667,627	1,463,051	9,130,678
Other comprehensive income	-	-	-	-	(2,238)	(2,238)	(277,619)	1,162,170	8,854	893,405	-	891,167	7,798	898,965
Total comprehensive income	-	-	-	-	7,665,389	7,665,389	(277,619)	1,162,170	8,854	893,405	-	8,558,794	1,470,849	10,029,643
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	736,855	-	(736,855)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(6,263,646)	6,263,646	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	2,213	-	-	(16,652)	(16,652)	-	3,469	-	3,469	-	(10,970)	-	(10,970)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,490	-	-	(16,991)	(16,991)	-	13,433	-	13,433	-	6,932	-	6,932
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Others	-	1,040	-	-	-	-	-	-	-	-	-	1,040	-	1,040
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(645,503)	(645,503)	-	645,503	-	645,503	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	564,920	564,920
Balance at December 31, 2023	**$ 44,071,466**	**4,270,915**	**23,313,701**	**1,943,104**	**47,291,350**	**72,548,155**	**(1,747,330)**	**1,363,472**	**(3,436)**	**(387,294)**	**(881,247)**	**119,621,995**	**13,150,858**	**132,772,853**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 11,890,425	10,724,130
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	7,873,526	7,544,408
Expected credit loss	70,161	30,177
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(44,367)	23,672
Finance cost	5,052,372	3,245,701
Interest income	(4,706,927)	(3,089,926)
Dividend income	(148,092)	(128,597)
Compensation cost of share-based payments	(2,972)	22,025
Share of loss of associates and joint ventures accounted for using equity method	467,077	272,824
Gain on disposal of property, plant and equipment, and intangible assets	(43,977)	(7,086)
Impairment loss on financial assets	-	9,431
Others	(790)	(158)
Total adjustments to reconcile profit (loss)	8,516,011	7,922,471
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss	(51,875)	400,567
(Increase) decrease in notes and accounts receivable	(2,547,159)	99,026,904
Decrease in other receivable	55,383	357,505
Decrease in inventories	16,491,292	3,761,054
Increase in other current assets	(614,508)	(1,523,444)
(Increase) decrease in other non-current assets	(431,265)	438,312
Total changes in operating assets	12,901,868	102,460,898
Changes in operating liabilities:		
Increase in financial liabilities at fair value through profit or loss	102,008	60,938
Decrease in notes and accounts payable	(2,842,114)	(62,369,969)
Increase in other payables	2,190,306	976,433
Increase in refund liabilities	941,102	596,602
Increase (decrease) in provisions	53,335	(472,840)
Decrease in contract liabilities	(16,911)	(281,716)
(Decrease) increase in other current liabilities	(823,756)	1,309,581
Others	(6,193)	(18,337)
Total changes in operating liabilities	(402,223)	(60,199,308)
Total changes in operating assets and liabilities	12,499,645	42,261,590
Total adjustments	21,015,656	50,184,061
Cash inflow generated from operations	32,906,081	60,908,191
Interest received	4,636,183	2,813,791
Dividends received	347,078	270,042
Interest paid	(5,183,213)	(2,697,025)
Income taxes paid	(3,028,925)	(2,656,389)
Net cash flows from operating activities	29,677,204	58,638,610
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(3,148,973)	(587,240)
Proceeds from disposal of financial assets at fair value through other comprehensive income	47,921	10,028
Acquisition of investments accounted for using equity method	(98,160)	(54,000)
Net cash flow from acquisition of subsidiaries	-	(135,971)
Proceeds from capital reduction and liquidation of investments	3,992	2,010
Acquisition of property, plant and equipment	(7,169,728)	(7,727,184)
Proceeds from disposal of property, plant and equipment	326,557	185,814
Acquisition of intangible assets	(373,363)	(659,132)
Decrease (increase) in restricted assets	697,049	(795,029)
Others	194,245	(154,230)
Net cash flows used in investing activities	(9,520,460)	(9,914,934)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(15,858,155)	(43,590,249)
Repayments of bonds payable	-	(7,400)
Proceeds from long-term borrowings	47,192,669	79,108,377
Repayments of long-term borrowings	(51,659,174)	(72,931,768)
Payment of lease liabilities	(2,114,467)	(2,422,290)
Cash dividends paid	(5,228,555)	(8,714,259)
Change in non-controlling interests	553,966	(1,062,788)
Others	(35,568)	207,983
Net cash flows used in financing activities	(27,149,284)	(49,412,394)
Effect of exchange rate changes on cash and cash equivalents	(193,282)	5,191,917
Net (decrease) increase in cash and cash equivalents	(7,185,822)	4,503,199
Cash and cash equivalents at beginning of period	79,665,302	75,162,103
Cash and cash equivalents at end of period	**$ 72,479,480**	**79,665,302**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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 February 29, 2024.

(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, 2023:

- 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”

In addition, the Group has adopted Amendments to IAS 12“International Tax Reform – Pillar Two Model Rules” on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group’s condensed financial statements. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(Continued)

(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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group does not expect the following 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”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material 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, 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) at fair value through profit or loss are measured at fair value;

2) Financial assets 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 liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained 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. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having 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 amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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

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, 2023	Percentage of ownership December 31, 2022	Description
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	Panpal held 31,648 thousand shares of the Company as of December 31, 2023, which represented 0.7% of the Company's outstanding shares.
〃	Gempal Technology Corp. ("Gempal")	〃	100%	100%	Gempal held 18,369 thousand shares of the Company as of December 31, 2023, which represented 0.4% of the Company's outstanding shares.
〃	Hong Ji Capital Co., Ltd. ("Hong Ji")	〃	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%	33%	The Group had the ability to control Arcadyan. (Note 1)
The Company and Panpal	Compal Mexico Electromex S.A de C.V. ("CMX")	Production of automotive electronic products	100 %	-	CMX was established in April 2023.
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%	

(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, 2023	Percentage of ownership December 31, 2022	Description
The Company	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	71%	52%	
〃	Kinpo&Compal Group Assets Development Corporation (“Kinpo& Compal Group”)	Real estate development, leasing and related management business	70%	70%	
〃	Compal Ruifang Health Assets Development Corporation (“Compal Ruifang ”)	Investing and developing businesses, such as public construction and specific zones	100%	100%	
〃	Compal Healthcare & Technology Ltd. (“Compal Healthcare”)	Information software service, data processing services, and electronic information supply service	100%	-	Compal Healthcare was established in December 2023.
〃	Shennona Corporation (“Shennona”)	Medical care IOT business	100%	100%	
〃	Auscom Engineering Inc. (“Auscom”)	R&D of notebook PC related products and components	100%	100%	
〃	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%	

(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, 2023	Percentage of ownership December 31, 2022	Description
The Company	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%	
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%	
CSD	FIPOLL Electronics (Chongqing) Co., Ltd. ("FIP")	Manufacturing of automotive parts and accessories	60%	-	FIP was established in December 2023.
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	
〃	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	-	100%	The liquidation of the company had been completed on February 15, 2023.
〃	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	
〃	Mexcom Technologies, LLC ("MTL")	〃	100%	100%	
〃	Compal Americas (US) Inc. ("CUS")	Sales of automotive electronic products	100%	-	CUS was established in April 2023.
〃	Compal Electronics N.A. Inc. ("CNA")	〃	100%	-	CNA was established in April 2023.

(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, 2023	Percentage of ownership December 31, 2022	Description
CIH	Compal International Holding (HK) Limited (“CIH (HK)”)	Investment	100%	100%	
〃	Jenpal International Ltd. (“Jenpal”)	Investment	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%	
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%	56%	The Group acquired 56% of its shares in March 2022.

(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, 2023	Percentage of ownership December 31, 2022	Description
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment holding	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022. The Company had resolved its dissolution and liquidation on December 22, 2022.
〃	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	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")	Sales of PCs and computer periphery devices	100%	100%	〃
〃	Adasys GmbH Elektronische Komponenten ("Adasys")	〃	100%	100%	〃
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	〃	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022. The Company had resolved its dissolution and liquidation on December 22, 2022.
GLB and Panpal	PT GLB Biotechnology Indonesia	Wholesale of medical devices	100%	-	PT GLB Biotechnology Indonesia was established in December 2023.
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%	
〃	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%	

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
Arcadyan	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Technical support and 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	-	-	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 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%	63%	
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 Group had the ability to control Starmems. (Note 1)
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%	

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
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 and BSH	HengHao Holdings B Co., Ltd. (“HHB”)	〃	100%	100%	
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%	
〃	HengHao Optoelectronics Technology (Zhejiang) Co., Ltd. (“HengHao Zhejiang”)	Production of touch panels and related components	100%	-	HengHao Zhejiang was established in March 2023.

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
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%	
〃	Compal Electronics (Vietnam) Co., Ltd. (“CEV”)	R&D, manufacturing, sales and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication devices and other electronic devices	100%	-	CEV was established in May 2023.
Unicore	Raycore Biotech Co., Ltd. (“Raycore”)	Animal medication retail and wholesale	-	-	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 into 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 into the functional currencies 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.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) a financial asset designated as at fair value through other comprehensive income;

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 hedges are 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. Exchange differences are recognized in other comprehensive income.

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, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(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 is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

(iii) It is expected to be realized within twelve months after the reporting period; or

(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.

(Continued)

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

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. 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 should be recognized 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 (SPPI) 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.

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.

(Continued)

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.

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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.

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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.

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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.

(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.

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 in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, 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.

(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.

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(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:

(Continued)

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.

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.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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.

(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.

(Continued)

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.

(Continued)

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.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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.

(Continued)

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) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

(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.

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.

(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 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.

(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)(f) for further description of the valuation of inventories.

(Continued)

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 17,687	17,835
Checking accounts and demand deposits	32,426,802	39,976,385
Time deposits	37,820,891	35,233,038
Cash equivalents	2,214,100	4,438,044
	$ 72,479,480	**79,665,302**

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, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stock unlisted in domestic markets	$ 158,680	117,150
Fund in domestic or foreign markets	1,058,832	441,759
Derivative instruments not used for hedging		
Foreign exchange contracts	4,519	187
Swap contracts	47,543	-
Total	**$ 1,269,574**	**559,096**
Current	$ 52,062	187
Non-current	1,217,512	558,909
	$ 1,269,574	**559,096**

	December 31, 2023	December 31, 2022
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Foreign exchange contracts	**$ 164,535**	**62,527**

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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, 2023		
	Contract amount (in thousands)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	USD 7,087	USD to TWD	January 5 ~ March 25, 2024
Forward exchange purchased	USD 3,609	USD to INR	January 30, 2024
Swap contracts:			
Currency Swap	USD 70,000	USD to TWD	January 26 ~ March 28, 2024
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange purchased	USD 124,500	USD to BRL	January 11 ~ May 31, 2024
Forward exchange purchased	USD 3,595	USD to INR	January 12, 2024
Forward exchange sold	EUR 17,000	EUR to USD	January 12 ~ April 12, 2024

	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 04 ~ June 15, 2023

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

As of December 31, 2023 and 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	$ 4,349,429	2,797,667
Stock listed in foreign markets	2,906,241	579,341
Stock unlisted in domestic markets	1,454,947	1,822,164
Stock unlisted in foreign markets	405,391	226,736
Total	$ 9,116,008	5,425,908

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.

