

**COMPAL ELECTRONICS, INC.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020****Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan**  
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## Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

### Opinion

We have audited the financial statements of COMPAL ELECTRONICS, INC. (the “Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Inventory valuation

Please refer to Note (4)(g) 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 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 Company, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Company's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the 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 auditing standards generally accepted in 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 financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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

Taipei, Taiwan (Republic of China)  
March 15, 2022



**COMPAL ELECTRONICS, INC.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Net sales revenue (notes (6)(r) and 7)</b>	\$171,613,858	100.0	991,279,270	100.0
5000	<b>Cost of sales (notes (6)(f), (6)(n), 7 and 12)</b>	<u>143,709,503</u>	<u>97.6</u>	<u>968,054,585</u>	<u>97.7</u>
	<b>Gross profit</b>	27,904,355	2.4	23,224,685	2.3
5910	Less: Unrealized profit (loss) from sales	<u>-</u>	<u>-</u>	<u>6,641</u>	<u>-</u>
	<b>Gross profit</b>	<u>27,904,355</u>	<u>2.4</u>	<u>23,218,044</u>	<u>2.3</u>
	<b>Operating expenses: (notes (6)(n) and 12)</b>				
6100	Selling expenses	5,720,031	0.5	3,705,829	0.4
6200	Administrative expenses	2,677,154	0.3	2,262,855	0.2
6300	Research and development expenses	<u>11,928,778</u>	<u>1.0</u>	<u>11,169,634</u>	<u>1.1</u>
		<u>20,325,963</u>	<u>1.8</u>	<u>17,138,318</u>	<u>1.7</u>
	<b>Net operating income</b>	<u>7,578,392</u>	<u>0.6</u>	<u>6,079,726</u>	<u>0.6</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note (6)(t))	45,045	-	126,882	-
7020	Other gains and losses, net (note (6)(t))	591,365	0.1	599,312	0.1
7050	Finance costs (note (6)(m))	(692,890)	(0.1)	(704,218)	(0.1)
7190	Other income (note (6)(t))	347,999	-	358,670	-
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	<u>6,573,057</u>	<u>0.6</u>	<u>3,966,905</u>	<u>0.4</u>
	<b>Total non-operating income and expenses</b>	<u>6,864,576</u>	<u>0.6</u>	<u>4,347,551</u>	<u>0.4</u>
7900	<b>Profit from continuing operations before tax</b>	14,442,968	1.2	10,427,277	1.0
7950	<b>Less: Income tax expenses (note (6)(o))</b>	<u>1,810,301</u>	<u>0.1</u>	<u>1,065,384</u>	<u>0.1</u>
	<b>Profit</b>	<u>12,632,667</u>	<u>1.1</u>	<u>9,361,893</u>	<u>0.9</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(46,186)	-	(57,224)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	466,327	-	(116,466)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	279,206	-	(14,409)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>31,660</u>	<u>-</u>	<u>(2,818)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss (note (6)(o))	<u>667,687</u>	<u>-</u>	<u>(185,281)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(1,791,462)	(0.1)	(3,073,441)	(0.3)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(63,362)	-	(19,629)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(1,854,824)</u>	<u>(0.1)</u>	<u>(3,093,070)</u>	<u>(0.3)</u>
8300	<b>Other comprehensive income</b>	<u>(1,187,137)</u>	<u>(0.1)</u>	<u>(3,278,351)</u>	<u>(0.3)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 11,445,530</u>	<u>1.0</u>	<u>6,083,542</u>	<u>0.6</u>
	<b>Earnings per share (note 6(q))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 2.90</u>		<u>2.15</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.86</u>		<u>2.12</u>	

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Total other equity interest					Treasury shares	Total equity
	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		
<b>Balance at January 1, 2020</b>	\$ 44,071,466	9,159,259	19,719,150	7,467,831	30,539,623	57,726,604	(3,794,980)	(306,763)	(1,706)	(4,103,449)	(881,247)	105,972,633
Profit for the year ended December 31, 2020	-	-	-	-	9,361,893	9,361,893	-	-	-	-	-	9,361,893
Other comprehensive income	-	-	-	-	(48,219)	(48,219)	(3,093,997)	(137,062)	927	(3,230,132)	-	(3,278,351)
Total comprehensive income	-	-	-	-	9,313,674	9,313,674	(3,093,997)	(137,062)	927	(3,230,132)	-	6,083,542
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	695,590	-	(695,590)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(3,366,088)	3,366,088	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	1,735	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,735
Changes in equity of associates and joint ventures accounted for using equity method	-	2,228	-	-	(9,055)	(9,055)	-	8,978	-	8,978	-	2,151
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	999	-	-	-	-	-	-	-	-	-	999
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(24,844)	(24,844)	-	24,844	-	24,844	-	-
Balance at December 31, 2020	44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505
Profit for the year ended December 31, 2021	-	-	-	-	12,632,667	12,632,667	-	-	-	-	-	12,632,667
Other comprehensive income	-	-	-	-	(40,067)	(40,067)	(1,855,728)	707,754	904	(1,147,070)	-	(1,187,137)
Total comprehensive income	-	-	-	-	12,592,600	12,592,600	(1,855,728)	707,754	904	(1,147,070)	-	11,445,530
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	924,672	-	(924,672)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	3,164,965	(3,164,965)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(5,288,576)	(5,288,576)	-	-	-	-	-	(5,288,576)
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)
Changes in ownership interests in subsidiaries	-	61,825	-	-	(25,946)	(25,946)	-	14,709	-	14,709	-	50,588
Changes in equity of associates and joint ventures accounted for using equity method	-	2,132	-	-	(49,878)	(49,878)	-	49,878	-	49,878	-	2,132
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027
Others	-	918	-	-	-	-	-	-	-	-	-	918
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(142,441)	(142,441)	-	142,441	-	142,441	-	-
<b>Balance at December 31, 2021</b>	<b>\$ 44,071,466</b>	<b>6,724,856</b>	<b>21,339,412</b>	<b>7,266,708</b>	<b>41,045,820</b>	<b>69,651,940</b>	<b>(8,744,705)</b>	<b>537,830</b>	<b>125</b>	<b>(8,206,750)</b>	<b>(881,247)</b>	<b>111,360,265</b>

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 14,442,968	10,427,277
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	1,351,021	1,223,436
Increase (decrease) in expected credit loss	(2,005)	604
Net gain on financial assets or liabilities at fair value through profit or loss	(8,535)	(10,997)
Finance cost	692,890	704,218
Interest income	(45,045)	(126,882)
Dividend income	(65,011)	(56,780)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(6,573,057)	(3,966,905)
Gain on disposal of investments	-	(3,914)
Others	762	(73)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(4,648,980)</u>	<u>(2,237,293)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in financial assets at fair value through profit or loss	-	149,888
Decrease (increase) in notes and accounts receivable	(46,645,753)	(51,400,799)
Decrease (increase) in other receivables	(456,496)	324,137
Decrease (increase) in inventories	(5,166,069)	(5,744,279)
Decrease (increase) in other current assets	367,618	77,370
<b>Total changes in operating assets</b>	<u>(51,900,700)</u>	<u>(56,593,683)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in notes and accounts payable	22,408,059	39,563,514
Increase (decrease) in other payables	1,208,152	(130,987)
Increase (decrease) in refund liabilities	302,077	71,389
Increase (decrease) in contract liabilities	203,213	(48,844)
Increase (decrease) in other current liabilities	378,822	342,033
Others	(17,109)	(6,783)
<b>Total changes in operating liabilities</b>	<u>24,483,214</u>	<u>39,790,322</u>
<b>Total changes in operating assets and liabilities</b>	<u>(27,417,486)</u>	<u>(16,803,361)</u>
<b>Total adjustments</b>	<u>(32,066,466)</u>	<u>(19,040,654)</u>
Cash inflow (outflow) generated from operations	(17,623,498)	(8,613,377)
Interest received	43,724	128,708
Dividends received	720,292	767,756
Interest paid	(658,932)	(733,092)
Income taxes paid	(451,858)	(382,944)
<b>Net cash flows from (used in) operating activities</b>	<u>(17,970,272)</u>	<u>(8,832,949)</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(224,151)	(84,253)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	-	25,156
Acquisition of investments accounted for using equity method	(1,226,820)	(515,113)
Proceeds from disposal of investments accounted for using equity method	-	8,306
Proceeds from capital reduction and liquidation of investments	13,725	4,228
Acquisition of property, plant and equipment	(296,453)	(551,684)
Increase in other receivables due from related parties	382,796	161,040
Acquisition of intangible assets	(480,815)	(368,736)
Others	(224,104)	36,751
<b>Net cash flows from (used in) investing activities</b>	<u>(2,055,822)</u>	<u>(1,284,305)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	22,976,240	16,627,880
Proceeds from long-term borrowings	49,654,536	61,349,200
Repayments of long-term borrowings	(44,459,976)	(67,893,760)
Payment of lease liabilities	(479,608)	(471,093)
Cash dividends paid	(7,051,435)	(5,288,576)
Others	(50)	-
<b>Net cash flows from (used in) financing activities</b>	<u>20,639,707</u>	<u>4,323,651</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	613,613	(5,793,603)
<b>Cash and cash equivalents at beginning of period</b>	<u>7,666,366</u>	<u>13,459,969</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 8,279,979</u>	<u>7,666,366</u>

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Compal Electronics, Inc. (the “Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November, 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company is primarily 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 financial statements:**

The accompanying parent-company-only financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liability (or asset) is recognized as plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only 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) Foreign currency

(i) Foreign currency transaction

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

- 1) fair value through other comprehensive income financial assets;
  - 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
  - 3) qualifying cash flow hedges to the extent the hedge is effective
- (ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's 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 Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

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

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

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

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

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (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)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

- (i) It expects to settle the liability in its normal operating cycle;
  - (ii) It holds the liability primarily for the purpose of trading;
  - (iii) The liability is due to be settled within twelve months after the reporting period; or
  - (iv) The Company 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.
- (e) Cash and cash equivalents

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

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

(f) 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 Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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 Company, 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 Company 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 Company’s right to receive payment is established, which in the case of quoted securities is normally the date the shareholders' meeting approved the earning distribution.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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 Company 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 Company 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 Company 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 Company is exposed to credit risk.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

The Company 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 Company 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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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 asset 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 Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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 Company 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 Company'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 Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Company 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 Company 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 Company 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.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

2) Financial liabilities at fair value through profit or loss

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

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, notes and accounts payable 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 Company 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 Company presents financial assets and liabilities on a net basis when the Company 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

The Company 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.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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.

(g) 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.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their 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 parent-company-only financial statements include the Company'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 Company 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 Company's ownership percentage of the associate, the Company 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 Company and an associate are eliminated to the extent of the Company'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 Company'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 Company has an obligation or has made payments on behalf of the investee.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Company 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 Company 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 (as a reclassification adjustment) 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 Company shall continue to apply the equity method without remeasuring the retained interest.

When the Company 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 Company's proportionate interest in the net assets of the associate. The Company 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 Company'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.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

**COMPAL ELECTRONICS, INC.**  
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(j) 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 Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

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

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

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

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

- 1) Buildings: 35~50 years
- 2) Building improvement: 2~12 years

(Continued)

**COMPAL ELECTRONICS, INC.**  
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3) Research equipment: 3~5 years

4) Other equipment: 0.5~5 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.

(k) Leases

At inception of a contract, the Company 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 Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance 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 Company's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- 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 assets, or
- there is a change of its assessment on whether it will exercise an 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) 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)(t).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(Continued)

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

(ii) Research & Development

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

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

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

(iii) Other intangible assets

Other intangible assets that are acquired by the Company 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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

- 1) Patents: the shorter of contract period and estimated useful lives
- 2) Computer software: 1~6 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.

(m) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, and assets arising from employee benefits 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 Company 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 Company will have to determine the recoverable amount for the asset's cash-generating unit.

The Company 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 Company 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.**  
**Notes to Parent-Company-Only Financial Statements**

(n) Provisions

A provision is recognized if, as a result of a past event, the Company 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.

(o) 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.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells electronic products to electronic products brand vendor. The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company 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 Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company 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 Company does not adjust any of the transaction prices for the time value of money.

(q) 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 Company'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 Company'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 Company, 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 Company. An economic benefit is available to the Company 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)

**COMPAL ELECTRONICS, INC.**  
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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 Company 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 Company 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.

(r) 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.

(s) Income taxes

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

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

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
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- (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.

(t) **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 Company 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 Company's expenses when incurred, except for the issuance of debt or equity instruments.

**COMPAL ELECTRONICS, INC.**  
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If the business combination is achieved in stages, the Company shall measure any non-controlling equity interest in the acquiree 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 Company 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 Company 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 Company 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 Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company 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.

(u) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company 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 Company 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.

(v) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent-company-only financial statements.

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

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Company records refund liabilities (sales returns and allowances 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.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 1,741	1,700
Checking accounts and demand deposits	8,210,472	7,578,068
Time deposits	67,766	76,598
Bonds purchased under resale agreements	-	10,000
	<u>\$ 8,279,979</u>	<u>7,666,366</u>

Please refer to note (6)(u) 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 Company.

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets		
Stock unlisted in domestic markets	\$ 137,540	100,190
Fund in foreign market	84,763	58,579
Total	<u>\$ 222,303</u>	<u>158,769</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
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For the market risk related to the financial instruments, please refer to note (6)(u).

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 2,016,402	1,520,779
Stock listed in foreign markets	695,728	491,243
Stock unlisted in domestic markets	614,907	801,238
Stock unlisted in foreign markets	<u>181,060</u>	<u>67,861</u>
<b>Total</b>	<b><u>\$ 3,508,097</u></b>	<b><u>2,881,121</u></b>

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

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

For the year ended December 31, 2020, the Company has sold all of its shareholdings, measured at fair value through other comprehensive income, in Global BioPharma, Inc. and Taiwan Sanga Co., LTD. The fair value of the shares upon disposal amounted to \$25,156, resulting in a cumulative loss of \$24,844, which was reclassified from other comprehensive income to retained earnings.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Company, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2021 and 2020, will be \$175,405 and \$144,056, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

For the Company's information of market risk, please refer to note (6)(u).

As of December 31, 2021 and 2020, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (d) Notes and accounts receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Accounts receivable – measured at amortized cost	\$ 247,202,299	194,723,552
Accounts receivable – fair value through other comprehensive income	<u>32,498,305</u>	<u>38,331,299</u>
	279,700,604	233,054,851
Less: allowance for uncollectible accounts	(3,632,789)	(3,634,794)
allowance for sales returns and discounts	<u>(3,097)</u>	<u>-</u>
	<b><u>\$ 276,064,718</u></b>	<b><u>229,420,057</u></b>
Notes and accounts receivable	<b><u>\$ 273,369,033</u></b>	<b><u>218,292,177</u></b>
Notes and accounts receivable – related parties	<b><u>\$ 2,695,685</u></b>	<b><u>11,127,880</u></b>

The Company 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 Company 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.

The loss allowance provision of the Company were determined as follows:

<b>December 31, 2021</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 269,018,050	0%	-	No
Level B	7,058,817	0.128%	9,052	No
Level C	<u>3,623,737</u>	100%	<u>3,623,737</u>	Yes
	<b><u>\$ 279,700,604</u></b>		<b><u>3,632,789</u></b>	

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

December 31, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 224,404,852	0%	-	No
Level B	5,026,262	0.22%	11,057	No
Level C	<u>3,623,737</u>	100%	<u>3,623,737</u>	Yes
	<u><b>\$ 233,054,851</b></u>		<u><b>3,634,794</b></u>	

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

	December 31, 2021	December 31, 2020
Overdue 1 to 180 days	<u><b>\$ 264,733</b></u>	<u><b>1,364,958</b></u>

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

	2021	2020
Balance at January 1	\$ 3,634,794	3,634,190
Impairment losses recognized (reversed)	<u>(2,005)</u>	<u>604</u>
Balance at December 31	<u><b>\$ 3,632,789</b></u>	<u><b>3,634,794</b></u>

Allowance for uncollectible account is the balance of accounts receivables which are uncollectable. Except for evaluating the situation of the customers' payment records and widely analyzing the credit rating of customers, the Company also takes all the necessary procedures for collection. The Company believes that there is no doubt for the recovery of the due but unimpaired account receivable, therefore, no allowance recognized.

The Company entered into accounts receivable factoring agreements with banks. As of December 31, 2021 and 2020, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks were USD 1,600,000 thousands. Based on the agreements, the Company 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 Company derecognized the above account receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Company 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, 2021 and 2020, accounts receivable factored were recovered.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company, customers, and banks signed the three-party contracts in which the banks purchase accounts receivable from the Company. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Company's customers. Based on the contracts, the banks have no right to request the Company to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of December 31, 2021 and 2020, accounts receivable factored were recovered.

The details of the factored accounts receivable at the reporting date were as follows:

December 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivables	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>33,585,262</u>	-	33,585,262	-	-	33,585,262	0.47%~0.86%
December 31, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivables	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>42,187,597</u>	-	42,187,597	-	-	42,187,597	0.58%~0.93%

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

(e) Other receivables

	December 31, 2021	December 31, 2020
Other receivables - loans to subsidiaries	\$ 1,608,560	1,644,000
Other receivables - related parties	137,717	141,149
Others	1,519,165	1,061,348
	\$ 3,265,442	2,846,497

As of December 31, 2021 and 2020, none of other receivables were past due.

(f) Inventories

	December 31, 2021	December 31, 2020
Finished goods	\$ 7,535,072	11,718,417
Work in progress	1,188,814	682,167
Raw materials	52,234,531	43,391,764
	\$ 60,958,417	55,792,348

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- (i) During the years ended December 31, 2021 and 2020, inventory cost recognized as cost of sales amounted to \$1,143,709,503 and \$968,054,585, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted \$1,795,897 and \$35,077 for the years ended December 31, 2021 and 2020, respectively.
- (iii) As of December 31, 2021 and 2020, the Company did not provide any inventories as collaterals for its loans.
- (g) Investments accounted for using equity method

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Subsidiaries	\$ 84,948,309	79,719,654
Associates	<u>3,345,350</u>	<u>2,877,977</u>
	88,293,659	82,597,631
Plus: Accounts receivable and other receivables-related parties	240,400	581,227
Credit balance of investment in equity method (other non-current liability)	468,948	789,148
Less: unrealized profits or losses	<u>(10,157)</u>	<u>(10,157)</u>
	<b><u>\$ 88,992,850</u></b>	<b><u>83,957,849</u></b>

- (i) Subsidiaries

Please refer to the consolidated financial statement for the year ended December 31, 2021.

- (ii) Associates

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 1,686,183	1,229,085
Avalue Technology Inc. ("Avalue")	<u>849,180</u>	<u>828,286</u>
	<b><u>\$ 2,535,363</u></b>	<b><u>2,057,371</u></b>

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

	<b>2021</b>	<b>2020</b>
The Company's share of the gain of associates	<u>\$ 471,621</u>	<u>258,376</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Carrying amount of individually immaterial associates	<b><u>\$ 3,345,350</u></b>	<b><u>2,877,977</u></b>
	<b>2021</b>	<b>2020</b>
The Company's share of the net income (loss) of associates:		
Profit from continuing operations	\$ 471,621	258,376
Other comprehensive income (loss)	<u>160,378</u>	<u>107,656</u>
Total comprehensive income (loss)	<b><u>\$ 631,999</u></b>	<b><u>366,032</u></b>

- 4) For the year ended December 31, 2020, the Company had sold part of its shares held in Avalue, with a consideration (net of costs of disposal) amounting to \$8,306. The transactions have been completed and the price has been fully recovered, wherein the Company recognized gain of \$3,914, which were accounted for as other gain and loss.
- (iii) As of December 31, 2021 and 2020, the Company did not provide any investments accounted for using equity method as collaterals for its loans.
- (h) Changes in subsidiaries' equity
- (i) Changes in subsidiaries' equity did not result in the Company's loss of control
- 1) Subsidiaries' employee stock options exercised
- Compal Broadband Network Inc. ("CBN") issued 38 thousand and 45 thousand new shares because of its employees' exercised stock options in 2021 and 2020, respectively, resulting in a decrease in the ownership of the Company and its subsidiaries in CBN by 0.02% and 0.03%, respectively.
- 2) Issuance of new shares for cash of subsidiaries
- The Company purchased newly issued shares of HippoScreen amounting to \$70,000 at a percentage different from its existing ownership percentage in January, 2021, resulting in an increase in the ownership of the Company in HippoScreen by 21%.
- 3) Issuance of subsidiaries' restricted shares
- CBN issued 1,500 thousand restricted shares in 2021, resulting in a decrease of the ownership of the Company and its subsidiaries in CBN by 0.95%.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

Arcadyan canceled 53 and 126 restricted shares in the years ended December 31, 2021 and 2020. Whereas, Arcadyan issued 8,136 new shares due to the conversion of convertible bonds during 2021. These two events, respectively, resulted in a decrease of 1.30% and an increase of 0.01% the ownership of the Company and its subsidiaries in Arcadyan in the years ended December 31, 2021 and 2020.

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

	<b>2021</b>	<b>2020</b>
Capital surplus – changes in ownership interest in subsidiaries	61,825	1,735
Retained earnings	(11,237)	-
	<b>\$ 50,588</b>	<b>1,735</b>

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<b>Land</b>	<b>Buildings and building improvement</b>	<b>Other equipment</b>	<b>Under construction and prepayment for purchase of equipment</b>	<b>Total</b>
Cost:					
Balance on January 1, 2021	\$ 1,047,797	2,518,500	2,725,560	9,556	6,301,413
Additions	-	37,898	205,451	53,104	296,453
Disposals and derecognitions	-	-	(176,143)	-	(176,143)
Reclassifications	-	-	35,184	(35,184)	-
Balance on December 31, 2021	<b>\$ 1,047,797</b>	<b>2,556,398</b>	<b>2,790,052</b>	<b>27,476</b>	<b>6,421,723</b>
Balance on January 1, 2020	\$ 1,047,797	2,390,275	2,382,078	188,245	6,008,395
Additions	-	138,772	342,763	70,149	551,684
Disposals and derecognitions	-	(11,722)	(89,536)	(157,408)	(258,666)
Reclassifications	-	1,175	90,255	(91,430)	-
Balance on December 31, 2020	<b>\$ 1,047,797</b>	<b>2,518,500</b>	<b>2,725,560</b>	<b>9,556</b>	<b>6,301,413</b>
Depreciation and impairments loss:					
Balance on January 1, 2021	\$ -	1,554,775	2,141,745	-	3,696,520
Depreciation for the period	-	127,579	265,151	-	392,730
Disposals and derecognitions	-	-	(152,490)	-	(152,490)
Balance on December 31, 2021	<b>\$ -</b>	<b>1,682,354</b>	<b>2,254,406</b>	<b>-</b>	<b>3,936,760</b>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Balance on January 1, 2020	\$ -	1,443,734	1,944,023	-	3,387,757
Depreciation for the period	-	122,763	241,067	-	363,830
Disposals and derecognitions	-	(11,722)	(43,345)	-	(55,067)
Balance on December 31, 2020	<u>\$ -</u>	<u>1,554,775</u>	<u>2,141,745</u>	<u>-</u>	<u>3,696,520</u>
Carrying amounts:					
Balance on December 31, 2021	<u>\$ 1,047,797</u>	<u>874,044</u>	<u>535,646</u>	<u>27,476</u>	<u>2,484,963</u>
Balance on January 1, 2020	<u>\$ 1,047,797</u>	<u>946,541</u>	<u>438,055</u>	<u>188,245</u>	<u>2,620,638</u>
Balance on December 31, 2020	<u>\$ 1,047,797</u>	<u>963,725</u>	<u>583,815</u>	<u>9,556</u>	<u>2,604,893</u>

As of December 31, 2021 and 2020, the Company did not provide property, plant and equipment as collateral for its borrowing.