For the year ended December 31, 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.

For the year ended December 31, 2023, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in Genovior Biotech Corp. The fair value of the shares upon disposal amounted to $47,921, resulting in a cumulative gain of $17,790, which was reclassified from other comprehensive income to retained earnings.

The Group held the shareholdings, measured at fair value through other comprehensive income, in Taiwan Star Telecom Corporation Limited (“Taiwan Star”), which was absorbed and merged by Taiwan Mobile Co., Ltd. (“Taiwan Mobile”) on December 1, 2023, as the date of the merger. In this stock swap case, the shareholdings of Taiwan Star were exchanged for the exchange consideration of $318,830 on the date of the merger, resulting in a cumulative loss on disposal of $666,762, which was reclassified from other equity 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, 2023 and 2022, will be $455,800 and $271,295, 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, 2023 and 2022, 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, 2023	December 31, 2022
Cash flow hedge:		
Financial liabilities used for hedging:		
Forward exchange contracts	$ 14,246	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, 2023 and 2022 the details related to the items designated as hedge instruments were as follows:

	December 31, 2023			
	Contract amount (in thousands)	**Currency**	**Maturity period**	**Average strike price**
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 32,000	EUR to USD	January 30 ~ June 27, 2024	1.0960

	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, 2023 and 2022, the ineffective portions of cash flow hedge recognized in profits (losses) amounted of $944 and $44,071, respectively, recorded as "other gains and losses, net".

(iv) For the year ended December 31, 2023 and 2022, 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).

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Notes to Consolidated Financial Statements

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivables from operating activities	$ 44,525	10,645
Accounts receivables – measured at amortized cost	167,289,327	179,043,536
Accounts receivables – fair value through other comprehensive income	30,358,572	16,091,084
	197,692,424	195,145,265
Less: allowance for uncollectible accounts	(3,977,808)	(3,924,544)
	$ 193,714,616	**191,220,721**
Notes and accounts receivable, net	**$ 187,280,320**	**186,804,648**
Notes and accounts receivable – related parties, net	**$ 6,434,296**	**4,416,073**

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, 2023				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 171,224,931	0%	-	No
Level B	12,850,108	1.14%	146,162	No
Level C	3,790,493	100%	3,790,493	Yes
	$ 187,865,532		**3,936,655**	

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**	

(Continued)

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, 2023				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 3,377,894	0%	-	No
Level B	4,778,380	0.10%	4,832	No
Level C	1,650,599	1.00%	16,302	No
Level D	-	-	-	-
Level E	20,019	100%	20,019	Yes
	$ 9,826,892		41,153	

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	

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

	December 31, 2023	**December 31, 2022**
Overdue 1 to 180 days	$ 3,094,481	3,119,372
Overdue 181 to 365 days	135	-
Overdue 365 days	89,230	8,552
	$ 3,183,846	3,127,924

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

	2023	**2022**
Balance at January 1	$ 3,924,544	3,891,948
Acquisition through business combination	-	59
Impairment losses recognized (reversed)	58,369	30,394
Effect of changes in exchange rates	(5,105)	2,143
Balance at December 31	$ 3,977,808	3,924,544

(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, 2023 and 2022, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 2,215,000 thousand and EUR 1,000 thousand, USD 1,600,000 thousand and EUR 1,000 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, 2023 and 2022, the factored accounts receivable with no advance amounting to $200 and $447, 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, 2023 and 2022, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of December 31, 2023 and 2022, the details of the factored accounts receivable but unsettled were as follows:

December 31, 2023							
	Accounts receivable factored	Amount advanced		Amount recognized in other		Amount	
Purchaser	(gross)	Unpaid	Paid	receivable	Collateral	derecognized	Interest rate
Financial Institution	$ 13,188,220	-	13,188,020	200	-	13,188,220	2.75%~6.20%

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

As of December 31, 2023 and 2022, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(Continued)

(f) Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 28,283,848	42,519,903
Work in progress	10,441,483	11,680,487
Raw materials	56,020,648	56,764,510
Raw materials in transit	356,713	629,084
	$ 95,102,692	**111,593,984**

(i) For the years ended December 31, 2023 and 2022, inventory cost recognized as cost of sales amounted to $904,317,906 and $1,032,881,736, respectively.

(ii) Due to the sale and scrap of slow-moving inventories, the net realizable value of inventory recovered, and the reversal of inventory write-downs and slow-moving losses amounted to $1,333,316 for the year ended December 31, 2023. The loss due to the write-down of inventories to net realizable value amounted to $1,992,685 for the yearended December 31, 2022.

(iii) As of December 31, 2023 and 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8).

(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, 2023	December 31, 2022
Associates	$ 7,563,017	8,142,707
Joint venture	6,144	(18,066)
	7,569,161	8,124,641
Plus: credit balance of investment in equity method (recorded as other non-current liability)	-	43,757
Less: unrealized profits or losses	(120,810)	(120,829)
	$ 7,448,351	**8,047,569**

(i) Associates

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

	December 31, 2023	December 31, 2022
Allied Circuit Co., Ltd. ("Allied Circuit")	$ 2,659,099	1,741,281
Avalue Technology Inc. ("Avalue")	1,783,426	1,214,819
	$ 4,442,525	**2,956,100**

(Continued)

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

	2023	2022
The Group's share of the loss of associates	**$ (491,225)**	**(270,373)**

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

	December 31, 2023	December 31, 2022
Carrying amount of individually immaterial associates	**$ 7,563,017**	**8,142,707**

	2023	2022
The Group's share of the net income (loss) of associates:		
Loss from continuing operations	$ (491,225)	(270,373)
Other comprehensive income	1,949	60,255
Total comprehensive income	**$ (489,276)**	**(210,118)**

(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 liquidation of Zheng Ying had been completed in February 2023.

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

	December 31, 2023	December 31, 2022
The carrying amount of the Group's interests in all individually insignificant joint ventures	**$ 6,144**	**(18,066)**

	2023	2022
The Group's share of the net income (loss) of joint ventures:		
Net income (losses) from continuing operations (also the total comprehensive income (losses))	**$ 24,148**	**(2,451)**

(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.

(Continued)

(iv) As of December 31, 2023 and 2022, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Acquisition of the subsidiary

In order to accelerate the deployment in the industrial PCs market, the Group made a tender offer for 56% ownership of Poindus Systems Corp, Ltd. (“Poindus Systems”) at a total price of $353,046. The aforementioned price was paid, and the settlement had been completed.

Since the acquisition of 56% ownership in Poindus Systems on March 7, 2022, the revenue and net profit contributed by Poindus Systems were $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:

(i) Consideration transferred

Cash	**$ 353,046**

(ii) The identifiable assets acquired and the liabilities assumed

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

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

(Continued)

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

Consideration transferred	$	353,046
Non-controlling interests		247,882
Less: fair value of identifiable net assets		(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.

(i) Changes in subsidiaries' equity

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

Arcadyan canceled 30 restricted shares in the year ended December 31, 2022. Whereas, Arcadyan issued $3,892 new shares due to the conversion of convertible bonds during 2022, resulted in a decrease of 0.59% the ownership of the Group in Arcadyan in the year ended December 31, 2022.

CBN canceled $364 and $469 restricted shares in the years ended December 31, 2023 and 2022, resulted in an increase of 0.32% and 0.43% the ownership of the Group in CBN in the years ended December 31, 2023 and 2022.

2) Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of Aco Smartcare amounting to $69,083 at a percentage different from its existing ownership percentage in July, 2023, resulting an increase in the ownership of the Group in Aco Smartcare from 52.04% to 71.46%.

3) Acquire additional equity in a subsidiary

In June 2022, the Group purchased a 0.12% stake in GLB from minority shareholders with cash of $700, resulting an increase of the equity from 50.00% to 50.12%.

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

		2023	**2022**
Capital surplus – changes in ownership interest in subsidiaries	$	2,213	33,397
Retained earnings		(16,652)	(2,260)
	$	**(14,439)**	**31,137**

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(j) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2023	Percentage of non-controlling interests December 31, 2022
Arcadyan	Taiwan	67 %	67 %

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, 2023	December 31, 2022
Current assets	$ 31,358,657	33,543,752
Non-current assets	7,190,002	6,476,775
Current liabilities	(23,477,920)	(25,841,325)
Non-current liabilities	(170,672)	(239,941)
Net assets	**$ 14,900,067**	**13,939,261**
Non-controlling interests	**$ 10,137,657**	**9,503,906**

	2023	2022
Sales revenue	**$ 51,158,122**	**47,167,749**
Net income	$ 2,389,606	1,915,053
Other comprehensive income	2,543	283,981
Comprehensive income	**$ 2,392,149**	**2,199,034**
Profit, attributable to non-controlling interests	**$ 1,591,414**	**1,248,748**
Comprehensive income, attributable to non-controlling interests	**$ 1,593,103**	**1,435,919**
Net cash flows from operating activities	$ 5,589,936	2,529,050
Net cash flows from investing activities	(1,267,263)	(1,415,888)
Net cash flows from financing activities	(4,048,832)	(1,577,423)
Effect of exchange rate changes on cash and cash equivalents	3,579	73,033
Net increase (decrease) in cash and cash equivalents	**$ 277,420**	**(391,228)**

(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, 2023 and 2022, 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, 2023	$ 2,485,718	21,658,458	36,234,090	13,405,317	2,295,702	76,079,285
Additions	-	1,052,882	350,442	1,411,529	4,151,768	6,966,621
Disposals and derecognitions	-	(241,168)	(1,353,218)	(1,366,997)	-	(2,961,383)
Reclassifications	-	1,509,753	1,371,671	176,912	(3,058,336)	-
Effect of movements in exchange rates	(15)	(32,968)	(781,106)	(401,822)	(61,431)	(1,277,342)
Balance on December 31, 2023	**$ 2,485,703**	**23,946,957**	**35,821,879**	**13,224,939**	**3,327,703**	**78,807,181**
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**
Depreciation and impairments loss:						
Balance on January 1, 2023	$ -	12,555,957	24,546,694	10,168,423	-	47,271,074
Depreciation for the period	-	1,215,405	3,609,728	1,661,074	-	6,486,207
Disposals and derecognitions	-	(201,001)	(1,132,219)	(1,345,635)	-	(2,678,855)
Effect of movements in exchange rates	-	(42,765)	(1,087,622)	(181,383)	-	(1,311,770)
Balance on December 31, 2023	**$ -**	**13,527,596**	**25,936,581**	**10,302,479**	**-**	**49,766,656**
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**
Carrying amounts:						
Balance on December 31, 2023	**$ 2,485,703**	**10,419,361**	**9,885,298**	**2,922,460**	**3,327,703**	**29,040,525**
Balance on January 1, 2022	**$ 2,476,919**	**6,394,277**	**10,751,918**	**2,773,768**	**4,593,482**	**26,990,364**
Balance on December 31, 2022	**$ 2,485,718**	**9,102,501**	**11,687,396**	**3,236,894**	**2,295,702**	**28,808,211**

As of December 31, 2023 and 2022, part of the Group' s property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(l) Right-of-use assets

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

	Land	Buildings	Machinery	Vehicles and other	Total
Cost:					
Balance on January 1, 2023	$ 12,180,851	3,320,227	51,104	72,553	15,624,735
Additions	-	1,142,577	-	6,911	1,149,488
Deductions	-	(525,026)	-	(39,714)	(564,740)
Effect of movements in exchange rates	(3,394)	70,321	447	(20)	67,354
Balance on December 31, 2023	**$ 12,177,457**	**4,008,099**	**51,551**	**39,730**	**16,276,837**
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**
Depreciation:					
Balance on January 1, 2023	$ 241,063	1,613,228	18,093	47,035	1,919,419
Depreciation for the period	245,676	744,612	5,006	17,089	1,012,383
Deductions	-	(475,682)	-	(39,280)	(514,962)
Effect of movements in exchange rates	(324)	65,975	464	(86)	66,029
Balance on December 31, 2023	**$ 486,415**	**1,948,133**	**23,563**	**24,758**	**2,482,869**
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**
Carrying amount:					
Balance on December 31, 2023	**$ 11,691,042**	**2,059,966**	**27,988**	**14,972**	**13,793,968**
Balance on January 1, 2022	**$ 790,338**	**2,205,205**	**39,702**	**30,973**	**3,066,218**
Balance on December 31, 2022	**$ 11,939,788**	**1,706,999**	**33,011**	**25,518**	**13,705,316**

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 amounting to $224,321 and $130,854 and the interest expenses of lease liabilities amounting to $44,010 and $26,049, which met the conditions for capitalization under property, plant and equipment at the rate of 1.5%, had been recognized as the cost of assets for the years ended December 31, 2023 and 2022, respectively.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 58,965,354	74,823,426
Secured bank loans	8,917	9,000
Total	**$ 58,974,271**	**74,832,426**
Unused credit line for short-term borrowings	**$ 241,131,000**	**212,701,000**
Range of interest rates	**1.62%~8.78%**	**0.05%~8.37%**

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, 2023			
	Currency	**Annual range of interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.64%~2.25%	2024~2029	$ 24,380,301
Unsecured bank loans	USD	6.10%	2024	1,842,300
Secured bank loans	TWD	1.635%~2.25%	2025~2026	448,016
Less: current portion				(11,385,027)
Total				**$ 15,285,590**
Unused credit lines for long-term borrowings				**$ 21,773,000**

	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**

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

(Continued)

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, 2023	December 31, 2022
Total convertible corporate bonds issued	$ -	1,000,000
Accumulated converted amount	-	(992,600)
Repayments of bonds payable	-	(7,400)
Balance of corporate bonds payable as of the reporting date	$ -	-
Expired conversion options included in equity components (classified as capital surplus and non-controlling interests)	$ 361	361

	2023	2022
Interest expenses	$ -	763

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, the convertible corporate bonds were converted into ordinary shares of Arcadyan for $321,100 with a par value of $38,920, and the capital surplus were recognized for $296,640 (including the stock option conversion premium of $15,626 and the unamortized discounts on corporate bonds payable of $1,166).

(p) Lease liabilities

The details of leases liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 2,001,766	1,813,555
Non-current	$ 8,329,451	9,533,209

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 55,711	44,563
Variable lease payments not included in the measurement of lease liabilities	$ -	2,528
Expenses relating to leases of low-value assets or short-term leases	$ 100,106	186,825

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

	2023	2022
Total cash outflow for leases	$ 2,270,284	2,656,206

(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).

(Continued)

(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 1~5 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, 2023	$ 734,061
Provisions made during the period	420,336
Provisions used during the period	(322,193)
Provisions reversed during the period	(44,813)
Effect of movements in exchange rates	5
Balance on December 31, 2023	**$ 787,396**
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**

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.

(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, 2023	December 31, 2022
Present value of defined benefit obligations	$ (1,414,113)	(1,433,878)
Fair value of plan assets	762,841	773,859
Net defined benefit liabilities	**$ (651,272)**	**(660,019)**

(Continued)

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 $727,635 (excluding the ending balance of interest rectivable) as of December 31, 2023. 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:

		2023	2022
Defined benefit obligations on January 1	$	(1,433,878)	(1,554,902)
Benefit paid by the plan		57,335	64,567
Current service costs and interest		(26,943)	(16,068)
Remeasurements of net benefit liabilities		(11,833)	106,275
Amount increased through business combination		-	(32,306)
Effect of movements in exchange rates		1,206	(1,444)
Defined benefit obligations on December 31	**$**	**(1,414,113)**	**(1,433,878)**

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:

	2023	2022
Fair value of plan assets on January 1	$ 773,859	732,869
Expected return on plan assets	12,035	5,073
Remeasurements of net benefit plan assets	5,950	56,929
Contributions paid by the employer	28,030	28,460
Benefits paid by the plan	(57,335)	(64,567)
Amount increased through business combination	-	14,425
Effect of movements in exchange rates	302	670
Fair value of plan assets on December 31	**$ 762,841**	**773,859**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	2023	2022
Current service cost	$ 4,210	4,720
Net interest on the net defined benefit liability (asset)	10,698	6,275
	$ 14,908	**10,995**
Cost of sales	$ 608	516
Selling expenses	846	627
Administrative expenses	3,605	2,714
Research and development expenses	9,849	7,138
	$ 14,908	**10,995**

5) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.40%~1.625%	1.70%~1.75%
Future salary increasing rate	3.00%	3.00%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date is $28,658.

The weighted-average lifetime of the defined benefit plan is 7.6~12.3 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, 2023		
Discount rate	(25,220)	27,518
Future salary increasing rate	26,959	(24,817)
December 31, 2022		
Discount rate	(27,794)	28,712
Future salary increasing rate	28,198	(27,427)

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 $569,176 and $486,231 for the years ended December 31, 2023 and 2022, 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 $939,545 and $1,321,190 for the years ended December 31, 2023 and 2022, respectively.

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(s) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2023 and 2022, was as follows:

		2023	2022
Current tax expense			
Recognized during the period	$	3,457,832	3,388,485
Undistributed earnings additional tax		468,887	171,404
Tax credit of investment		(507,301)	(728,549)
		3,419,418	2,831,340
Deferred tax expense			
Recognition and reversal of temporary differences		(659,671)	(648,737)
Income tax expense	**$**	**2,759,747**	**2,182,603**

2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

		2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit obligation	$	521	32,313
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income		170,454	(81,430)
	$	**170,975**	**(49,117)**
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	$	(2,168)	(2,464)
Gains (losses) on hedging instrument		6,712	(9,562)
	$	**4,544**	**(12,026)**

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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, 2023 and 2022, was as follows:

	2023	2022
Profit before tax	$ 11,890,425	10,724,130
Income tax calculated based on tax rate	$ 3,610,034	3,142,341
Estimated tax effect of tax exemption on investment income, net	(153,740)	(442,560)
Realized investment loss	(132,659)	(98,000)
Investment tax credit	(507,301)	(728,549)
Changes in temporary differences	(803,544)	503,909
Adjustment of estimated difference and others	278,070	(365,942)
Undistributed earnings additional tax	468,887	171,404
Income tax expense	$ 2,759,747	2,182,603

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Unrealized exchange losses, net	Refund liabilities	Allowance for obselescence loss and inventory valuation	Defined benefit plans	Foreign currency translation differences of foreign operations and others	Total
Deferred tax assets:						
Balance on January 1, 2023	$ 999,285	286,548	422,588	204,140	481,217	2,393,778
Recognized in profit or loss	762,616	150,248	(27,633)	3,456	338,512	1,227,199
Recognized in other comprehensive income	-	-	-	(521)	(4,544)	(5,065)
Balance on December 31, 2023	$ 1,761,901	436,796	394,955	207,075	815,185	3,615,912
Balance on January 1, 2022	477,006	195,296	202,499	234,791	536,932	1,646,524
Recognized in profit or loss	522,279	91,252	220,089	(3,140)	(81,434)	749,046
Recognized in other comprehensive income	-	-	-	(32,313)	12,026	(20,287)
Acquisition of subsidiaries	-	-	-	4,802	13,693	18,495
Balance on December 31, 2022	$ 999,285	286,548	422,588	204,140	481,217	2,393,778

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	Unrealized exchange gains, net	Gain on valuation of financial assets and others	Total
Deferred tax liabilities:			
Balance on January 1, 2023	$ (755,031)	(492,311)	(1,247,342)
Recognized in profit or loss	(486,802)	(80,726)	(567,528)
Recognized in other comprehensive income	-	(170,454)	(170,454)
Balance on December 31, 2023	**$ (1,241,833)**	**(743,491)**	**(1,985,324)**
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)**

(iii)Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	**$ 1,605,419**	**1,674,595**
Tax effect of loss carryforward	**$ 1,011,018**	**996,446**

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, 2023, the tax effects on loss carryforward that have not been used were as follows:

Year of loss	Expiry year	Deductible amount
2014 (Assessed)	2024	$ 24,986
2015 (Assessed)	2025	420,310
2016 (Assessed)	2026	1,373,877
2017 (Assessed)	2027	918,086
2018 (Assessed)	2028	554,750
2019 (Assessed)	2029	349,024
2020 (Assessed)	2030	130,501
2020 (Filed)	2025	20,484
2021 (Filed/Assessed)	2031	51,571
2021 (Filed)	2026	126,335
2022 (Filed)	2032	317,761
2022 (Filed)	2027	277,800
2023 (Estimated)	2033	384,855
2023 (Estimated)	2028	8,327
Total		**$ 4,958,667**

(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, 2023 and 2022, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to $3,070,351 and $2,618,241, respectively.

As of December 31, 2023 and 2022, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to $71,287,552 and $68,023,499, 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 return of Shennona TW, Gempal, Hong Jinn, and Hippo Screen through 2022, of UCGI, Arcadyan, HengHao, Palcom, Panpal, Hong Ji, Unicore, Raycore, Ripal, CBN, Zhi-Bao, TTI, Mactech, Aco Healthcare, Starmems, GLB, Poindus Systems and Poindus Investment through 2021, of Rayonnant Technology through 2020.

(vi) Global minimum top-up tax

Some countries that the Group operates in have enacted new legislation to implement the global minimum top-up tax. However, the newly enacted tax legislation has not yet been effective, the Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax in the countries which it operates in. As of December 31, 2023, the application of this new tax law was assessed to have no material impact on the Group. The Group recognizes the supplemental tax as current income tax when it is actually incurred, and the Group applies the temporary mandatory relief from deferred tax related to the supplemental tax; please refer to Note (4).

(t) Capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, 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.

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(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 1,018,088	1,898,477
Treasury share transactions	2,781,989	2,721,968
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	158,285	156,072
Changes in equity of associates and joint ventures accounted for using equity method	275,787	265,297
	$ 4,270,915	5,078,580

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 respectively held on March 15, 2023 and March 15, 2022, approved to distribute the cash of $881,429 and $1,762,859 (representing 0.2 and 0.4 New Taiwan Dollars per share), by using capital surplus.