(j) Right-of-use assets

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

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance on January 1, 2021	\$ 1,983,275	45,174	2,028,449
Additions	529,032	2,365	531,397
Deductions	(248,416)	(19,165)	(267,581)
Balance on December 31, 2021	<u>\$ 2,263,891</u>	<u>28,374</u>	<u>2,292,265</u>
Balance on January 1, 2020	\$ 1,687,346	50,120	1,737,466
Additional	369,422	2,175	371,597
Deductions	(73,493)	(7,121)	(80,614)
Balance on December 31, 2020	<u>\$ 1,983,275</u>	<u>45,174</u>	<u>2,028,449</u>
Depreciation:			
Balance on January 1, 2021	\$ 711,010	27,314	738,324
Depreciation for the period	463,549	9,315	472,864
Deductions	(247,017)	(19,165)	(266,182)
Balance on December 31, 2021	<u>\$ 927,542</u>	<u>17,464</u>	<u>945,006</u>
Balance on January 1, 2020	\$ 333,271	16,580	349,851
Depreciation for the period	450,829	17,850	468,679
Deductions	(73,090)	(7,116)	(80,206)
Balance on December 31, 2020	<u>\$ 711,010</u>	<u>27,314</u>	<u>738,324</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Carrying amount:			
Balance on December 31, 2021	\$ <u>1,336,349</u>	<u>10,910</u>	<u>1,347,259</u>
Balance on January 1, 2020	<u>1,354,075</u>	<u>33,540</u>	<u>1,387,615</u>
Balance on December 31, 2020	<u>1,272,265</u>	<u>17,860</u>	<u>1,290,125</u>

## (k) Short-term borrowings

The details of short-term borrowings were as following:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	\$ <u>78,967,920</u>	<u>55,991,680</u>
Unused credit line for short-term borrowings	<u>\$ 48,648,000</u>	<u>46,248,000</u>
Range of interest rates	<u>0.42%~0.78%</u>	<u>0.48%~1.00%</u>

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

## (l) Long-term borrowings

The details of long-term borrowings were as follows:

	<u>December 31, 2021</u>			
	<u>Currency</u>	<u>Range of annual interest rates</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	0.62%~0.98%	2022~2024	\$ 24,300,000
Less: current portion				<u>(15,675,000)</u>
Total				<u>\$ 8,625,000</u>
Unused credit line for long-term borrowings				<u>\$ 11,803,000</u>

	<u>December 31, 2020</u>			
	<u>Currency</u>	<u>Range of annual interest rates</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	TWD	0.66%~0.98%	2021~2023	\$ 11,900,000
Unsecured bank loans	USD	0.69%~0.92%	2021~2022	7,205,440
Less: current portion				<u>(8,855,440)</u>
Total				<u>\$ 10,250,000</u>
Unused credit line for long-term borrowings				<u>\$ 15,290,000</u>

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (m) Lease liabilities

The details of lease liabilities were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current	<u>\$ 357,794</u>	<u>202,113</u>
Non-current	<u>\$ 991,342</u>	<u>1,096,415</u>

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

The amounts recognized in profit or loss was as follows:

	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 16,915</u>	<u>17,077</u>
Expenses relating to leases of low-value assets or short-term leases	<u>\$ 9,221</u>	<u>5,843</u>

The amounts recognized in the statement of cash flows for the Company was as follows:

	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 505,744</u>	<u>494,013</u>

## (i) Building leases

The Company leases buildings for its office and factory space, typically run for a period of 1~10 years.

## (ii) Other leases

The Company leases vehicles with lease terms of 3~5 years.

The Company also leases some machinery and office equipment with contract terms of 1~5 years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

## (n) Employee benefits

## (i) Defined benefit plans

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	<u>\$ (1,318,160)</u>	<u>(1,286,459)</u>
Fair value of plan assets	<u>602,029</u>	<u>599,405</u>
Net defined benefit liabilities	<u>\$ (716,131)</u>	<u>(687,054)</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
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The Company 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 Company 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 Company's labor pension reserve account in the Bank of Taiwan amounted to \$604,481 (excluding the ending balance of interest receivable) as of December 31, 2021. 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 Company were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations on January 1	\$ (1,286,459)	(1,270,206)
Current service costs and interest	(10,148)	(15,945)
Remeasurements of net benefit liabilities	(54,331)	(77,143)
Benefit paid by the plan	<u>32,778</u>	<u>76,835</u>
Defined benefit obligations on December 31	<u>\$ (1,318,160)</u>	<u>(1,286,459)</u>

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 Company were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets on January 1	\$ 599,405	626,953
Expected return on plan assets	2,857	5,455
Remeasurements of net benefit plan assets	8,145	19,919
Contributions paid by the employer	24,400	23,913
Benefits paid by the plan	<u>(32,778)</u>	<u>(76,835)</u>
Fair value of plan assets on December 31	<u>\$ 602,029</u>	<u>599,405</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## 4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 3,920	4,811
Net interest on the net defined benefit liability (asset)	<u>3,371</u>	<u>5,679</u>
	<u>\$ 7,291</u>	<u>10,490</u>
Cost of sales	\$ 257	383
Selling expenses	352	504
Administrative expenses	1,831	2,611
Research and development expenses	<u>4,851</u>	<u>6,992</u>
	<u>\$ 7,291</u>	<u>10,490</u>

## 5) Actuarial assumptions

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.80%	0.50%
Future salary increase rate	3.00%	3.00%

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is \$25,860.

The weighted-average lifetime of the defined benefit plan is 9.0 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:

	<u>Effects to the defined benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	(28,902)	29,922
Future salary increasing rate	29,212	(28,374)
December 31, 2020		
Discount rate	(30,316)	31,422
Future salary increasing rate	30,583	(29,675)

(Continued)

**COMPAL ELECTRONICS, INC.**  
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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 Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs under the defined contribution method amounting to \$391,223 and \$364,251 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(o) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Current tax expense		
Recognized during the period	\$ 2,262,124	1,319,010
Undistributed earnings additional tax	-	16,836
Tax credit of investment	<u>(525,167)</u>	<u>(273,959)</u>
	1,736,957	1,061,887
Deferred tax expense		
Recognition and reversal of temporary differences	<u>73,344</u>	<u>3,497</u>
	<u>73,344</u>	<u>3,497</u>
Income tax expense	<u>\$ 1,810,301</u>	<u>1,065,384</u>

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- 2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	\$ (9,237)	(11,445)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>40,897</u>	<u>8,627</u>
	<u>\$ 31,660</u>	<u>(2,818)</u>

- 3) The income tax expense that was reconciled between the actual income tax expense and profit before tax for the years ended December 31, 2021 and 2020, was as follows:

	<u>2021</u>	<u>2020</u>
Profit before tax	\$ <u>14,442,968</u>	<u>10,427,277</u>
Income tax calculated based on tax rate	\$ 2,888,594	2,085,455
Undistributed earnings additional tax	-	16,836
Estimated tax effect of tax exemption on investment income, net	(84,031)	(169,069)
Realized investment loss	(65,440)	(60,000)
Investment tax credit	(525,167)	(273,959)
Changes in temporary differences	(915,638)	(873,487)
Adjustment of estimated difference and other	<u>511,983</u>	<u>339,608</u>
Income tax expense	<u>\$ 1,810,301</u>	<u>1,065,384</u>

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	<u>Exchange differences on translation</u>	<u>Refund liabilities</u>	<u>Contract liabilities</u>	<u>Unrealized exchange losses, net</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:						
Balance on January 1, 2021	\$ 9,823	134,880	49,536	588,025	320,390	1,102,654
Recognized in profit or loss	-	60,416	40,462	(193,189)	98,640	6,329
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,237</u>	<u>9,237</u>
Balance on December 31, 2021	<u>\$ 9,823</u>	<u>195,296</u>	<u>89,998</u>	<u>394,836</u>	<u>428,267</u>	<u>1,118,220</u>
Balance on January 1, 2020	\$ 9,823	120,603	59,429	670,265	306,688	1,166,808
Recognized in profit or loss	-	14,277	(9,893)	(82,240)	2,257	(75,599)
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,445</u>	<u>11,445</u>
Balance on December 31, 2020	<u>\$ 9,823</u>	<u>134,880</u>	<u>49,536</u>	<u>588,025</u>	<u>320,390</u>	<u>1,102,654</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
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	<b>Unrealized exchange gains, net</b>	<b>Others</b>	<b>Total</b>
Deferred tax liabilities:			
Balance on January 1, 2021	\$ (424,990)	(404,767)	(829,757)
Recognized in profit or loss	(79,673)	-	(79,673)
Recognized in other comprehensive income	-	(40,897)	(40,897)
Balance on December 31, 2021	<u>\$ (504,663)</u>	<u>(445,664)</u>	<u>(950,327)</u>
Balance on January 1, 2020	\$ (497,092)	(396,140)	(893,232)
Recognized in profit or loss	72,102	-	72,102
Recognized in other comprehensive income	-	(8,627)	(8,627)
Balance on December 31, 2020	<u>\$ (424,990)</u>	<u>(404,767)</u>	<u>(829,757)</u>

## (iii) Unrecognized deferred tax assets

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Tax effect of deductible temporary differences	<u>\$ 125,258</u>	<u>388,424</u>

The Company assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets.

## (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, 2021 and 2020, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$2,335,023 and \$1,856,500, respectively.

As of December 31, 2021 and 2020, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to \$58,601,692 and \$54,205,119, respectively.

## (v) Examination and approval

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
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(p) Capital and other equities

(i) Ordinary shares

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Additional paid-in capital	\$ 3,660,119	5,422,060
Treasury share transactions	2,621,933	2,541,906
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	122,675	60,850
Changes in equity of associates and joint ventures accounted for using equity method	<u>283,363</u>	<u>281,231</u>
	<b><u>\$ 6,724,856</u></b>	<b><u>8,342,813</u></b>

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 26, 2021 and March 30, 2020, approved to distribute cash of \$1,762,859 and \$881,429 (representing 0.4 and 0.2 New Taiwan dollars per share), by using capital surplus.

The Company's Board of Directors' meeting held on March 15, 2022, approved to distribute cash of \$1,762,859 (representing 0.4 New Taiwan dollars per share), by using capital surplus. The related information can be accessed through the Market Observation Post System website.

(Continued)

**COMPAL ELECTRONICS, INC.**  
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(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.

**COMPAL ELECTRONICS, INC.**  
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2) Special reverse

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. For the year 2019 earnings distribution in 2020, the amount to be reclassified to special reserve shall be a portion of current-period earnings and undistributed prior-period earnings. As for the year 2020 earnings distribution in 2021, the amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

3) Earnings distribution

Distribution for the earnings of 2020 and 2019 were approved in the meeting of the Board of Directors held on March 26, 2021 and March 30, 2020, respectively. The relevant information was as follows:

	2020		2019	
	Amount per share	Total amount	Amount per share	Total amount
Cash dividends distributed to common shareholders	\$ 1.2	<u>5,288,576</u>	1.0	<u>4,407,147</u>

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

	2021	
	Amount per share	Total amount
Cash dividends distributed to common shareholders from the unappropriated earnings	\$ 1.6	<u>7,051,435</u>

The related information of the earnings distribution for the year ended December 31, 2021, can be accessed through the Market Observation Post System website after the related meeting.

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2021 and 2020. As of December 31, 2021, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 24.20 and 20.70 New Taiwan dollars per share as of December 31, 2021 and 2020, respectively.

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**COMPAL ELECTRONICS, INC.**  
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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	Unearned compensation for restricted employee shares and others	Total
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Company	(1,791,462)	567,871	-	(1,223,591)
Subsidiaries	(38,894)	160,972	904	122,982
Associates	(25,372)	185,939	-	160,567
Balance on December 31, 2021	<u>\$ (8,744,705)</u>	<u>537,830</u>	<u>125</u>	<u>(8,206,750)</u>
Balance on January 1, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Company	(3,073,441)	(100,249)	-	(3,173,690)
Subsidiaries	(182,054)	75,529	927	(105,598)
Associates	161,498	(45,469)	-	116,029
Balance on December 31, 2020	<u>\$ (6,888,977)</u>	<u>(376,952)</u>	<u>(779)</u>	<u>(7,266,708)</u>

(q) Earnings per share

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

	<u>2021</u>	<u>2020</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	<u>\$ 12,632,667</u>	<u>9,361,893</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
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	<u>2021</u>	<u>2020</u>	
<b>Diluted earnings per share:</b>			
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 12,632,667</u>	<u>9,361,893</u>	
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares			
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130	
Effect of potential diluted common stock			
Employee compensation (in thousands)	<u>65,517</u>	<u>57,482</u>	
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,422,647</u>	<u>4,414,612</u>	
(r) Revenue from contracts with customers			
(i) Disaggregation of revenue			
	<u>2021</u>	<u>2020</u>	
Primary geographical markets:	<u>IT Product</u>	<u>IT Product</u>	
	<u>Segment</u>	<u>Segment</u>	
United States	\$ 475,525,614	438,228,844	
China	152,490,382	120,250,527	
Netherlands	86,279,648	83,664,387	
United Kingdom	49,815,031	45,763,811	
Others	<u>407,503,183</u>	<u>303,371,701</u>	
	<u>\$ 1,171,613,858</u>	<u>991,279,270</u>	
Major products :			
5C related electronic products	\$ 1,170,311,198	990,202,030	
Others	<u>1,302,660</u>	<u>1,077,240</u>	
	<u>\$ 1,171,613,858</u>	<u>991,279,270</u>	
(ii) Contract balance			
	<u>December</u>	<u>December</u>	<u>January 1,</u>
	<u>31, 2021</u>	<u>31, 2020</u>	<u>2020</u>
Notes and accounts receivable (including related parties)	\$ 279,700,604	233,054,851	181,654,052
Less: allowance for impairment	(3,632,789)	(3,634,794)	(3,634,190)
Less: credit balances of investments in equity method	<u>(3,097)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 276,064,718</u>	<u>229,420,057</u>	<u>178,019,862</u>
Contract liabilities	<u>\$ 1,032,191</u>	<u>828,978</u>	<u>877,822</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
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For the details on accounts receivable and allowance for impairment, please refer to note (6)(d).