The Company' s Board of Directors meeting held on February 29, 2024, approved to distribute the cash 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

During earnings distribution, if the Company has already reclassified a portion of earnings to special reserve, it shall make supplemental allocation of special reserve for any difference between the amount of the current-period total net reduction of other shareholders' equity and the amount it has already allocated. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Distribution for the earnings of 2022 and 2021 were approved in the meeting of the Board of Directors held on March 15, 2023 and March 15, 2022, respectively. The relevant information was as follows:

	2022		2021	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividends distributed to common shareholders	$ 1.0	4,407,147	1.6	7,051,435

(Continued)

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Distribution for the earnings of 2023 was approved in the meeting of the Board of Directors held on February 29, 2024. The relevant information was as follows:

	2023	
	Amount per share	**Total amount**
Cash dividends distributed to common shareholders from the unappropriated earnings	$ 1.0	**4,407,147**

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2023 and 2022. As of December 31, 2023, 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 39.85 and 23.05 New Taiwan dollars per share as of December 31, 2023 and 2022, 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, 2023	$ (1,469,711)	(461,103)	(12,290)	(1,943,104)
The Company	(376,004)	1,352,493	-	976,489
Subsidiaries	202,049	354,102	8,854	565,005
Associates	(103,664)	117,980	-	14,316
Balance on December 31, 2023	**$ (1,747,330)**	**1,363,472**	**(3,436)**	**(387,294)**
Balance on January 1, 2022	$ (8,744,705)	537,830	125	(8,206,750)
The Company	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)**

(u) Share-based payment

(i) Arcadyan – restricted shares

At the meeting held on June 21, 2018, the Arcadyan's Board of Directors decided to issue 4,500 thousand shares of 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 thousand 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 years, 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
Outstanding shares on January 1	1,283
Canceled during the period	(30)
The number vested in this period	(1,253)
Outstanding shares on December 31	-

(Continued)

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

(ii) CBN – 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.

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

	2023	**2022**
Outstanding shares on January 1	666	1,500
Share vested in this period	-	(365)
Shares canceled in this period	(364)	(469)
Outstanding shares on December 31	**302**	**666**

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 generated capital surplus – restricted shares $31,050. Until December 31, 2023 and 2022, the balance of unearned remuneration for employees was $3,010 and $11,213, respectively.

The compensation cost related to the restricted shares amounted to $(2,972) and $19,629 for the year ended December 31, 2023 and 2022, respectively.

(v) Earnings per share

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

	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ **7,667,627**	**7,288,292**
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)	$ **7,667,627**	**7,288,292**
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)	26,813	43,369
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	**4,383,943**	**4,400,499**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023		
	IT Product Segment	**Strategically Integrated Product Segment**	**Total**
Primary geographical markets:			
United States	$ 353,353,336	20,843,279	374,196,615
China	137,476,920	183,945	137,660,865
Netherlands	59,882,231	648,542	60,530,773
Others	344,844,191	29,482,356	374,326,547
	$ **895,556,678**	**51,158,122**	**946,714,800**
Major products:			
5C related electronics products	$ 892,818,068	49,702,649	942,520,717
Others	2,738,610	1,455,473	4,194,083
	$ **895,556,678**	**51,158,122**	**946,714,800**

(Continued)

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	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**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 197,692,424	195,145,265	294,057,802
Less: allowance for impairment	(3,977,808)	(3,924,544)	(3,891,948)
Total	**$ 193,714,616**	**191,220,721**	**290,165,854**
Contract liabilities	**$ 767,327**	**784,238**	**1,065,954**

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, 2023 and 2022 that were included in the balance of contract liability at the beginning of the period was $784,238 and $1,065,954, 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 thereof and to directors as compensations in an amount of not more than two percent 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 $814,143 and $750,945, and directors' compensation of $43,051 and $39,790 for the years ended December 31, 2023 and 2022, 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 2023 and 2022.

There is no differences between the amount estimated and recognized in the financial statements in 2022. 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 for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Interest income from bank deposits	$ 4,668,156	3,077,815
Other interest income	38,771	12,111
	$ 4,706,927	**3,089,926**

(ii) Other income

The other incomes for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Dividend revenue	$ 148,092	128,597
Other revenue	308,769	523,829
	$ 456,861	**652,426**

(Continued)

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(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Losses on financial assets and liabilities at fair value through profit or loss, net	$ (477,703)	(765,115)
Foreign currency exchange gains, net	693,870	2,121,647
Gains on disposal of property, plant, and equipment, and intangible assets	43,977	7,086
Gains on disposal of investments, net	-	2,568
Others	790	(2,345)
	$ 260,934	**1,363,841**

(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, 2023 and 2022, were as follows:

	2023	2022
Cash flow hedge:		
(Losses) gains from current period	$ (8,754)	82,853
Less: reclassification of (losses) gains included in profit or loss	(42,317)	130,662
Profit (loss) recognized in other comprehensive income	**$ 33,563**	**(47,809)**

(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).

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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, 2023.) 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, 2023 and 2022 were as follows:

	Other receivables
Balance on January 1, 2023	$ 2,756
Impairment losses recognized (reversed)	11,792
Balance on December 31, 2023	**$ 14,548**
Balance on January 1, 2022	$ 2,973
Impairment losses recognized (reversed)	(217)
Balance on December 31, 2022	**$ 2,756**

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities					
Secured borrowings	$ 456,933	(456,933)	(175,584)	(207,616)	(73,733)
Unsecured borrowings	83,345,655	(85,187,955)	(70,183,714)	(3,500,000)	(11,504,241)
Lease liabilities－current and non-current	10,331,217	11,643,155	2,092,118	5,657,702	3,893,335
Notes and accounts payable	158,995,984	(158,995,984)	(158,995,984)	-	-
Other payables	30,464,866	(30,464,866)	(30,464,866)	-	-
Derivative financial liabilities					
Forward exchange contracts:	164,535				
Outflow		(4,660,904)	(4,660,904)	-	-
Inflow		4,497,428	4,497,428	-	-
Forward exchange contracts used for hedging:	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	$ 283,773,436	**(263,636,558)**	**(257,902,005)**	**1,950,086**	**(7,684,639)**

(Continued)

	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 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)

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, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	$ 7,686,610	30.705	236,017,360	11,446,943	30.71	351,535,620
USD to CNY	9,030	7.0953	277,266	12,508	6.9571	384,121
EUR to TWD	26,099	33.98	886,844	65,974	32.72	2,158,669
CNY to USD	3,283,442	0.1409	14,205,268	3,598,880	0.1437	15,881,955
Non-monetary items						
THB to TWD	3,237,791	0.8976	2,906,241	652,264	0.8882	579,341
Financial liabilities						
Monetary items						
USD to TWD	7,606,810	30.705	233,567,101	10,358,052	30.71	318,095,777
USD to CNY	1,719	7.0953	52,782	1,087	6.9571	33,382
USD to BRL	177,908	4.8413	5,462,665	194,543	5.2177	5,974,416
EUR to TWD	2,953	33.98	100,343	21,492	32.72	703,218
CNY to USD	3,763,607	0.1409	16,282,623	3,522,857	0.1437	15,546,463

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, 2023 and 2022, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

		December 31, 2023	December 31, 2022
USD (against the TWD)			
Strengthening 5%	$	122,513	1,671,992
Weakening 5%		(122,513)	(1,671,992)
USD (against the CNY)			
Strengthening 5%		11,224	17,537
Weakening 5%		(11,224)	(17,537)
USD (against the BRL)			
Strengthening 5%		(273,133)	(298,721)
Weakening 5%		273,133	298,721
EUR (against the TWD)			
Strengthening 5%		39,325	72,773
Weakening 5%		(39,325)	(72,773)
CNY (against the USD)			
Strengthening 5%		(103,868)	16,775
Weakening 5%		103,868	(16,775)

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, 2023 and 2022, the foreign exchange gains, including both realized and unrealized, amounted to $693,870 and $2,121,647, respectively.

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2023 and 2022, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	2023	2022
Interest increased by 0.25%	$ 52,030	58,941
Interest decreased by 0.25%	(52,030)	(58,941)

(v) Fair value information

1) The categories and fair value of financial instruments

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

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	December 31, 2023				
		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	$ 52,062	-	52,062	-	52,062
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,217,512	-	-	1,217,512	1,217,512
Subtotal	1,269,574				
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic markets	4,349,429	4,349,429	-	-	4,349,429
Stocks listed in foreign markets	2,906,241	2,906,241	-	-	2,906,241
Stocks unlisted in domestic markets	1,454,947	-	-	1,454,947	1,454,947
Stocks unlisted in foreign markets	405,391	-	-	405,391	405,391
Accounts receivable	30,358,572	-	30,358,572	-	30,358,572
Subtotal	39,474,580				
Financial assets measured at amortized cost					
Cash and cash equivalents	72,479,480	-	-	-	-
Notes and accounts receivable, net	156,921,748	-	-	-	-
Notes and accounts receivable due from related parties, net	6,434,296	-	-	-	-
Other receivables	2,372,980	-	-	-	-
Other current assets (restricted assets)	717,036	-	-	-	-
Refundable deposits	636,632	-	-	-	-
Other non-current assets (restricted assets)	359,031	-	-	-	-
Subtotal	239,921,203				
Total	$ 280,665,357				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	$ 164,535	-	164,535	-	164,535
Financial liabilities used for hedging	14,246	-	14,246	-	14,246
Financial liabilities measured at amortized cost					
Short-term borrowings	58,974,271	-	-	-	-
Notes and accounts payable	148,398,334	-	-	-	-
Notes and accounts payable to related parties	10,597,650	-	-	-	-
Other payables and dividends payable	30,464,866	-	-	-	-
Lease liabilities－current and non-current	10,331,217	-	-	-	-
Long-term borrowings current portion	11,385,027	-	-	-	-
Long-term borrowings	15,285,590	-	-	-	-
Deposits received	482,708	-	-	-	-
Subtotal	285,919,663				
Total	$ 286,098,444				

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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 in domestic markets	2,797,667	2,797,667	-	-	2,797,667
Stocks listed in foreign markets	579,341	579,341	-	-	579,341
Stocks unlisted in domestic markets	1,822,164	-	-	1,822,164	1,822,164
Stocks unlisted in 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 and dividends payable	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)

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 year ended December 31, 2022.

The Group held an investment in equity of Airoha Technology Corp., which was classified as fair value through other comprehensive income, with a fair value of $124,054 and $114,137, as of December 31, 2023 and 2022, respectively. The fair value of the investment was previously categorized as Level 3 at December 31, 2022. This was because the shares were not listed on the exchange market and was measured by significant unobservable inputs. In October 2023, Airoha Technology Corp. listed its equity shares on an exchange and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

The Group held an investment in equity of Taiwan Star with a fair value of $420,847, which was classified as a financial asset at fair value through other comprehensive income as of December 31, 2022. The investment was categorized as level 3 as of December 31, 2022, because the shares were not listed on the exchange market and were measured by significant unobservable inputs. On December 1, 2023, Taiwan Star was absorbed and merged by Taiwan Mobile, and Taiwan Star's shares were exchanged for Taiwan Mobile' s shares, wherein they were actively traded, thus their fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

5) Changes in Level 3

The change in Level 3 at fair value in the years ended December 31, 2023 and 2022, 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, 2023	$ 558,909	2,048,900	2,607,809
Total gains and losses recognized:			
In profit or loss	44,367	-	44,367
In other comprehensive income	-	(17,543)	(17,543)
Purchased	628,018	323,888	951,906
Disposal	-	(47,921)	(47,921)
Proceeds from capital reduction of investments	-	(3,992)	(3,992)
Transferred out from Level 3	-	(442,884)	(442,884)
Effect of changes in exchange rates	(13,782)	(110)	(13,892)
Balance on December 31, 2023	**$ 1,217,512**	**1,860,338**	**3,077,850**
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**

For the years ended December 31, 2023 and 2022, 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:

	2023	2022
Total gains and losses recognized:		
In profit or loss before tax (as "other gains and losses")	**$ 44,367**	**(23,672)**
In other comprehensive income (as "unrealized gains and losses from equity instruments at fair value through other comprehensive income")	**$ 35,635**	**(409,229)**

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 (0.75~2.09 and 1.54~2.89, respectively, on December 31, 2023 and 2022)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (14.33 and 14.33~17.25, respectively, on December 31, 2023 and 2022)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (Both are 40%~65% on December 31, 2023 and 2022)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

(Continued)

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:

	Input	Move up or down	Other comprehensive income Favorable change	Other comprehensive income Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 14,588	15,144
	Multiples of earnings	5%	$ 1,486	1,500
	Lack-of-Marketability discount rate	5%	$ 8,633	8,063
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

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

8) Offsetting financial assets and financial liabilities

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

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

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

December 31, 2023
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	$ 378,545,272	378,545,272	-
	(USD 12,328,457)	(USD 12,328,457)	

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)	

(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.

(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, 2023 and 2022, 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, 2023 and 2022.

(Continued)

(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, 2023 and 2022, the debt ratio was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 303,998,121	326,074,590
Total assets	$ 436,770,974	453,484,433
Debt ratio	70%	72%

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, 2023, there were no changes in the Group's approach of capital management.

(Continued)

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

The Group’s investing and financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022 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, 2023	Cash flow	Other non-cash changes	December 31, 2023
Short-term borrowings	$ 74,832,426	(15,858,155)	-	58,974,271
Long-term borrowings	31,137,122	(4,466,505)	-	26,670,617
Lease liabilities	11,346,764	(2,114,467)	1,098,920	10,331,217
Deposits received and others	574,787	(35,568)	(44,797)	494,422
Total liabilities from financing activities	**$ 117,891,099**	**(22,474,695)**	**1,054,123**	**96,470,527**

	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**

(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

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Name of related party	Relationship with the Group
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. and its subsidiaries ("Acbel")	The Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (Thailand) Public Company Limited and its subsidiaries ("Cal-Comp")	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:

	2023	2022
Short-term employee benefits	$ 800,053	699,852
Post-employment benefits	7,405	7,534
Share-based payments	1,524	11,328
	$ 808,982	**718,714**

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

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	2023	2022
Associates	$ 113,147	208,846
Other related parties	15,124	9,744
	$ 128,271	**218,590**

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:

	2023	2022
Associates	$ 2,933,852	4,038,193
Other related parties	46,879,824	32,748,290
	$ 49,813,676	**36,786,483**

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, 2023	December 31, 2022
Notes and accounts receivable	Associates	$ 26,613	44,795
Notes and accounts receivable	Other related parties	6,407,683	4,371,278
Other receivables	Associates	1,514	1,321
Other receivables	Other related parties	64	-
		$ 6,435,874	**4,417,394**

(iv) Payables to related parties

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

Account	Related party categories	December 31, 2023	December 31, 2022
Notes and accounts payable	Associates	$ 609,875	774,001
Notes and accounts payable	Other related parties	9,987,775	8,927,031
Other payables	Associates	137	96
Other payables	Other related parties	21,788	20,327
		$ 10,619,575	**9,721,455**

(v) Property transactions - Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

		For the years ended December 31, 2023		
Relationship	**Item**	**Number of shares**	**Object**	**Acquisition price**
Other related party–Acbel	Acquisition of financial assets at fair value through other comprehensive income	12,340 thousand shares	Common stocks of Acbel issued through cash capital increase	478,800
Other related party–Cal-Comp	Acquisition of financial assets at fair value through other comprehensive income	1,249,470 thousand shares	Common stocks of Cal-Comp issued through cash capital increase	1,718,266

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged Assets	**Subject**	**December 31, 2023**	**December 31, 2022**
Inventories	Bank loans	$ 43,949	59,707
Other current assets	Customs deposit	-	534,153
Other current assets	Pledged deposit	717,036	269,003
Property, plant, and equipment	Bank loans	463,806	485,364
Other non-current assets	Customs deposit	800	800
Other non-current assets	Pledged deposit	358,231	969,160
		$ 1,583,822	2,318,187

(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 joined 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. 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, 2023 and 2022, the Group's signed commitments to purchase property, plant and equipment amounted to $3,346,545 and $967,396, 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	2023			2022		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	12,195,343	16,227,473	28,422,816	16,187,550	15,215,703	31,403,253
Labor and health insurance	954,729	1,157,263	2,111,992	1,162,379	1,022,635	2,185,014
Pension	843,056	680,573	1,523,629	1,173,680	644,736	1,818,416
Others	3,090,596	768,330	3,858,926	3,359,696	718,760	4,078,456
Depreciation	6,206,119	1,068,150	7,274,269	5,794,829	1,187,517	6,982,346
Amortization	51,379	547,878	599,257	71,405	490,657	562,062

(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, 2023:

(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, 2023 (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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(x) Business relationships and significant intercompany transactions: Please refer to Table 8

(b) Information on investees: Please refer to Table 9

(c) Information on investment in mainland China: Please refer to Table 10

(d) Major shareholders:

	Shareholding	
Shareholder's Name	**Shares**	**Percentage**
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	297,470,000	6.74 %

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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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.

The operating segment information was as follows:

	For the year ended December 31, 2023			
	Information technology product segment	**Strategy integrated product segment**	**Adjustment and elimination**	**Total**
Revenue				
Revenue from external customers	$ 895,556,678	51,158,122	-	946,714,800
Interest revenue	4,547,937	158,990	-	4,706,927
Total revenue	**$ 900,104,615**	**51,317,112**	**-**	**951,421,727**
Interest expense	$ 4,917,905	134,467	-	5,052,372
Deprectation and amortization	7,031,024	842,502	-	7,873,526
Investment gain (loss)	(467,077)	-	-	(467,077)
Other significant non-cash items:				
Impairment of assets	-	-	-	-
Reportable segment profit	**$ 8,623,476**	**3,266,949**	**-**	**11,890,425**
Reportable segment assets				**$ 436,770,974**
Reportable segment liabilities				**$ 303,998,121**

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	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**

(c) Products information

The infromation of revenue from external customers:

Products and services	**2023**	**2022**
5C related electronic products	$ 942,520,717	1,067,076,220
Others	4,194,083	6,169,695
	$ 946,714,800	**1,073,245,915**

(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	2023	2022
United States	$ 374,196,615	444,691,177
China	137,660,865	133,452,679
Netherlands	60,530,773	68,709,105
Others	374,326,547	426,392,954
	$ 946,714,800	**1,073,245,915**

(ii) Non-current assets:

Country	2023	2022
Taiwan	$ 21,318,777	20,877,772
Vietnam	12,135,554	10,671,422
China	11,710,811	13,812,658
Others	1,283,752	989,914
	$ 46,448,894	**46,351,766**

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:

	2023	2022
D Company	$ 379,263,553	460,236,878
E Company	125,647,532	102,969,721
F Company	121,450,902	170,398,727
A Company	95,644,980	96,621,806
	$ 722,006,967	**830,227,132**

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Table 1 Loans to other parties:

(December 31, 2023)

(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
0	The Company	UCGI	Other receivables	Y	460,000	230,000	230,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	CEB	Other receivables	Y	1,751,250	921,150	921,150	5.00%~6.19%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,150,000	550,000	-	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	4,555,887	47,848,798	(Note 1)
0	The Company	CEA	Other receivables	Y	3,508,925	1,995,825	1,995,825	5.00%~6.19%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	CEP	Other receivables	Y	62,510	61,410	61,410	6.09%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
1	CIH	CEP	Other receivables	Y	64,850	-	-	6.61%	Short-term financing	-	Operating demand	-	-	-	45,060,928	45,060,928	(Note 2)
2	CPC	CIC	Other receivables	Y	886,700	432,700	432,700	2.10%~2.20%	Short-term financing	-	Operating demand	-	-	-	2,832,493	2,832,493	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,269,750	2,149,350	1,780,890	6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	81,063	-	-	6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	1,887,150	921,150	921,150	5.75%~6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	CEA	Other receivables	Y	324,250	307,050	307,050	6.09%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
4	CPO	CIT	Other receivables	Y	1,330,050	649,050	649,050	2.10%~2.20%	Short-term financing	-	Operating demand	-	-	-	3,111,110	3,111,110	(Note 5)
4	CPO	CEA	Other receivables	Y	972,750	921,150	921,150	6.09%	Short-term financing	-	Operating demand	-	-	-	3,111,110	3,111,110	(Note 5)
5	CET	BT	Other receivables	Y	532,680	259,620	173,080	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	5,045,678	5,045,678	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,600,000	1,000,000	1,000,000	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,376,225	2,376,225	(Note 7)
6	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,376,225	2,376,225	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	1,783,375	1,688,775	1,688,775	6.61%	Short-term financing	-	Operating demand	-	-	-	10,930,282	10,930,282	(Note 8)
7	CIC	CEB	Other receivables	Y	324,250	307,050	307,050	6.09%	Short-term financing	-	Operating demand	-	-	-	10,930,282	10,930,282	(Note 8)
8	BSH	Compal USA (Indiana), Inc	Other receivables	Y	583,650	506,633	337,756	6.61%	Short-term financing	-	Operating demand	-	-	-	8,255,369	8,255,369	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	-	-	2.29%	Short-term financing	-	Operating demand	-	-	-	964,878	964,878	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	15,000	5,000	5,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	13,749	964,878	(Note 10)
10	CGSP	CEP	Other receivables	Y	64,850	61,410	-	6.61%	Short-term financing	-	Operating demand	-	-	-	92,753	92,753	(Note 11)
11	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	450,000	450,000	430,000	2.29%	Short-term financing	-	Operating demand	-	-	-	477,167	477,167	(Note 12)
12	Hong Jin	Hippo Screen	Other receivables	Y	35,000	35,000	20,000	2.19%	Short-term financing	-	Operating demand	-	-	-	154,819	154,819	(Note 13)
13	Arcadyan	Acradyan Brasil	Other receivables	Y	63,720	-	-	5.00%	Short-term financing	-	Operating financing	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Acradyan Brasil	Other receivables	Y	64,870	61,410	42,987	5.50%	Short-term financing	-	Operating financing	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	304,800	-	-	1.00%	Transaction for business between two parties	14,676,990	-	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	324,350	307,050	-	5.50%	Transaction for business between two parties	19,589,790	-	-	-	-	2,960,444	5,920,889	(Note 14)

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Table 1 Loans to other parties:

(December 31, 2023)

(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
14	Arcadyan Holding	CNC	Other receivables	Y	1,946,100	1,842,300	-	5.50%	Short-term financing	-	Operating financing	-	-	-	2,245,049	2,245,049	(Note 15)
15	Poindus Systems	Adasys GmbH Elektronische Komponenten	Long-term receivables	Y	43,843	22,087	22,087	2.00%~4.57%	Transaction for business between two parties	67,310		-	-	-	51,844	207,377	(Note 16)
15	Poindus Systems	Poindus Systems UK Limited	Long-term receivables	Y	26,169	25,448	25,448	1.00%	Transaction for business between two parties	37,638		-	-	-	51,844	207,377	(Note 16)

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 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 12： 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 13： According to Hong Jin'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 Jin. When a short-term financing facility with Hong Jin 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 Jin's total amount of lendable capital, and shall be combined with the Hong Jin'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 Jin, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 14： 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 15： 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 16： 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 17： The transactions had been eliminated in the consolidated financial statements.