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the balances of contract liability at the beginning of the period were \$828,978 and \$877,822, 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.

(s) Employees' and directors' compensations

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

The Company accrued and recognized its employee compensation of \$1,350,062 and \$974,694, respectively, and directors' compensation of \$71,370 and \$51,541 for the years ended December 31, 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no difference between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2021 and 2020.

There is no differences between the amount estimated and recognized in the financial statements in 2020. The related information can be accessed through the Market observation Post System website.

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**COMPAL ELECTRONICS, INC.**  
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(t) Non-operating income and expenses

(i) Interest income

The interest income for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 18,611	80,823
Interest income from financial assets measured at amortized cost	<u>26,434</u>	<u>46,059</u>
	<u>\$ 45,045</u>	<u>126,882</u>

(ii) Other income

The other income for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Dividend revenue	\$ 65,011	56,780
Sale of expensed assets	15,225	85,268
Other revenue	<u>267,763</u>	<u>216,622</u>
	<u>\$ 347,999</u>	<u>358,670</u>

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Gains on disposal of investments	\$ -	3,914
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	14,212	(9,013)
Foreign currency exchange gains (losses), net	577,882	604,339
Others	<u>(729)</u>	<u>72</u>
	<u>\$ 591,365</u>	<u>599,312</u>

(u) Financial instruments

(i) Credit risk

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

The Company's customers are mainly from the high-tech industry. The Company 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 Company constantly assesses the financial status of the customers.

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**COMPAL ELECTRONICS, INC.**  
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2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes 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)(f)). Due to the counter parties and the performing parties of the Company's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 103,267,920	(103,267,920)	(94,642,920)	(6,125,000)	(2,500,000)
Notes and accounts payable	211,035,732	(211,035,732)	(211,035,732)	-	-
Other payables	10,470,766	(10,470,766)	(10,470,766)	-	-
Lease liabilities—current and non-current	<u>1,349,136</u>	<u>(1,389,967)</u>	<u>(372,578)</u>	<u>(337,572)</u>	<u>(679,817)</u>
	<b><u>\$ 326,123,554</u></b>	<b><u>(326,164,385)</u></b>	<b><u>(316,521,996)</u></b>	<b><u>(6,462,572)</u></b>	<b><u>(3,179,817)</u></b>
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 75,097,120	(75,097,120)	(64,847,120)	(5,125,000)	(5,125,000)
Notes and accounts payable	188,627,673	(188,627,673)	(188,627,673)	-	-
Other payables	9,229,539	(9,229,539)	(9,229,539)	-	-
Lease liabilities—current and non-current	<u>1,298,528</u>	<u>(1,347,574)</u>	<u>(217,649)</u>	<u>(348,353)</u>	<u>(781,572)</u>
	<b><u>\$ 274,252,860</u></b>	<b><u>(274,301,906)</u></b>	<b><u>(262,921,981)</u></b>	<b><u>(5,473,353)</u></b>	<b><u>(5,906,572)</u></b>

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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## (iii) Currency risk

## 1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	\$10,410,005	27.68	288,148,938	8,521,135	28.48	242,681,925
Non-monetary items						
THB to TWD	842,184	0.8261	695,728	516,989	0.9502	491,243
Financial liabilities						
Monetary items						
USD to TWD	10,373,943	27.68	287,150,742	9,056,682	28.48	257,934,303

## 2) Sensitivity analysis

The Company'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 the Company's functional currency as of December 31, 2021 and 2020, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2021	December 31, 2020
USD (against the TWD)		
Strengthening 5%	\$ 49,910	(762,619)
Weakening 5%	(49,910)	762,619

## 3) Exchange gains and losses of monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange gains, including both realized and unrealized, amounted to \$577,882 and \$604,339, respectively.

## (iv) Interest rate analysis

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
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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 Company'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, 2021 and 2020, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<b>2021</b>	<b>2020</b>
Interest increased by 0.25%	\$ (18,994)	(5,566)
Interest decreased by 0.25%	18,994	5,566

(v) Fair value information

1) The categories and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss 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.

	<b>December 31, 2021</b>				
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 222,303	-	-	222,303	222,303
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	2,016,402	2,016,402	-	-	2,016,402
Stocks listed on foreign markets	695,728	695,728	-	-	695,728
Stocks unlisted on domestic markets	614,907	-	-	614,907	614,907
Stocks unlisted on foreign markets	181,060	-	-	181,060	181,060
Accounts receivable	<u>32,498,305</u>	-	32,498,305	-	32,498,305
Subtotal	<u>36,006,402</u>				

(Continued)

**COMPAL ELECTRONICS, INC.**  
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	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	8,279,979	-	-	-	-
Notes and accounts receivable, net	240,870,728	-	-	-	-
Notes and accounts receivable due from related parties, net	2,695,685	-	-	-	-
Other receivables	3,265,442	-	-	-	-
Refundable deposits -current and non-current	<u>383,843</u>	-	-	-	-
Subtotal	<u>255,495,677</u>				
Total	<u><b>\$ 291,724,382</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 78,967,920	-	-	-	-
Notes and accounts payable	119,540,795	-	-	-	-
Notes and accounts payable to related parties	91,494,937	-	-	-	-
Other payables	10,470,766	-	-	-	-
Lease liabilities—current and non-current	1,349,136	-	-	-	-
Long-term borrowings current portion	15,675,000	-	-	-	-
Long-term borrowings	8,625,000	-	-	-	-
Deposits received	<u>170</u>	-	-	-	-
Total	<u><b>\$ 326,123,724</b></u>				
	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 158,769</u>	-	-	158,769	158,769
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	1,520,779	1,520,779	-	-	1,520,779
Stocks listed on foreign markets	491,243	491,243	-	-	491,243
Stocks unlisted on domestic markets	801,238	-	-	801,238	801,238
Stocks unlisted on foreign markets	67,861	-	-	67,861	67,861
Accounts receivable	<u>38,331,299</u>	-	38,331,299	-	38,331,299
Subtotal	<u>41,212,420</u>				

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**COMPAL ELECTRONICS, INC.**  
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	December 31, 2020				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	7,666,366	-	-	-	-
Notes and accounts receivable, net	179,960,878	-	-	-	-
Notes and accounts receivable due from related parties, net	11,127,880	-	-	-	-
Other receivables	2,846,497	-	-	-	-
Refundable deposits	<u>136,119</u>	-	-	-	-
Subtotal	<u>201,737,740</u>				
Total	<u><b>\$ 243,108,929</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 55,991,680	-	-	-	-
Notes and accounts payable	100,825,221	-	-	-	-
Notes and accounts payable to related parties	87,802,452	-	-	-	-
Other payables	9,229,539	-	-	-	-
Lease liabilities—current and non-current	1,298,528	-	-	-	-
Long-term borrowings current portion	8,855,440	-	-	-	-
Long-term borrowings	10,250,000	-	-	-	-
Deposits received	<u>220</u>	-	-	-	-
Total	<u><b>\$ 274,253,080</b></u>				

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

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

a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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**COMPAL ELECTRONICS, INC.**  
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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 balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Company 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, 2021 and 2020.

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**COMPAL ELECTRONICS, INC.**  
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5) Changes in level 3

The change in level 3 at fair value in the years ended December 31, 2021 and 2020, were as follow:

	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Total</u>
Balance on January 1, 2021	\$ 158,769	869,099	1,027,868
Total gains and losses recognized:			
In profit or loss	8,535	-	8,535
In other comprehensive income	-	(233,782)	(233,782)
Purchased	54,999	169,152	224,151
Proceeds of capital reduction of investment	-	(8,502)	(8,502)
Balance on December 31, 2021	<u>\$ 222,303</u>	<u>795,967</u>	<u>1,018,270</u>
Balance on January 1, 2020	\$ 71,097	956,718	1,027,815
Total gains and losses recognized:			
In profit or loss	10,997	-	10,997
In other comprehensive income	-	(65,813)	(65,813)
Purchased	76,675	7,578	84,253
Disposal	-	(25,156)	(25,156)
Proceeds of capital reduction of investment	-	(4,228)	(4,228)
Balance on December 31, 2020	<u>\$ 158,769</u>	<u>869,099</u>	<u>1,027,868</u>

For the years ended December 31, 2021 and 2020, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income”, respectively were as follows:

	<u>2021</u>	<u>2020</u>
Total gains and losses recognized:		
In profit or loss (as “other gains and losses, net”)	<u>\$ 8,535</u>	<u>10,997</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ (233,651)</u>	<u>(46,709)</u>

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**COMPAL ELECTRONICS, INC.**  
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- 6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Company'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.

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

The quantified information for significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income — equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (3.56~11.62 and 1.72~7.9, respectively, on December 31, 2021 and 2020) Lack-of-Marketability discount rate (40%~85% and 35%~85%, respectively, on December 31, 2021 and 2020)	The higher the multiple is, the higher the fair value will be. The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

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

The Company'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 impact on other comprehensive income or loss are as follows:

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**COMPAL ELECTRONICS, INC.**  
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	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>14,252</u>	<u>12,651</u>
	Lack-of-Marketability discount rate	5%	\$ <u>750</u>	<u>909</u>
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>35,945</u>	<u>35,279</u>
	Lack-of-Marketability discount rate	5%	\$ <u>4,523</u>	<u>4,567</u>

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

(v) Financial risk management

(i) Overview

The Company 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 Company. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company'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.

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**COMPAL ELECTRONICS, INC.**  
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The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company'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 Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company'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 Company's finance department. Since the Company'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 Company's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Company has business with. As of December 31, 2021 and 2020, the guarantees provide to the subsidiaries amounted to \$413,781 and \$214,797, respectively.

(iv) Liquidity risk

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

The Company 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 Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(k) and (6)(l) for unused credit lines of short-term and long-term borrowings as of December 31, 2021 and 2020.

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**COMPAL ELECTRONICS, INC.**  
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(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 Company'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 Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily USD.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Company 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 Company borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Company manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

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

(w) 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 and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2021 and 2020, the debt ratio was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<b><u>\$ 335,987,949</u></b>	<b><u>282,118,646</u></b>
Total assets	<b><u>\$ 447,348,214</u></b>	<b><u>388,951,151</u></b>
Debt ratio	<b><u>75%</u></b>	<b><u>73%</u></b>

The Company 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.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

As of December 31, 2021, there were no changes in the Company's approach of capital management.

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020 were acquisition of right-of-use assets by leasing, please refer to note (6)(j).

Reconciliation of liabilities arising from financial activities was as follows:

	<b>January 1, 2021</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>December 31, 2021</b>
Short-term borrowings	\$ 55,991,680	22,976,240	-	78,967,920
Long-term borrowings	19,105,440	5,194,560	-	24,300,000
Lease liabilities	1,298,528	(479,608)	530,216	1,349,136
Deposits received	<u>220</u>	<u>(50)</u>	<u>-</u>	<u>170</u>
Total liabilities from financing activities	<u><b>\$ 76,395,868</b></u>	<u><b>27,691,142</b></u>	<u><b>530,216</b></u>	<u><b>104,617,226</b></u>
	<b>January 1, 2020</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>December 31, 2020</b>
Short-term borrowings	\$ 39,363,800	16,627,880	-	55,991,680
Long-term borrowings	25,650,000	(6,544,560)	-	19,105,440
Lease liabilities	1,398,432	(471,093)	371,189	1,298,528
Deposits received	<u>220</u>	<u>-</u>	<u>-</u>	<u>220</u>
Total liabilities from financing activities	<u><b>\$ 66,412,452</b></u>	<u><b>9,612,227</b></u>	<u><b>371,189</b></u>	<u><b>76,395,868</b></u>

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

(a) Name and relationship with related parties

The following are entities that had transactions with related party during the periods covered in the parent-company-only financial statements.

<b>Name of related party</b>	<b>Relationship with the Company</b>
Panpal Technology Corp. ("Panpal")	The Company's subsidiary
Gempal Technology Corp. ("Gempal")	The Company's subsidiary
Hong Ji Capital Co., Ltd. ("Hong Ji")	The Company's subsidiary
Hong Jin Investment Co., Ltd. ("Hong Jin")	The Company's subsidiary
Arcadyan	The Company's subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Rayonnant Technology Co., Ltd. (“Rayonnant Technology”)	The Company’s subsidiary
HengHao Technology Co., Ltd. (“HengHao”)	The Company’s subsidiary
Ripal Optortronics Co., Ltd. (“Ripal”)	The Company’s subsidiary
Auscom Engineering Inc. (“Auscom”)	The Company’s subsidiary
Just International Ltd. (“Just”)	The Company’s subsidiary
Compal International Holding Co., Ltd. (“CIH”)	The Company’s subsidiary
Compal Electronics (Holding) Ltd. (“CEH”)	The Company’s subsidiary
Bizcom Electronics, Inc. (“Bizcom”)	The Company’s subsidiary
Flight Global Holding Inc. (“FGH”)	The Company’s subsidiary
High Shine Industrial Corp. (“HSI”)	The Company’s subsidiary
Compal Europe (Poland) Sp. z o.o. (“CEP”)	The Company’s subsidiary
Big Chance International Co., Ltd. (“BCI”)	The Company’s subsidiary
Compal Rayonnant Holdings Limited (“CRH”)	The Company’s subsidiary
Core Profit Holdings Limited (“CORE”)	The Company’s subsidiary
Compalead Electronics B.V. (“CPE”)	The Company’s subsidiary
Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEB”)	The Company’s subsidiary
Compal Display Holding (HK) Limited (“CDH (HK)”)	The Company’s subsidiary
Compal Electronics International Ltd. (“CII”)	The Company’s subsidiary
Compal International Ltd. (“CPI”)	The Company’s subsidiary
Compal Electronics (China) Co., Ltd. (“CPC”)	The Company’s subsidiary
Compal Optoelectronics (Kunshan) Co., Ltd. (“CPO”)	The Company’s subsidiary
Compal System Trading (Kunshan) Co., Ltd. (“CST”)	The Company’s subsidiary
Smart International Trading Ltd. (“Smart”)	The Company’s subsidiary
Amexcom Electronics Inc. (“AEI”)	The Company’s subsidiary
Mexcom Electronics, LLC (“MEL”)	The Company’s subsidiary
Mexcom Technologies, LLC (“MTL”)	The Company’s subsidiary
Compal International Holding (HK) Limited (“CIH (HK)”)	The Company’s subsidiary
Jenpal International Ltd. (“Jenpal”)	The Company’s subsidiary
Prospect Fortune Group Ltd. (“PFG”)	The Company’s subsidiary
Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	The Company’s subsidiary
Compal Information (Kunshan) Co., Ltd. (“CIC”)	The Company’s subsidiary
Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	The Company’s subsidiary
Kunshan Botai Electronics Co., Ltd. (“BT”)	The Company’s subsidiary
Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Compower Global Service Co., Ltd. (“CGS”)	The Company’s subsidiary
Compal Investment (Jiansu) Co., Ltd. (“CIJ”)	The Company’s subsidiary
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The Company’s subsidiary
Etrade Management Co., Ltd. (“Etrade”)	The Company’s subsidiary
Webtek Technology Co., Ltd. (“Webtek”)	The Company’s subsidiary
Forever Young Technology Inc. (“Forever”)	The Company’s subsidiary
Unicom Global, Inc. (“UCGI”)	The Company’s subsidiary
Palcom International Corporation (“Palcom”)	The Company’s subsidiary
Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	The Company’s subsidiary
Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	The Company’s subsidiary
Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	The Company’s subsidiary
Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	The Company’s subsidiary
Giant Rank Trading Ltd. (“GIA”)	The Company’s subsidiary
Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	The Company’s subsidiary
Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	The Company’s subsidiary
Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	The Company’s subsidiary
Arcadyan India Private Limited (“Arcadyan India”)	The Company’s subsidiary
Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	The Company’s subsidiary
Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	The Company’s subsidiary
Arcadyan Technology Limited (“Arcadyan UK”)	The Company’s subsidiary
Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	The Company’s subsidiary
Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	The Company’s subsidiary
Zhi-Bao Technology Inc. (“Zhi-Bao”)	The Company’s subsidiary
Tatung Technology Inc. (“TTI”)	The Company’s subsidiary
AcBel Telecom Inc. (“AcBel Telecom”)	The Company’s subsidiary
CBN	The Company’s subsidiary
Compal Broadband Networks Belgium BVBA (“CBNB”)	The Company’s subsidiary
Compal Broadband Networks Netherlands B.V. (“CBNN”)	The Company’s subsidiary
Sinoprime Global Inc. (“Sinoprime”)	The Company’s subsidiary
Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	The Company’s subsidiary
Arcadyan Technology (Shanghai) corp. (“SVA Arcadyan”)	The Company’s subsidiary
Arch Holding (BVI) Corp. (“Arch Holding”)	The Company’s subsidiary
Compal Networking (Kunshan) Co., Ltd. (“CNC”)	The Company’s subsidiary
Quest International Group Co., Ltd. (“Quest”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Exquisite Electronic Co., Ltd. (“Exquisite”)	The Company’s subsidiary
Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	The Company’s subsidiary
Tatung Technology of Japan Co., Ltd. (“TTJC”)	The Company’s subsidiary
Intelligent Universal Enterprise Ltd. (“IUE”)	The Company’s subsidiary
Goal Reach Enterprises Ltd. (“Goal”)	The Company’s subsidiary
Compal (Vietnam) Co., Ltd. (“CVC”)	The Company’s subsidiary
Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	The Company’s subsidiary
Allied Power Holding Corp. (“APH”)	The Company’s subsidiary
Primetek Enterprises Limited (“PEL”)	The Company’s subsidiary
Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	The Company’s subsidiary
Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	The Company’s subsidiary
HengHao Holdings A Co., Ltd. (“HHA”)	The Company’s subsidiary
HengHao Holdings B Co., Ltd. (“HHB”)	The Company’s subsidiary
HengHao Optoelectronics Technology (Kunshan) Co., Ltd.	The Company’s subsidiary
LUCOM Display Technology (Kunshan) Limited (“Lucom”)	The Company’s subsidiary
Center Mind International Co., Ltd. (“CMI”)	The Company’s subsidiary
Prisco International Co., Ltd. (“PRI”)	The Company’s subsidiary
Compal Electronic (Sichuan) Co., Ltd. (“CIS”)	The Company’s subsidiary
Compal Electronic (Chongqing) Co., Ltd. (“CEQ”)	The Company’s subsidiary
Compal Electronic (Chengdu) Co., Ltd. (“CEC”)	The Company’s subsidiary
Compal Management (Chengdu) Co., Ltd. (“CMC”)	The Company’s subsidiary
Compal Smart Device (Chongqing) Co., Ltd. (“CSD”)	The Company’s subsidiary
Billion Sea Holdings Limited (“BSH”)	The Company’s subsidiary
Mithera Capital Io LP (“Mithera”)	The Company’s subsidiary
Fortune Way Technology Corp. (“FWT”)	The Company’s subsidiary
General Life Biotechnology Co., Ltd. (“GLB”)	The Company’s subsidiary
Mactech Co., Ltd. (“Mactech”)	The Company’s subsidiary
Rapha Bio Ltd. (“Rapha”)	The Company’s subsidiary
Compal Electronics India Private Limited (“CEIN”)	The Company’s subsidiary
Shennona Corporation (“Shennona”)	The Company’s subsidiary
Unicore BioMedical Co., Ltd. (“Unicore”)	The Company’s subsidiary
Raycore Biotech Co., Ltd. (“Raycore”)	The Company’s subsidiary
Hippo Screen Neurotech Co., Ltd. (“Hippo Screen”)	The Company’s subsidiary
Shennona Co., Ltd. (“Shennona TW”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Aco Smartcare Co., Ltd. (“Aco Smartcare”)	The Company’s subsidiary
Starmems Semiconductor Corp. (“Starmems Semiconductor”)	The Company’s subsidiary
Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Assets Development”)	The Company’s subsidiary
Compal Electronica DA Amazonia LTDA (“CEA”)	The Company’s subsidiary
Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	The Company’s subsidiary
CGS Technology (Poland) Sp. z o.o. (“CGSP”)	The Company’s subsidiary
Compal USA (Indiana), Inc. (“CIN”)	The Company’s subsidiary
AcBel Polytech Inc. (AcBel) 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 (“Cal-Comp”)	The same Chairman of the Board with the Company
Kinpo Electronics, Inc. (“Kinpo”)	The same Chairman of the Board with the Company
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Kinpo Group Management Consultant Company (“Kinpo Group Management”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd. (“LIZK”)	An associate
LIZ Electronics (Nantong) Co., Ltd. (“LIZN”)	An associate
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Hong Ya Technology Corporation (“Hong Ya Technology”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
Cal-Comp Electronics (USA) Co., Ltd. (CCUS)	The chairman of the board of directors of its ultimate parent company is the same as that of the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 598,395	516,197
Post-employment benefits	<u>5,643</u>	<u>6,007</u>
	<u>\$ 604,038</u>	<u>522,204</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

There are no termination benefits and other long-term benefits.

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 1,777,777	1,170,456
Associates	190	190
Other related parties	<u>30,429</u>	<u>476,501</u>
	<u>\$ 1,808,396</u>	<u>1,647,147</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 45~180 days for related parties.

(ii) Purchase of goods from related parties

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

	<u>2021</u>	<u>2020</u>
Subsidiaries		
CSD	\$ 175,003,681	145,525,596
Others	<u>241,832,462</u>	<u>219,732,381</u>
	416,836,143	365,257,977
Associates	1,309	2,859
Other related parties	<u>568,440</u>	<u>41,802</u>
	<u>\$ 417,405,892</u>	<u>365,302,638</u>

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~120 days for related parties.

(iii) Product warranty service expenses

The product warranty service expenses paid to subsidiaries for the years ended December 31, 2021 and 2020, amounted to \$265,455 and \$255,349, respectively. As of December 31, 2021 and 2020, the unpaid warranty service expenses were record as other payables.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iv) Technical service expense

The Company engaged its subsidiaries to research and develop of notebooks, and the related technical service expenses for the years ended December 31, 2021 and 2020, amounted to \$199,811 and \$198,315, respectively. As of December 31, 2021 and 2020, the unpaid technical service expenses were recorded as other payables.

(v) Receivables due from relate parties

The receivables arising from the transactions mentioned above, the sale of machinery and equipment to related parties, and the purchasing of machinery, equipment and others on behalf of the related parties as of December 31, 2021 and 2020, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts receivable	Subsidiaries	\$ 1,001,098	10,820,424
Notes and accounts receivable	Other related parties	1,697,684	307,456
Other receivables	Subsidiaries - UCGI	161,863	506,229
Other receivables	Subsidiaries - Others	10,649	15,176
Other receivables	Associates	2,463	907
Other receivables	Other related parties	<u>45</u>	<u>64</u>
		2,873,802	11,650,256
Less: Credit balance of investments accounted for using the equity method		<u>(40,400)</u>	<u>(381,227)</u>
		<u>\$ 2,833,402</u>	<u>11,269,029</u>

As of December 31, 2021 and 2020, the Company's investment accounted for using the equity method in subsidiaries was a credit balance, recorded as a deduction from account receivables and other receivables (other receivables) – related party. Please refer to note (6)(g).