(Continued)

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

Table 2 Guarantees and endorsements for other parties:

(December 31, 2023)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	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 and 3)	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
0	The Company	CEP	(Note 4)	28,876,015	57,285	18,676	18,676	-	0.02%	57,752,031	Y	-	-
0	The Company	CEB	(Note 5)	28,876,015	376,130	356,178	356,178	-	0.31%	57,752,031	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	28,876,015	26,670	25,962	25,962	-	0.02%	57,752,031	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,973,629	243,263	230,288	-	-	1.56%	5,920,889	Y	-	-
2	Poindus Systems	Qijie	(Note 5)	103,688	30,710	-	-	-	0.00%	259,221	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)

Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2023)

(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
The Company	Taiwan Mobile	-	Financial assets at fair value through other comprehensive income-non-current	3,197	315,254	-	315,254	3,197	-	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,015,711	8%	2,015,711	124,044	8%	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	1,554,139	2,906,241	15%	2,906,241	1,554,139	15%	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	48	13,553	10%	13,553	290	10%	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	13,515	11%	13,515	53	11%	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	10,800	3%	10,800	4,000	3%	
	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	6,685	274,754	1%	274,754	6,685	1%	
	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	13,361	1%	13,361	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%	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	124,055	-	124,055	215	-	
	ITH Corporation	-	Financial assets at fair value through other comprehensive income-non-current	8,000	225,989	2%	225,989	8,000	2%	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non-current	-	179,175	2%	179,175	-	2%	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non-current	5,000	91,000	8%	91,000	5,000	8%	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non-current	6,000	67,680	19%	67,680	6,000	19%	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		146,801		146,801			
	Total				6,535,565					
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	1,261,176	1%	1,261,176	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	1,127,257	5%	1,127,257	69,370	5%	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	822,420	5%	822,420	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	11,332	465,740	2%	465,740	11	2%	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	71,387	6%	71,387	11,332	6%	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	8,680	160,061	3%	160,061	7,845	3%	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		9,384		9,384			
	Total				3,917,425					
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	732,019	-	732,019	18,369	-	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	71,365	6%	71,365	2,225	6%	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		952		952			
	Total				804,336					

(Continued)

Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2023)

(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
Hong Ji	SUYIN Optronics Co., Ltd. (“SUYIN Optronics”)	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	380	1%	(Note 2)
Hong Jin	SUYIN Optronics		Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	332	1%	(Note 2)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4%	-	200	4%	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	1,152	5%	(Note 2)
	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	-	48,112	7%	48,112	-	7%	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	35,442	6%	35,442	1,650	6%	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	2%	-	1,229	6%	
	Total				83,554					
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	11,790	-	11,790	-	-	
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	138,172	-	138,172	873	-	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	4,328	17%	4,328	-	17%	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	502,738	-	502,738	-	-	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	62,733	-	62,733	-	-	
	ABG Capital PartnersV, LP	-	Financial assets at fair value through profit or loss-non-current	-	266,074	-	266,074	-	-	
	Total				328,807					

Note 1：The transaction had been eliminated in the consolidated financial statements.
Note 2：The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

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

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

(December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
	Name	Category				Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	Kinpo & Compal Group Assets Development Corporation	Stock	Investments accounted for using equity method	(Note 1)	(Note 5)	52,500	505,547	350,000	3,500,000	-	-	-	-	-	(19,145) (Note 2)	402,500	3,986,402
The Company	Cal-Comp	Stock	Financial assets at fair value through other comprehensive income-non-current	(Note 1)	(Note 7)	281,233	579,341	1,249,470	1,718,266	-	-	-	-	23,436 (Note 3)	608,634 (Note 4)	1,554,139	2,906,241
BSH	CEV	Stock	Investments accounted for using equity method	(Note 1)	(Note 6)	-	-	-	1,658,070	-	-	-	-	-	36,262 (Note 2)	-	1,694,332
Arcadyan	Arcadyan Holding	Stock	Investments accounted for using equity method	(Note 1)	(Note 6)	47,780	1,804,421	60,000	1,843,500	60,000	-	1,843,500	-	-	262,540 (Note 2)	47,780	2,066,961

Note 1: Cash capital.
Note 2: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.
Note 3: Stock dividends.
Note 4: Others refer to unrealized gain and loss on financial asstes and its deferred taxes.
Note 5: Subsidiary whose over 50% common stock is directly owned.
Note 6: Subsidiary whose over 50% common stock is indirectly owned.
Note 7: The same chairman of the Company.

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

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

Name of company	Transaction date (Note 1)	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	September 28, 2023	738,000	-	Chien Ming Construction Co. Ltd.	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None

(Continued)

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

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

(For the year ended December 31, 2023)

(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	CBN	The Company's subsidiaries	Sale	(170,327)	(0.0)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference.	137,791	0.1%	(Note 2)
	Arcadyan	The Company's subsidiaries	Sale	(1,418,650)	(0.2)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	685,277	0.4%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Sale	(114,975)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	97,737	0.1%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Purchase	189,437	0.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	105,753,627	11.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(49,778,450)	(30.5)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	71,030,857	7.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(2,070,603)	(1.3)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	66,824,371	7.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,960,864)	(4.9)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	29,504,779	3.1%	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.	(9,497,819)	(5.8)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	2,973,830	0.3%	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.	(995,739)	(0.6)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	45,822,993	4.9%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(9,565,439)	(5.9)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(71,030,857)	(99.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	2,070,603	99.1%	(Note 2)
	UCGI	With the same ultimate parent company	Sale	(211,853)	(0.3)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	37,844	0.5%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,148,812	2.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	(0.0)%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	148,167	(0.3)%	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.	-	(0.0)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(105,753,627)	(92.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	49,778,450	91.4%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(505,696)	(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.	9,236	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(8,058,473)	(5.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,590,654	7.6%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(245,966)	(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.	11,918	0.0%	(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, 2023)

(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	CEA	With the same ultimate parent company	Sale	(311,899)	(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.	68,223	0.1%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	346,858	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.	(16,460)	(0.0)%	(Note 2)
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	1,403,349	1.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(263,964)	(0.2)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	694,749	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding.	(89,676)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	2,444,514	1.9%	120 days	Similar to non-related parties	There is no significant difference.	(541,864)	(0.7)%	
	Changbao	An associate	Purchase	203,638	0.2%	120 days	Similar to non-related parties	There is no significant difference.	(6,375)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	721,560	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(276,555)	(0.4)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(29,504,779)	(92.2)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding.	9,497,819	93.0%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(346,858)	(0.9)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	16,460	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(424,337)	(4.1)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	1,276,398	3.3%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(688,172)	(1.9)%	120 days	According to markup pricing	There is no significant difference.	193,709	0.5%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(315,316)	(0.8)%	120 days	According to markup pricing	There is no significant difference.	402,431	3.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	505,696	1.6%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	(9,236)	(0.0)%	(Note 2)
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Sale	120,513	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(25,132)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	172,286	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(12,690)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	230,457	0.7%	120 days	Similar to non-related parties	There is no significant difference.	(102,674)	(0.3)%	
CEA	CEB	With the same ultimate parent company	Sale	(1,562,819)	(21.3)%	45 days	Similar to non-related parties	There is no significant difference.	943,962	36.6%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	688,172	11.3%	120 days	According to markup pricing	There is no significant difference.	(193,709)	(25.8)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	311,899	5.1%	120 days	Similar to non-related parties	There is no significant difference.	(68,223)	(9.1)%	(Note 2)
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	315,316	8.0%	120 days	According to markup pricing	There is no significant difference.	(402,431)	(28.8)%	(Note 2)
	CEA	With the same ultimate parent company	Purchase	1,562,819	38.9%	45 days	Similar to non-related parties	There is no significant difference.	(943,962)	(67.6)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	245,966	6.1%	120 days	Similar to non-related parties	There is no significant difference.	(11,918)	(0.9)%	(Note 2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(189,437)	(91.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	114,975	100.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(97,737)	89.2%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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, 2023)

(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	(2,973,830)	(88.9)%	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.	995,739	92.7%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(148,167)	(4.5)%	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.	-	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	196,028	19.2%	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.	-	(0.0)%	(Note 2)
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(212,507)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	128,048	100.0%	(Note 2)
UCGI	JUST and its subsidiaries	With the same ultimate parent company	Purchase	211,853	53.3%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(37,844)	(12.3)%	(Note 2)
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,403,349)	(92.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	263,964	91.3%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(120,513)	(7.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	25,132	8.7%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(66,824,371)	(97.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,960,864	99.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(694,749)	(1.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	89,676	0.4%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(1,148,812)	(1.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(196,028)	(0.3)%	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.	-	0.0%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	8,058,473	11.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,590,654)	(17.1)%	(Note 2)
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	212,507	0.5%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	(128,048)	(0.3)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	424,337	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(1,276,398)	2.9%	(Note 2)
CBN	Compal Electronic, Inc.	Parent company	Purchase	160,983	17.0%	Net 90 days from delivery	-	There is no significant difference.	(130,494)	(69.0)%	(Note 2)
Arcadyan	Acradyan Germany	Arcadyan's subsidiary	Sale	(1,028,804)	(2.0)%	Net 150 days from delivery	-	-	208,003	2.0%	(Note 2)
	Acradyan USA	Arcadyan's subsidiary	Sale	(19,847,179)	(42.0)%	Net 120 days from delivery	-	-	3,444,196	39.0%	(Note 2)
	Acradyan AU	Arcadyan's subsidiary	Sale	(1,075,651)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	135,262	2.0%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	1,497,276	2.0%	Net 60 days from the end of the month of delivery	-	-	(685,277)	(6.0)%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	8,605,578	12.0%	Net 120 days from delivery	According to markup pricing	-	(2,871,117)	(26.0)%	(Note 1&2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	3,346,396	5.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1&2)
CNC	Arcadyan	With the same ultimate parent	Sale	(8,605,578)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,871,117	(100.0)%	(Note 1&2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(3,346,396)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1&2)
Acradyan Germany	Arcadyan	With the same ultimate parent	Purchase	1,028,804	100.0%	Net 150 days from delivery	-	-	(208,003)	(100.0)%	(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, 2023)