(vi) Payables to related parties

The payables to related parties as of December 31, 2021 and 2020, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable	Subsidiaries - CIT	\$ 38,910,233	30,623,968
Notes and accounts payable	Subsidiaries - Others	52,043,163	57,161,436
Notes and accounts payable	Associates	315	166
Notes and accounts payable	Other related parties	541,226	16,882
Other payables	Subsidiaries	<u>167,250</u>	<u>174,010</u>
		<u>\$ 91,662,187</u>	<u>87,976,462</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(vii) Loans to related parties

The interest rate of unsecured loans to subsidiaries was 1.02%~2.05%, and the Company had assessed that no bad debt expenses should be recognized. As of December 31, 2021 and 2020, the loans due to related parties were recorded as other receivables.

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables	Subsidiaries - CEB	\$ 553,600	1,424,000
Other receivables	Subsidiaries - CEA	830,400	-
Other receivables	Subsidiaries - HengHao	200,000	200,000
Other receivables	Subsidiaries - UCGI	224,560	220,000
Less: Credit balance of investments accounted for using the equity method		<u>(200,000)</u>	<u>(200,000)</u>
		<u><b>\$ 1,608,560</b></u>	<u><b>1,644,000</b></u>

As of December 31, 2021 and 2020, the Company's investment accounted for using the equity method in some subsidiaries was a credit balance, recorded as a deduction from other receivables – related parties (classified as other receivables). Please refer to note (6)(g).

(viii) Guarantees

As of December 31, 2021 and 2020, the guarantees provided to subsidiaries were \$413,781 and \$214,797, respectively.

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutors Office against the Company concerning its former employees who joined the Company. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Company engaged lawyers to defend its right on this matter. Currently, the case is still in progress in Taipei District Court; therefore, the Company cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Company entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**(11) Subsequent events:**

In response to the industry development trend and the future strategic development of the Company and for the purpose to integrate resources, provide more comprehensive products and services, increase R&D capabilities, improve efficiency, and increase competitiveness, the Company plans to acquire 51%~65% of shares of Poindus Systems Corp, Ltd. (“Poindus Systems”) under the public acquisition as a tender offer after the resolution of the Board of Directors (hereinafter referred to as the Public Acquisition). The price of the Public Acquisition is 30 New Taiwan Dollars per share. The aforementioned Public Acquisition as a tender offer had been completed on March 7, 2022, with a total acquisition of 56.04% of Poindus Systems' ordinary shares and the total acquisition consideration is \$353,046. The settlement was completed on March 11, 2022.

**(12) Other:**

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

By function By item	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	980,082	9,893,755	10,873,837	1,108,657	9,021,361	10,130,018
Labor and health insurance	93,355	674,677	768,032	81,056	607,195	688,251
Pension	33,341	365,173	398,514	27,718	347,023	374,741
Remuneration of directors	-	81,349	81,349	-	61,500	61,500
Others	158,665	437,831	596,496	209,112	403,706	612,818
Depreciation	181,888	683,706	865,594	156,554	675,955	832,509
Amortization	6,235	479,192	485,427	6,301	384,626	390,927

For the years ended December 31, 2021 and 2020, the information on the number of employees and employee benefit expense of the Company is as follows:

	2021	2020
Number of employees (Average salaries)	<u>8,965</u>	<u>8,633</u>
Number of directors (non-employees)	<u>11</u>	<u>11</u>
Average benefit expense of employees	<u>\$ 1,411</u>	<u>1,369</u>
Average salary expense of employees	<u>\$ 1,214</u>	<u>1,175</u>
Percentage of change in average salary expense of employees	<u>3.32 %</u>	<u>(1.26)%</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Information about salary and compensation policies (including directors, managers and employees) of the Company is as follows:

Directors' remuneration is allocated according to the terms of the Articles of the Incorporation, and no more than 2% of the Company's pre-tax profit in the fiscal year, excluding employees' and directors' compensations, shall be paid to directors as remuneration along with reasonable compensation based on other factors to be taken into consideration, such as the Company's operational performance and the individual directors' contribution to the Company's performance.

Remuneration of the independent directors' of the Company is allocated according to the terms of the Articles of the Incorporation, as well as the involvement level in the corporate operation, contribution value, responsibility that is taken, risk that is borne by the independent directors and reference of competitors from the same industry. The remuneration is proposed by the Remuneration Committee and resolved by the Board of Directors.

The Company's remuneration policy for managers has been established based on various factors including the Company's wage policy, the average wage offered by competitors for the same position, the duties and responsibilities for the position in question, and the manager's actual contribution to the Company's operational objectives.

The Company's procedure for determining remuneration takes into account the Company's overall operational performance as well as includes employee's personal performance and their contribution to the Company's performance in order to determine a reasonable compensation. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will frequently examine the latest developments in the global economy, international financial environment, and change of the industry condition in order to predict its operational development, profit status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby reach a balance between the Company's sustainable operation and relevant risk control.

**(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 Company for the year ended December 31, 2021:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4

(Continued)

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

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
  - (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 6
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
  - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 8
  - (ix) Trading in derivative instruments: None.
- (b) Information on investees: Please refer to Table 9
  - (c) Information on investment in mainland China: Please refer to Table 10
  - (d) Major shareholders: There were no shareholders holding more than 5% shares.

**(14) Segment information:**

Please refer to the consolidated financial report of 2021.

**COMPAL ELECTRONICS, INC.**

**Statement of cash and cash equivalents**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars;  
in dollars of Foreign Currency)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 1,741
Checking account and demand deposits	TWD	88,720
	Foreign currency (US\$292,652,637 and others)	<u>8,121,752</u>
		<u>8,210,472</u>
Time deposits	Foreign currency (CNY\$15,600,000, Maturity date: 2022.1.5~2022.3.15)	<u>67,766</u>
Cash equivalents:		
Total		<u>\$ 8,279,979</u>

Note: The exchange rate is 27.68 New Taiwan dollars for 1 US Dollar; 4.344 New Taiwan Dollars for 1 CNY.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of notes and accounts receivable**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
D Company	Sales of non-related parties	\$ 166,954,221
E Company	//	36,713,257
A Company	//	23,605,470
B Company	//	21,149,343
Others (Note)	//	<u>28,579,531</u>
		277,001,822
Less: allowance for uncollectible accounts		<u>(3,632,789)</u>
Notes and accounts receivable, net		<u><u>\$ 273,369,033</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**Statement of inventories**

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
Finished goods	\$ 7,535,072	7,676,872
Work in progress	1,188,814	1,188,814
Raw materials	<u>52,234,531</u>	<u>52,234,531</u>
Total	<u><u>\$ 60,958,417</u></u>	<u><u>61,100,217</u></u>

(Continued)

## COMPAL ELECTRONICS, INC.

## Statement of changes in accumulated impairment of investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

Investee Company	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Ending Balance (including impairment loss)					Market Price / Net Value
	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Number of shares	Amount	Number of shares	Amount	Share of profit recognized	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Exchange differences on transaction of foreign financial statements	Ending Balance (including exchange differences on transaction of foreign statements)	
Auscom	3,000	\$ 144,144	-	-	-	-	4,074	3,000	148,218	(22,871)	125,347	125,347
Panpal	500,000	6,161,397	-	279,791	-	14,999	(31,176)	500,000	6,395,013	(714,460)	5,680,553	5,861,896
Just	48,010	8,466,113	-	-	-	-	2,038,308	48,010	10,504,421	(926,509)	9,577,912	9,577,912
CIH	53,001	38,455,289	-	-	-	-	3,196,352	53,001	41,651,641	(4,241,449)	37,410,192	37,397,344
CEH	1	3,906,656	-	-	-	-	-	1	3,906,656	(644,322)	3,262,334	3,262,334
Gempal	90,000	2,074,608	-	38,316	-	163,662	115,690	90,000	2,064,952	(26,903)	2,038,049	2,146,378
Hong Ji	100,000	1,149,751	-	8,925	-	99,815	89,224	100,000	1,148,085	(11,297)	1,136,788	1,136,788
Hong Jin	29,500	355,643	-	4,434	-	34,436	39,395	29,500	365,036	(5,818)	359,218	359,218
Maxima Ventures 1, Inc.	126	5,699	-	-	126	5,699	-	-	-	-	-	-
Allied Circuit	10,158	390,558	-	-	-	71,160	79,707	10,158	399,105	(110)	398,995	1,686,183 (Note 4)
Bizcom	100	479,430	-	-	-	-	(15,326)	100	464,104	(59,545)	404,559	404,559
LIPO	98	611,825	-	-	-	-	139,516	98	751,341	(39,842)	711,499	711,499
Crownpo	3,739	60,658	-	-	-	-	13,830	3,739	74,488	(2,730)	71,758	71,758
Arcadyan	41,305	2,420,711	-	39,732	-	270,799	351,746	41,305	2,541,390	(47,708)	2,493,682	5,266,324 (Note 3)
FGH	89,755	5,172,035	-	-	-	82	(62,830)	89,755	5,109,123	(356,793)	4,752,330	4,752,330
HSI	42,700	395,007	-	-	-	-	(300,169)	42,700	94,838	(37,291)	57,547	525,161
Lead-Honor Optronics Co., Ltd.	2,772	(3)	-	-	-	-	-	2,772	(3)	3	-	-
CBN	29,060	713,505	-	-	-	44,739	14,204	29,060	682,970	(412)	682,558	909,584 (Note 3)
Kinpo Group Management	300	4,659	-	-	-	-	117	300	4,776	-	4,776	5,936
Rayonnant Technology	29,500	135,858	-	-	-	-	29,295	29,500	165,153	(14,368)	150,785	150,785
CRH	12,500	201,081	-	-	-	-	43,721	12,500	244,802	(15,944)	228,858	228,858
HengHao	20,015	(261,062)	20,000	200,000	20,000	(425,641)	20,015	(486,703)	2,550	(484,153)	(484,153)	(484,153)
Infinno Technology Corp.	5,650	13,017	1,719	17,189	2,721	255	7,873	4,648	37,824	-	37,824	37,824
CEP	136	24,443	-	-	-	-	(18,034)	136	6,409	(9,506)	(3,097)	(3,097)
BCI	90,820	6,766,544	-	-	-	-	908,947	90,820	7,675,491	(496,294)	7,179,197	7,179,197
APE	31,253	1,076,589	-	185,939	-	49,878	209,561	31,253	1,422,211	(117,143)	1,305,068	1,305,068
CORE	147,000	7,702,252	-	-	-	-	(569,898)	147,000	7,132,354	(552,071)	6,580,283	6,580,283
Unicore	20,000	125,283	-	-	-	-	(23,402)	20,000	101,881	-	101,881	101,881
Ripal	6,000	83,481	-	-	-	-	18,593	6,000	102,074	-	102,074	102,074
CPE	6,427	862,406	-	-	-	-	1,706	6,427	864,112	(96,309)	767,803	767,803
Avalue	14,924	640,622	-	2,387	-	38,703	43,341	14,924	647,647	(20,796)	626,851	849,180 (Note 4)
Etrade	46,900	(643,841)	-	-	-	-	516,481	46,900	(127,360)	(57,435)	(184,795)	(184,795)
Webtek	100	701,014	-	-	-	-	116,378	100	817,392	(137,828)	679,564	679,564
Forever	50	1,515,287	-	-	-	-	12,658	50	1,527,945	(223,393)	1,304,552	1,304,552
UCGI	10,000	(381,227)	29,000	289,998	29,000	-	53,926	10,000	(37,303)	-	(37,303)	(37,303)
Palcom	10,000	112,424	-	-	-	-	3,976	10,000	113,123	-	113,123	113,123
Mactech	21,756	235,534	-	3,210	-	-	7,991	21,756	252,821	-	252,821	252,821
GLB	15,000	318,019	-	-	-	-	12,585	15,000	330,604	-	330,604	220,216
Shennona	2,600	611	-	-	-	-	(92)	2,600	519	579	1,098	1,098
Hippo Screen	2,100	16,949	7,000	70,000	-	5,367	(22,724)	9,100	58,858	-	58,858	46,384
Shennona TW	600	2,773	-	-	-	-	347	600	3,120	-	3,120	3,120
Aco Smartcare	100,000	73,564	-	-	-	-	(16,261)	100,000	57,303	-	57,303	29,490
ARCE	20,000	59,852	-	-	-	-	(15,543)	20,000	44,309	-	44,309	35,437
CGSP	-	-	-	89,632	-	-	(1,741)	-	87,891	(1,036)	86,855	86,855
Starmems Semiconductor	-	-	-	35,000	-	-	(1,029)	3,500	33,971	-	33,971	33,971
Kinpo & Compal Assets Development	-	-	52,500	525,000	-	-	85	52,500	525,085	-	525,085	525,085
Raypal	3,446	151,051	-	-	-	-	(6,781)	3,446	144,270	-	144,270	28,691
Subtotal		90,500,209		1,789,553		810,862	6,573,057		98,051,957	(8,877,051)	89,174,906	
Exchange differences on transaction of foreign financial statements		(7,021,331)		-		1,855,720	-		(8,877,051)	-	-	-
Less: Treasury shares held by subsidiaries		(881,247)		-		-	-		(881,247)		(881,247)	
Unrealized profits or losses		(10,157)		-		-	-		(10,157)		(10,157)	
Subtotal		82,587,474		1,789,553		2,666,582	6,573,057		88,283,502		88,283,502	
Plus: Deduction of accounts receivable and other receivable—related parties		581,227		-		-	-		-		240,400	
Plus: Credit balance of investment in equity method		789,148		-		-	-		-		468,948	
Total		\$ 83,957,849		-		-	-		-		88,992,850	

Note 1 : Increase in current period included purchasing long-term investments, adjusting by using equity method of capital surplus, unrealized gains from financial assets measured at fair value through other comprehensive income, and subsidiaries received cash dividends from the parent company.

Note 2 : Decrease in current period included cash dividends distributed from long-term investments for using the equity method, adjustment by equity method of capital surplus and retained earnings, remeasurement of defined benefit plans, and unrealized loss from financial assets measured at fair value through other comprehensive income.

Note 3 : The unit price is calculated by the closing price of the Taiwan Stock Exchange as of December 31, 2021.

Note 4 : The unit price is calculated by the closing price of Taipei Exchange as of December 31, 2021.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of financial assets measured at fair value through other  
comprehensive income - non-current**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Investee Company</u>	<u>Beginning Balance</u>		<u>Increase (Note 1)</u>		<u>Decrease (Note 2)</u>		<u>Ending Balance</u>		<u>Collaterals or Pledged Assets</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	
Kinpo	124,044	\$ 1,507,132	-	496,175	-	-	124,044	2,003,307	None
Cal-Comp Electronics (Thailand) Public Co., Ltd.	239,631	491,243	19,969	204,485	-	-	259,600	695,728	None
Taiwan Star	98,046	686,325	-	-	-	244,332	98,046	441,993	None
Others	-	<u>196,421</u>	-	<u>249,397</u>	-	<u>78,749</u>	-	<u>367,069</u>	None
Total		<u>\$ 2,881,121</u>		<u>950,057</u>		<u>323,081</u>		<u>3,508,097</u>	

Note 1: Increase included transfer of the invested company's surplus to capital, purchasing financial assets at fair value through other comprehensive income, deferred tax for unrealized gains and unrealized gains on financial instruments at fair value.

Note 2: Decrease included the adjustment of the unrealized loss of financial assets according to fair value, the reduction of capital and the return from liquidation.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of property, plant and equipment**  
**For the year ended December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note (6)(i).

**Statement of short-term borrowings**  
**December 31, 2021**

<u>Creditor</u>	<u>Description</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Loan Commitments</u>	<u>Collaterals or Pledged Assets</u>	<u>Ending balance</u>
Bank of Communications Co., Ltd.	Credit Loans	2021.12~2022.01	Note	\$ 5,536,000	None	5,536,000
Land Bank of Taiwan	//	2021.11~2022.01	//	6,000,000	None	5,812,800
Cathay United Bank	//	2021.12~2022.01	//	4,152,000	None	4,152,000
E.SUN Commercial Bank	//	2021.10~2022.01	//	4,000,000	None	3,272,400
Agricultural Bank of Taiwan	//	2021.10~2022.01	//	1,550,000	None	1,384,000
Citibank	//	2021.11~2022.01	//	8,165,600	None	3,598,400
The bank of Tokyo-Mitsubishi UFJ		2021.12~2022.01	//	5,536,000	None	5,536,000
Bank of China	//	2021.12~2022.01	//	6,089,600	None	6,089,600
Hua Nan Bank	//	2021.12~2022.01	//	6,000,000	None	3,875,200
HSBC Bank (Taiwan) Limited	//	2021.11~2022.02	//	4,982,400	None	3,691,200
United Overseas Bank	//	2021.12~2022.01	//	4,152,000	None	3,321,600
First Bank	//	2021.12~2022.01	//	3,000,000	None	2,906,400
DBS Bank Limited	//	2021.10~2022.02	//	5,536,000	None	5,508,320
Sumitomo Mitsui Banking Corporation	//	2021.10~2022.01	//	6,920,000	None	6,920,000
China Construction Bank Corporation	//	2021.12~2022.01	//	4,152,000	None	4,152,000
Taipei Fubon Commercial Bank Co., Ltd.	//	2021.12~2022.02	//	3,736,800	None	1,799,200
Taishin International Bank	//	2021.12~2022.02	//	5,000,000	None	4,428,800
Shin Kong Bank	//	2021.11~2022.02	//	1,500,000	None	1,384,000
BNP Paribas Bank	//	2021.10~2022.01	//	2,768,000	None	2,600,000
Banco Bilbao Vizcaya Argentaria Bank	//	2021.07~2022.04	//	3,044,800	None	3,000,000
				<u>\$ 91,821,200</u>		<u>78,967,920</u>

Note: The range of interest rates of aforementioned loans were 0.42%~0.78%.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of notes and accounts payable**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Suppliers</u>	<u>Amount</u>
E Company	\$ 36,295,215
J Company	22,517,970
A Company	15,913,636
B Company	11,931,436
D Company	10,634,860
I Company	8,942,796
Others (Note)	<u>13,304,882</u>
Total	<u>\$ 119,540,795</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of long-term borrowings**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Creditor</u>	<u>Loan Commitments</u>	<u>Amount</u>		<u>Contract Period</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Collaterals or Pledged Assets</u>
		<u>Loan within 1 year</u>	<u>Loan more than 1 year</u>				
Yuan Ta Commercial Bank	\$ 3,000,000	2,900,000	-	2021.09~2024.09	Note	2,900,000	None
Mizuho Bank, Ltd.	5,536,000	5,500,000	-	2021.05~2023.05	"	5,500,000	None
KGI Bank	2,800,000	2,800,000	-	2021.09~2023.09	"	2,800,000	None
Shanghai Commercial and Savings Bank	2,300,000	-	2,300,000	2020.06~2023.06	"	2,300,000	None
Far Eastern International Bank Co., Ltd.	1,000,000	-	1,000,000	2020.09~2023.09	"	1,000,000	None
CTBC Bank Co., Ltd.	2,000,000	-	2,000,000	2020.11~2023.11	"	2,000,000	None
Bank SinoPac Co., Ltd.	3,300,000	2,475,000	825,000	2019.03~2023.03	"	3,300,000	None
Bank of America	4,567,200	2,000,000	-	2021.08~2022.09	"	2,000,000	None
E.SUN Commercial Bank	2,000,000	-	300,000	2021.11~2024.11	"	300,000	None
Bank of Taiwan	3,500,000	-	2,200,000	2021.12~2024.12	"	2,200,000	None
	<u>\$ 30,003,200</u>	<u>15,675,000</u>	<u>8,625,000</u>			<u>24,300,000</u>	

Note: The range of interest rates of aforementioned loans were 0.62%~0.98%.

**Statement of lease liabilities**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Buildings	For office and factory space	1~10 years	1.2 %	\$ 1,338,058
Vehicles	For operating activities	3~5 years	1.2 %	11,078
				1,349,136
Less : Current portion				(357,794)
Lease liabilities–Non-Current				<u>\$ 991,342</u>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of other payables**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Payroll payables and year-end bonuses payable	Payroll for December 2021, estimated year-end bonuses for 2021, and employees and directors' compensations	\$ 4,180,784
Import and export fee payables		1,326,545
Technical service fee payables		560,108
Others (Note)		<u>4,403,329</u>
Total		<u>\$ 10,470,766</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

**Statement of operating revenue**

**For the year ended December 31, 2021**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Sales revenue:		
5C electronic products	Note	\$ 1,171,128,396
Others		371,662
Less: Sales return		(261,537)
Sales allowance		<u>(927,323)</u>
Net sales		1,170,311,198
Other operating revenue:		
Service and processing revenue		<u>1,302,660</u>
Net sales revenue		<u>\$ 1,171,613,858</u>

Note: Due to multi-categories, it's hard to be classified in categories.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating costs**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Raw materials	
Raw materials, beginning of the year	\$ 44,603,184
Add: Purchases	735,139,560
Less: Raw materials, end of the year	(55,216,445)
Transferred to operating expense	(37,725)
Cost of material sold	(3,364,426)
Scraps	(483,388)
Others	(2,951)
Raw materials used	720,637,809
Direct labor	745,554
Manufacturing expenses	<u>1,171,173</u>
Total Manufacturing costs	722,554,536
Add: Work-in-process, beginning of the year	685,002
Less: Work-in-process, end of the year	(1,189,112)
Scraps	<u>(68,380)</u>
Cost of finished goods	721,982,046
Add: Finished goods, beginning of the year	11,758,417
Purchases	407,144,561
Others	903,172
Less: Finished goods, end of the year	(7,603,013)
Scraps	(3,238)
Transferred to operating expense	<u>(346,034)</u>
Costs of sales of finished goods and processing costs	1,133,835,911
Maintenance costs	4,158,263
Cost of material sold	3,364,426
Allowance for obsolescence loss and inventory valuation	1,795,897
Scrap loss of inventory	<u>555,006</u>
Cost of sales	<b><u>\$1,143,709,503</u></b>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating expenses**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Payroll expenses	\$ 362,202	1,526,644	8,004,909
Export expenses	288,665	-	-
Royalty expenses	176,661	-	-
Research expenses	-	-	1,555,325
Shipping expenses	4,459,970	21,767	1,878
Sample expenses	356,122	139	1,713
Others (Note)	<u>76,411</u>	<u>1,128,604</u>	<u>2,364,953</u>
Total	<u>\$ 5,720,031</u>	<u>2,677,154</u>	<u>11,928,778</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

COMPAL ELECTRONICS, INC.  
Notes to Parent-Company-Only Financial Statements

**Table 1 Loans to other parties:**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	475,325	224,560	224,560	1.02%~1.08%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
0	The Company	CEB	Other receivables	Y	1,985,950	553,600	553,600	1.02%~2.05%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
0	The Company	CEA	Other receivables	Y	838,800	830,400	830,400	1.02%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
1	CIH	CEP	Other receivables	Y	57,070	55,360	55,360	3.50%	Short-term financing	-	Operating demand	-	-	-	37,397,344	37,397,344	(Note 2)
2	CPC	CDE	Other receivables	Y	1,315,200	-	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
2	CPC	CIC	Other receivables	Y	438,400	434,400	434,400	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	1,997,450	1,937,600	1,561,152	2.00%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	137,098	69,200	-	1.30%~4.35%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	856,050	830,400	830,400	1.30%	Short-term financing	-	Operating financing	-	-	-	22,323,113	22,323,113	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	998,725	968,800	968,800	1.30%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
4	CPO	CIT	Other receivables	Y	657,600	651,600	651,600	2.20%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
5	CET	BT	Other receivables	Y	524,640	260,640	173,760	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	4,787,996	4,787,996	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	570,700	553,600	553,600	1.30%	Short-term financing	-	Operating demand	-	-	-	8,676,307	8,676,307	(Note 7)
7	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	1.08%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 8)
7	Panpal	Ray-Kwong Medical	Other receivables	Y	10,000	10,000	10,000	1.10%	Short-term financing	-	Operating demand	-	-	-	1,172,379	2,344,758	(Note 8)
8	BSH	CIN	Other receivables	Y	278,100	276,800	207,600	1.02%	Short-term financing	-	Operating demand	-	-	-	6,580,283	6,580,283	(Note 9)
9	Arcadyan	Arcadyan Brasil	Other receivables	Y	57,020	35,984	35,984	1.00%	Short-term financing	-	Operating financing	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Brasil	Other receivables	Y	55,620	55,360	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan UK	Other receivables	Y	285,100	-	-	1.00%	Transaction for business between two parties	4,349,995	-	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Vietnam	Other receivables	Y	285,100	276,800	-	1.00%	Transaction for business between two parties	4,345,760	-	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Vietnam	Other receivables	Y	255,510	-	-	1.00%	Transaction for business between two parties	5,375,096	-	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	-	-	1.00%	Transaction for business between two parties	165,990	-	-	-	-	132,792	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	-	-	1.00%	Transaction for business between two parties	165,990	-	-	-	-	132,792	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Russia	Other receivables	Y	27,800	27,800	6,705	1.00%	Transaction for business between two parties	377,472	-	-	-	-	301,977	5,062,440	(Note 10)
10	Arcadyan Holding	CNC	Other receivables	Y	484,670	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,416,212	2,416,212	(Note 11)
10	Arcadyan Holding	CNC	Other receivables	Y	470,560	470,560	470,560	1.00%	Short-term financing	-	Operating financing	-	-	-	2,416,212	2,416,212	(Note 11)
11	SVA	CNC	Other receivables	Y	153,440	-	-	3.85%	Short-term financing	-	Operating financing	-	-	-	28,344	28,344	(Note 12)