(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)	
Acradyan USA	Arcadyan	With the same ultimate parent	Purchase	19,847,179	100.0%	Net 120 days from delivery	-	-	(3,444,196)	(100.0)%	(Note 2)
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,075,651	100.0%	Net 60 days from the end of the month of delivery	-	-	(135,262)	(100.0)%	(Note 2)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.
Note 2: The transactions had been eliminated in the consolidated financial statements.
Note 3: The amount of other receivables on December 31, 2023 is 1,439,730 thousand dollars.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 7 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:
(December 31, 2023)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period		Allowance for bad debts
					Amount	Action taken			
The Company	Arcadyan	The Company's subsidiary	685,277	1.33	-	-	-	(Note 1)	-
The Company	CBN	The Company's subsidiary	137,791	0.86	-	-	95,958	(Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	4,050,926 (Note 2)	(Note 2)	-	-	4,050,926	(Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	6,407,361 (Note 2)	(Note 2)	-	-	6,406,905	(Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	2,070,603	37.47	-	-	1,450,425	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	49,778,450	2.17	-	-	47,287,744	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	7,590,654	1.37	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	9,497,819	3.22	-	-	9,497,819	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,276,398	0.83	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,193,411	0.38	-	-	630	(Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	193,709	3.68	-	-	26,671	(Note 1)	-
CEA	CEB	With the same ultimate parent company	943,962	2.30	-	-	146,874	(Note 1)	-
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	263,964	6.13	-	-	-	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	995,739	1.84	-	-	307,188	(Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	128,048	1.23	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	7,960,864	10.38	-	-	7,667,057	(Note 1)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	135,262	5.16	-	-	118,749	(Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	3,444,196	5.26	-	-	3,212,352	(Note 1)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,439,730 (Note 2)	(Note 2)	-	-	-	(Note 1)	
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	208,003	2.56	-	-	15,897	(Note 1)	-
CNC	Arcadyan	With the same ultimate parent company	2,871,117 (Note 3)	2.93	-	-	747,311	(Note 1)	-

Note 1: Balance as of February 16, 2024.
Note 2: Receivables due to purchasing on behalf of related parties.
Note 3: Accounts receivables due to processing raw material.

(Continued)

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2023)

(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	CBN	1	Sales Revenue	170,327	There is no significant difference of price to non-related parties. The credit period is net 90 days from the delivery.	-
				Accounts Receivable	137,791	〃	-
0	The Company	Arcadyan	1	Sales Revenue	1,418,650	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.	0.1%
				Accounts Receivable	685,277	〃	0.2%
0	The Company	CEP	1	Sales Revenue	114,975	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	97,737	〃	-
1	JUST and its subsidiaries	The Company	2	Sales Revenue	71,030,857	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	7.5%
				Accounts Receivable	2,070,603	〃	0.5%
1	JUST and its subsidiaries	UCGI	2	Sales Revenue	211,853	There is no significant difference of price to non-related parties. The credit period is net 60 days, and will be adjusted if necessary.	-
				Accounts Receivable	37,844	〃	-
2	CIH and its subsidiaries	The Company	2	Sales Revenue	105,753,627	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	11.2%
				Accounts Receivable	49,778,450	〃	11.4%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	505,696	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	9,236	〃	-
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	8,058,473	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.9%
				Accounts Receivable	7,590,654	〃	1.7%
2	CIH and its subsidiaries	CEA	3	Sales Revenue	311,899	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	68,223	〃	-
2	CIH and its subsidiaries	CEB	3	Sales Revenue	245,966	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	11,918	〃	-
3	BCI and its subsidiaries	The Company	2	Sales Revenue	29,504,779	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	3.1%
				Accounts Receivable	9,497,819	〃	2.2%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	346,858	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	16,460	〃	-
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	424,337	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	1,276,398	〃	0.3%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	315,316	The price is based on the operating cost. The credit period is net 120 days.	-
				Accounts Receivable	402,431	〃	0.1%
3	BCI and its subsidiaries	CEA	3	Sales Revenue	688,172	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	193,709	〃	-
4	CEA	CEB	3	Sales Revenue	1,562,819	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.2%
				Accounts Receivable	943,962	〃	0.2%
5	CEP	The Company	2	Sales Revenue	189,437	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
				Accounts Receivable	-	〃	-
6	Etrade and its subsidiaries	The Company	2	Sales Revenue	2,973,830	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.3%
				Accounts Receivable	995,739	〃	0.2%
6	Etrade and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	148,167	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	-	〃	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2023)

(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
7	Forever and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	212,507	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	-
				Accounts Receivable	128,048	〃	-
8	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	1,403,349	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	263,964	〃	0.1%
8	Rayonnant and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	120,513	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	25,132	〃	-
9	HSI and its subsidiaries	The Company	2	Sales Revenue	66,824,371	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	7.1%
				Accounts Receivable	7,960,864	〃	1.8%
9	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	196,028	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	-	〃	-
9	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	694,749	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	89,676	〃	-
9	HSI and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	1,148,812	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	-	〃	-
10	Arcadyan	Arcadyan Germany	3	Sales Revenue	1,028,804	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	208,003	〃	-
10	Arcadyan	Arcadyan USA	3	Sales Revenue	19,847,179	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	2.1%
				Accounts Receivable	3,444,196	〃	0.8%
10	Arcadyan	Arcadyan AU	3	Sales Revenue	1,075,651	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.	0.1%
				Accounts Receivable	135,262	〃	-
10	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,439,730	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%
11	CNC	Arcadyan	3	Processing Revenue	8,605,578	The price is based on the operating cost. The credit period is net 120 days from the end of the month of delivery and depended on funding demand.	0.9%
				Accounts Receivable	2,871,117	〃	0.7%
12	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	3,346,396	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.4%

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.

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: Depcmber 31, 2023	Original Investment Amount: December 31, 2022	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	4,025,000	525,000	402,500	70%	3,986,402	402,500	70%	(27,399)	(19,145)	(Note 2)
	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	463,533	100	100%	11,411	11,411	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,585,776	48,010	100%	286,164	286,164	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	45,073,776	53,001	100%	2,551,767	2,551,767	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,763,551 (Note 1)	500,000 -	100%	44,704	6,725	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,729,447 (Note 1)	90,000 -	100%	148,827	126,784	(Note 2)
	Kinpo Group Management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,044	300	38%	434	162	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	114,460	6,000	100%	(1,751)	(7,998)	(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%	67,239	20,000	100%	(17,243)	(17,243)	(Note 2)
	Lead-Honor	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,618,638	1	100%	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	20,000	6,000	2,000	100%	17,859	2,000	100%	63	163	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	405,002	10,158	20%	204,120	40,477	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	337,905	11,768	56%	18,886	11,194	(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	159,083	90,000	330,276	71%	65,171	330,276	71%	(60,467)	(36,581)	(Note 2)
	LIPO	Cayman Islands	Investment	489,450	489,450	98	49%	43,115	98	49%	(726,686)	(356,076)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	898,170	6,427	100%	34,757	34,757	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	12,259	3,500	35%	(36,374)	(12,731)	(Note 2)
	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%	621	3,739	33%	(117,415)	(39,020)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,192,920	100,000	100%	111,601	111,601	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	387,050	29,500	100%	51,046	51,046	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	272,981	21,756	53%	41,491	20,848	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	154,186	3,000	100%	4,718	4,718	(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%	2,854,945	41,305	19%	2,420,569	453,726	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,161,690	89,755	100%	(246,117)	(246,117)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	16,232	-	100%	(430)	(430)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	449,280	42,700	54%	413,513	221,560	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(24,107)	136	100%	14,323	3,540	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	92,753	-	100%	(1,399)	344	(Note 2)
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	167,893	4,646	30%	(66,765)	(19,029)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	158,160	60,000	44,540	23%	104,286	44,540	23%	(103,713)	(26,180)	
	Hippo Screen	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%	10,571	9,100	91%	(26,827)	(24,404)	(Note 2)
	Infinno	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	24,850	4,648	28%	(26,017)	(7,212)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(767,963)	20,015	100%	15,876	25,773	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	9,128,247	90,820	100%	572,422	572,422	(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%	469,329	29,060	43%	(326,109)	(142,346)	(Note 2)
	Rayonnant Technology	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	215,898	29,500	100%	18,969	15,649	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	306,661	12,500	100%	19,254	19,254	(Note 2)

(Continued)

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(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
				Depcmber 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,521,614	31,253	35%	34,228	11,885	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(259,807)	46,900	65%	(463,604)	105,576	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	610,994	100	100%	(151,389)	(151,389)	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,545,807	50	100%	17,232	17,232	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	82,467	20,000	100%	(81,407)	(80,146)	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	98,152	10,000	100%	(11,342)	(11,339)	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	779,482	14,924	21%	602,154	125,916	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	8,079,840	147,000	100%	417,529	417,529	(Note 2)
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	300,000	100,000	30,000	100%	300,478	30,000	100%	538	538	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	379,334	15,035	50%	50,433	21,862	(Note 2)
	Compal Healthcare	Taipei City	Information software services, data processing services, and electronic information supply services	20,000	-	2,000	100%	20,003	2,000	100%	3	3	(Note 2)
	CMX	Mexcio	Production of automotive electronic products	77,997	-	-	100%	92,642	-	100%	15,018	15,018	(Note 2)
								104,656,676				4,088,258	
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%	610,998	8,192	4%	2,420,569	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%	116,705	2,927	6%	204,120	Investment gain (losses) recognized by Panpal	
	Others							(720,869)					
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%	717,079	9,279	4%	2,420,569	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%	128,375	3,220	6%	204,120	Investment gain (losses) recognized by Gempal	
	Others							(975)					(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%	717,079	9,279	4%	2,420,569	Investment gain (losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	29,057	1,041	2%	204,120	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%	341,189	4,609	2%	2,420,569	Investment gain (losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,912,845	1,912,845	62,298	100%	8,037,301	62,298	100%	258,934	Investment gain (losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	391,335	283,868	12,745	100%	270,052	12,745	100%	(96,811)	Investment gain (losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	15,353	15,353	500	100%	15,009	500	100%	1,363	Investment gain (losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	377	1	100%	(4)	Investment gain (losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	-	30,705	1,000	0%	-	1,000	0%	-	Investment gain (losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	252,825	252,825	-	100%	209,575	-	100%	21	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)
	CNA	U.S.A	Sales of automotive electronic products	76,763	-	2,500	100%	76,763	2,500	100%	-	Investment gain (losses) recognized by CII	(Note 2)
	CUS	U.S.A	Sales of automotive electronic products	76,763	-	2,500	100%	(19,631)	2,500	100%	(97,813)	Investment gain (losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,296,811	2,296,811	74,803	100%	44,212,065	74,803	100%	2,495,365	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	225,682	225,682	7,350	100%	117,441	7,350	100%	6,055	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	31	31	1	100%	85,596	1	100%	81,321	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	457,505	457,505	14,900	100%	457,504	14,900	100%	-	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	156,596	156,596	5,100	51%	6,144	5,100	51%	(38,884)	Investment gain (losses) recognized by CIH	

(Continued)

Notes to Consolidated Financial Statements

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(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
				Depcmber 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
HSI	IUE	British Virgin Islands	Investment	2,057,235	2,057,235	67,000	100%	1,075,861	67,000	100%	417,702	Investment gain (losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	389,954	389,954	12,700	100%	333,976	12,700	100%	(4,189)	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	2,057,235	2,057,235	67,000	100%	1,075,861	67,000	100%	417,702	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	389,954	389,954	12,700	100%	292,617	12,700	100%	(4,189)	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,481,578	2,481,578	80,820	100%	5,724,519	80,820	100%	329,358	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	307,050	307,050	10,000	100%	3,403,728	10,000	100%	243,065	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,513,635	4,513,635	147,000	100%	8,079,840	147,000	100%	417,529	Investment gain (losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	155,060	155,060	-	99%	136,929	-	99%	(3,437)	Investment gain (losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufaturing	249,632	249,632	1	100%	226,337	1	100%	11,208	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,136,085	1,136,085	37,000	46%	960,555	37,000	46%	413,513	Investment gain (losses) recognized by BSH	(Note 2)
	HHB	British Virgin Islands	Investment	184,230	-	6,000	11%	276,345	6,000	11%	(249,738)	Investment gain (losses) recognized by BSH	(Note 2)
	CEV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication equipment, and other electronic products	1,658,070	-	-	100%	1,694,332	-	100%	36,796	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	61,410	61,410	-	100%	101,047	-	100%	2,518	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	767,625	767,625	25,000	35%	(154,553)	25,000	35%	(463,604)	Investment gain (losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	-	-	0%	-	1,275	100%	-	Investment gain (losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,071,027	1,071,027	47,780	100%	2,066,961	107,780	100%	186,347	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Technology support and sales of wireless network products	23,055	23,055	1	100%	92,028	1	100%	19,720	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	99,059	0.5	100%	7,798	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	35,156	20	100%	11,668	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	343,292	34,980	100%	(63,223)	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%	153,318	25,028	61%	(79,482)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	5,590	50	100%	561	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	69,715	50	100%	8,257	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	3,212	-	100%	(1,005)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	9,061	533	1%	(331,620)	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%	(45,570)	968	100%	(1,032)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
	Arcadyan India	India	Sales of wireless network products	76,952	29,110	19,800	100%	49,894	19,800	100%	(18,275)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	891,980	891,980	29,050	100%	1,580,601	29,050	100%	362,862	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	338,093	338,093	35	100%	622,790	35	100%	(270,710)	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	36,846	36,846	1,200	100%	10,294	1,200	100%	(2,952)	Investment gain (losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	2,693	0.7	100%	(397)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	35,925	35,925	1,170	100%	9,457	1,170	100%	(2,960)	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	890,445	890,445	-	100%	1,575,996	-	100%	362,769	Investment gain (losses) recognized by Sinoprime	(Note 2)
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	223,285	13,140	19%	(331,620)	Investment gain (losses) recognized by Zhi-Bao	(Note 2)
Rayonnant Technolo	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	206,209	8,651	41%	41,217	Investment gain (losses) recognized by Rayonnant Technology	(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 Technology	(Note 2)

(Continued)

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

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: Depcmber 31, 2023	Original Investment Amount: December 31, 2022	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
CRH	APH	British Virgin Islands	Investment	383,813	383,813	12,500	59%	306,661	12,500	59%	41,217	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	96,751	96,751	3,151	100%	45,559	3,151	100%	1,595	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant (HK)	Hong Kong	Investment	552,690	552,690	18,000	100%	459,161	18,000	100%	39,622	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,322,489)	46,882	100%	(234,458)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,439,513	1,439,513	46,882	89%	(1,584,042)	46,882	89%	(249,738)	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%	5,266	20	100%	(344)	Investment gain (losses) recognized by CBN	(Note 2)
	CBNN	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%	6,267	20	100%	(164)	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	3,502	1,000	10%	(36,374)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,755,942	2,755,942	95,862	37%	4,231,691	95,862	37%	(677,928)	Investment gain (losses) recognized by FGH	
GLB	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	88,506	-	42	99%	83,655	42	99%	351	Investment gain (losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	5,238	2,160	20%	(3,360)	Investment gain (losses) recognized by Mactech	(Note 2)
Poindus Systems	Poindus Investment	Taipei City	Investment holding	4,100	4,100	(註3)	100%	496	(註3)	100%	(67)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(11,342)	300	100%	(7,165)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	3,314	0.002	100%	(7,306)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(註3)	100%	70	(註3)	100%	-	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, 2023)

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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	1,136,085	(Note 1)	1,136,085	-	-	1,136,085	204,302	100%	204,302	2,798,518	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	614,100	(Note 2)	614,100	-	-	614,100	15,442	100%	15,442	138,610	-
CET	Manufacturing of notebook PCs	368,460	(Note 2)	368,460	-	-	368,460	87,694	100%	87,694	5,053,795	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	259,651	(Note 2)	(Note 3)	-	-	-	125,012	100%	125,012	404,180	-
FIP	Manufacturing of auto parts and accessories	302,926	(Note 2)	(Note 3)	-	-	-	(1,443)	60%	(866)	258,799	-
BT	Manufacturing of notebook PCs	30,705	(Note 2)	30,705	-	-	30,705	17,294	100%	17,294	(98,654)	-
CGS	Maintenance and warranty service of notebook PCs	8,655	(Note 2)	(Note 3)	-	-	-	23,859	100%	23,859	(14,311)	-
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	982,560	(Note 1)	409,298	-	-	409,298	(626,184)	43%	(270,386)	28,494	-
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	614,100	(Note 1)	45,136	-	-	45,136	(543,490)	48%	(258,701)	47,562	-
CIC	Manufacturing of notebook PCs	368,460	(Note 2)	368,460	-	-	368,460	551,963	100%	551,963	10,930,283	-
CPO	Manufacturing and sales of LCD TVs	371,531	(Note 1)	371,531	-	-	371,531	125,216	100%	125,216	3,111,095	-
CIT	Manufacturing of notebook PCs	736,920	(Note 2)	736,920	-	-	736,920	1,845,493	100%	1,845,493	27,565,297	-
CST	International trade and distribution of computers and electronic components	42,987	(Note 2)	42,987	-	-	42,987	(691)	100%	(691)	44,382	-
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	307,050	(Note 2)	156,596	-	-	156,596	(47,084)	51%	(24,013)	12,056	-
CIJ	Investment and consulting services	478,998	(Note 2)	478,998	-	-	478,998	(92,422)	100%	(92,422)	2,551,776	-
CDE	Manufacturing and sales of LCD TVs	460,575	(Note 2)	(Note 3)	-	-	-	(92,361)	100%	(92,361)	2,516,825	-
CIS	Outward investment and consulting services	2,481,578	(Note 1)	2,481,578	-	-	2,481,578	329,358	100%	329,358	5,724,519	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,456,400	(Note 2)	(Note 3)	-	-	-	328,816	100%	328,816	5,692,814	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,564	(Note 2)	(Note 3)	-	-	-	572	100%	572	25,360	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	307,050	(Note 1)	307,050	-	-	307,050	243,065	100%	243,065	3,403,728	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,896,100	(Note 2)	2,537,062	-	-	2,537,062	(538,847)	37%	(197,326)	5,233,177	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,842,300	(Note 2)	351,756	-	-	351,756	(69,403)	37%	(25,416)	630,376	-

(Continued)

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

Table 10 Information on investment in Mainland China:

(December 31, 2023)

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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						
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	552,690	(Note 2)	383,813	-	-	383,813	39,622	100%	39,622	459,761	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	829,035	(Note 1)	675,510	-	-	675,510	(119,549)	100%	(119,549)	(1,301,309)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	178,089	(Note 1)	178,089	-	-	178,089	(4,985)	100%	(4,985)	84,009	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,504,545	(Note 1)	583,395	-	-	583,395	(331,697)	100%	(331,697)	738,240	-
Hanhelt	R&D and manufacturing of electronic communication equipment	61,410	(Note 1)	61,410	-	-	61,410	2,929	100%	2,929	2,456	-
Arcadyan												
SVA Arcadyan	R&D and sales of wireless network products	248,711	(Note 1)	412,061 (Note 7)	-	-	412,061	6,885	100%	6,885	41,114	-
CNC	Manufacturing and wireless network products	382,277	(Note 1)	338,093 (Note 8)	-	-	338,093	(207,710)	100%	(207,710)	622,790	-
THAC	Manufacturing of household electronics products	371,684	(Note 1、9、10)	35,311	-	-	35,311	(4,331)	100%	(4,331)	27,020	-
HengHao												
HengHao Kunshan	Production of touch panels and related components	1,228,200	(Note 1)	1,222,151	-	-	1,222,151	(249,493)	100%	(249,493)	(1,477,911)	-
HengHao Zhejiang	Production of touch panels and related components	276,345	(Note 2)	(Note 3)	-	-	-	(1,333)	100%	(1,333)	275,032	-
Lucom	Manufacturing of notebook PCs and related modules	460,575	(Note 2)	199,552 (Note 12)	-	-	199,552	1,039	100%	1,039	141,779	
Poindus Systems												
Qijie	Sales of PCs and peripherals	30,705	(Note 1)	30,705	-	-	30,705	(2,051)	100%	(2,051)	9,589	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2023	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	16,658,599 (US$542,537) (Note 5)	24,221,609 (US$788,849)	(Note 6)
Arcadyan	785,465 (US$25,581)	1,054,287 (US$34,336)	8,881,334
HengHao	1,439,205 (US$46,872)	1,439,205 (US$46,872)	(Note 13)
Poindus Systems	30,705 (US$1,000)	30,705 (US$1,000)	322,110

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

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

Note 3： Investees held by Kunshan Botai Electronics Co., Ltd. (“BT”), Compal Investment (Jiansu) Co., Ltd. (“CIJ”), Compal Electronic (Sichuan) Co., Ltd. (“CIS”), Compal Electronics (China) Co., Ltd. (“CPC”) and Compal Smart Device (Chongqing) Co., Ltd. (“CSD;”) through their own funds.

Note 4： The basis for recognition of investment profit and loss is based on the financial statements that verified by CPA.

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： Arcadyan’s subsidiary, TTI, increase the capital of TCH by accounts receivable of TTI amounting to US$8,755 thousands on August 16, 2023.

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

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

Note 13： The net equity of HengHao is negative at December 31, 2023.

(iii) Significant transactions:

For the year ended December 31, 2023, 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”.