(Continued)

COMPAL ELECTRONICS, INC.  
Notes to Parent-Company-Only Financial Statements

**Table 1 Loans to other parties:**

(December 31, 2021)

- Note 1: According to the Company's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.
- Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9: According to 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 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 11: 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 12: According to SVA's Procedure for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of SVA. Also, the amount shall be combined with the SVA's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be the investee of the parent company. The total amount for lending the borrower shall not exceed 20% of the net worth of SVA and shall be combined with SVA's endorsements/guarantees for the borrower when calculating. In addition, when lending to the parent company or its 100% directly and indirectly owned subsidiaries, the total amount or individual amount shall not exceed the net worth of the latest financial statements of SVA.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 2 Guarantees and endorsements for other parties:**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 & 2)	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEB	(Note 4)	27,840,066	115,450	113,488	113,488	-	0.10%	55,680,132	Y	-	-
0	The Company	CEA	(Note 4)	27,840,066	177,786	174,384	174,384	-	0.16%	55,680,132	Y	-	-
0	The Company	CEP	(Note 3)	27,840,066	151,129	99,845	99,845	-	0.09%	55,680,132	Y	-	-
0	The Company	HengHao Kunshan	(note 4)	27,840,066	26,160	26,064	26,064	-	0.02%	55,680,132	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 4)	1,687,480	209,700	207,600	-	-	1.64%	5,062,440	Y	-	-

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2: According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3: Subsidiary whose over 50% common stock is directly owned.

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 3 Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(December 31, 2021)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	441,993	2%	441,993	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,003,307	9%	2,003,307	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	695,728	5%	695,728	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	18,722	10%	18,722	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	13,342	11%	13,342	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	26,600	3%	26,600	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	10%	101,676	
	TOP Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	402	4,233	2%	4,233	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	48,800	8%	48,800	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	88,740	19%	88,740	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		287,259			
	Total				<u>3,730,400</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	765,884	1%	765,884
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,120,320	5%	1,120,320	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	880,740	5%	880,740	
AcBel		The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	207,766	1%	207,766	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	6,995	116,883	3%	116,883	
Others			Financial assets at fair value through other comprehensive income-non-current		126,498			
Total					<u>3,218,091</u>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	444,538	-	444,538	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	108,551	6%	108,551	
	Others		Financial assets at fair value through other comprehensive income-non-current		2,139			
	Total				<u>555,228</u>			

(Continued)

COMPAL ELECTRONICS, INC.  
Notes to Parent-Company-Only Financial Statements

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**Table 3 Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(December 31, 2021)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	(Note 1)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	(Note 1)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	(Note 1)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	(Note 1)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	(Note 1)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	(Note 1)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	37,475	7%	37,475	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	26,169	7%	26,169	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	(Note 1)
	Total				<u>63,644</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>9,000</u>	-	9,000	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 1)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>124,560</u>	-	124,560	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,340</u>	17%	4,340	
BSH	CitiBank RED ARC TERMLIQUIDITY FUND	-	Financial assets at fair value through profit or loss-current		<u>277,312</u>	-	277,312	

Note 1: The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

# COMPAL ELECTRONICS, INC.

## Notes to Parent-Company-Only Financial Statements

**Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Gain (loss) on disposal	Others		Ending Balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost		Shares/ Units	Amount	Shares/ Units	Amount
Panpal	Stock : Kinpo	Financial assets at fair value through other comprehensive income-non-current	Jipo Investment	Related party	23,172	281,546	46,197	616,864	-	-	-	-	-	221,910 (Note 1)	69,369	1,120,320
CIT	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	1,470,031	-	1,660,937	-	3,156,037	3,130,968	25,069 (Note 2)	-	-	-	-
CIT	Structured deposits-Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	781,618	-	791,505	781,618	9,887 (Note 2)	-	-	-	-
CIT	Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications	-	-	-	-	434,232	-	439,453	434,232	5,221 (Note 2)	-	-	-	-
CIT	Structured deposits-Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	868,464	-	877,521	868,464	9,057 (Note 2)	-	-	-	-
CEC	Structured deposits-Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	542,790	-	546,782	542,790	3,992 (Note 2)	-	-	-	-
CPO	Structured deposits-Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	521,078	-	526,513	521,078	5,435 (Note 2)	-	-	-	-
CPO	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	521,078	-	525,696	521,078	4,618 (Note 2)	-	-	-	-
CIC	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	261,366	-	495,024	-	761,903	756,390	5,513 (Note 2)	-	-	-	-
CIC	Structured deposits-Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	521,078	-	528,433	521,078	7,355 (Note 2)	-	-	-	-
CET	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	241,113	-	238,828	-	484,885	479,941	4,944	-	-	-	-
CET	Structured deposits-Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	390,809	-	395,872	390,809	5,063 (Note 2)	-	-	-	-
CNC	Structured deposits-Kunshan Rural Commercial Bank	Financial assets at fair value through profit or loss-current	Kunshan Rural Commercial Bank	-	-	-	-	390,513	-	393,959	390,513	3,446 (Note 2)	-	-	-	-
CNC	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	130,799	-	260,342	-	393,905	390,513	3,392 (Note 2)	-	(628) (Note 1)	-	-
BSH	Fund RED ARC TERM LIQUIDITY FUND	Financial assets at fair value through profit or loss-current	Citibank	-	-	-	-	1,400,550	-	1,121,474	1,120,440	1,034 (Note 2)	-	(2,798) (Note 1)	-	277,312

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan	Land located at Guangfu Road, Hsinchu City	March 17, 2021 (Note 1)	415,480	Paid	Natural person	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal and price negotiation	Operational use	None

Note 1 : In response to business operation, the Group authorized the chairman to purchase land within \$500,000 by a resolution of the Board of Directors on March 17, 2021. In addition, the Group has signed an agreement with non-related parties on April 7, 2021 to purchase land.

**Table 6 Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:**

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually received	Gain (losses) on disposal	Counter-party	Relationship with the company	Purpose of disposal	References for determine price	Others
CDE	Right-of-use assets – land and building	May 7, 2021 (Note 1)	2011~2016	1,446,029	4,147,946 (CNY 956,012 thousand)	The payment has been received.	1,961,419	Kunshan XinCheng Construction and Development Co., Ltd.	Non-related party	Activating the assets	Appraisal and price negotiation	None

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

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(749,825)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	220,379	0.1%	
	CBN	The Company's subsidiaries	Sale	(803,662)	(0.1)%	Net 90 days from sale	Similar to non-related parties	There is no significant difference	540,542	0.2%	
	CEP	Subsidiaries wholly owned by the Company	Purchase	218,938	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	149,835,609	13.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(62,366,178)	(29.6)%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	178,478,231	15.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,188,862)	(2.0)%	
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	28,688,394	2.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,086,146)	(1.5)%	
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	42,665,925	3.7%	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	(16,612,130)	(7.9)%	
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	17,101,460	1.5%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,631,399)	(1.2)%	
	Kinpo Electronic, Inc.	With the same chairman	Purchase	527,883	-	35 days from the 1st of the following month	Similar to non-related parties	There is no significant difference	(527,418)	(0.2)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(179,037,498)	(99.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,188,862	99.9%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(102,464)	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	-	-	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	206,180	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(57,375)	(0.1)%	
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(150,179,442)	(93.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	62,366,178	96.5%	
	CEA	With the same ultimate parent company	Sale	(428,856)	(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	207,124	0.2%	
	CEB	With the same ultimate parent company	Sale	(390,795)	(0.2)%	120days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	261,497	0.2%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(3,491,406)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,580,332	1.1%	

(Continued)

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

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(5,042,538)	(3.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,304,731	1.6%	
	Henghao	With the same ultimate parent company	Purchase	245,113	0.2%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(61,174)	(0.1)%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	712,378	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(170,879)	(0.1)%	
	Just and its subsidiaries	With the same ultimate parent company	Purchase	102,536	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	-	-	
	CPM	An associate	Purchase	4,602,669	3.1%	120 days	Similar to non-related parties	There is no significant difference	(1,382,777)	(1.1)%	
	Changbao	An associate	Purchase	1,109,808	0.7%	120 days	Similar to non-related parties	There is no significant difference	(383,101)	(0.3)%	
	Abel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	1,200,858	0.8%	120 days	Similar to non-related parties	There is no significant difference	(552,945)	(0.4)%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	803,108	30.0%	Net 90 days from delivery	-	There is no significant difference	(540,542)	(43.0)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(42,863,233)	(88.6)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	16,612,130	94.0%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(135,499)	(5.6)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	1,993,166	2.7%	(Note 1)
	CEB	With the same ultimate parent company	Sale	(590,887)	(1.2)%	120 days	According to markup pricing	There is no significant difference	1,269,252	1.4%	
	CEA	With the same ultimate parent company	Sale	(783,053)	(1.6)%	120 days	According to markup pricing	There is no significant difference	507,450	0.6%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,488,526	7.3%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(1,580,332)	(1.7)%	
	CPM	An associate	Purchase	475,357	1.0%	120 days	Similar to non-related parties	There is no significant difference	(178,927)	(0.2)%	
	Abel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	608,220	1.3%	120 days	Similar to non-related parties	There is no significant difference	(284,359)	(0.3)%	
CEB	CEA	With the same ultimate parent company	Purchase	(108,252)	1.9%	120 days	Similar to non-related parties	There is no significant difference	1,537	(0.2)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	392,098	6.6%	120 days	Similar to non-related parties	There is no significant difference	(261,497)	(15.4)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	590,436	9.9%	120 days	Similar to non-related parties	There is no significant difference	(1,269,252)	(31.9)%	
	CEA	With the same ultimate parent company	Purchase	473,416	8.0%	45 days	Similar to non-related parties	There is no significant difference	(376,304)	(22.1)%	
	Cal-Comp	With the same chairman	Purchase	1,468,381	24.7%	120 days	Similar to non-related parties	There is no significant difference	(31,855)	(1.9)%	
CEA	CEB	With the same ultimate parent company	Sale	(473,416)	9.7%	45 days	Similar to non-related parties	There is no significant difference	376,304	(17.4)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	429,390	32.4%	120 days	Similar to non-related parties	There is no significant difference	(207,124)	(16.0)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	783,338	59.2%	120 days	Similar to non-related parties	There is no significant difference	(507,450)	(39.3)%	
	CEB	With the same ultimate parent company	Purchase	108,252	1.8%	45 days	Similar to non-related parties	There is no significant difference	(1,537)	(0.1)%	
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(17,096,471)	(99.5)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	2,631,399	98.2%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,639,840	14.2%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(246,217)	(10.0)%	

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)		
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(242,089)	(100.0)%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	46,437	(100.0)%		
UCGI	Avalue and its subsidiaries	With the same ultimate parent company	Sale	(166,677)	(16.5)%	Net 45 days after the month ended	Similar to non-related parties	Adjustments will be made based on demand for funding	23,533	11.7%		
HengHao	Compal Electronic, Inc.	Parent company	Purchase	757,372	92.3%	120 days	Similar to non-related parties	There is no significant difference	(220,379)	(94.1)%		
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(245,484)	(2.1)%	120 days	Similar to non-related parties	There is no significant difference	61,174	1.7%		
CEP	Compal Electronic, Inc.	Parent company	Sale	(220,757)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-		
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(28,700,918)	(84.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	3,086,146	86.8%		
	Just and its subsidiaries	With the same ultimate parent company	Sale	(207,079)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	57,375	0.8%		
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(1,639,069)	(4.9)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	246,217	(3.2)%		
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(712,526)	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	170,879	(2.3)%		
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	4,867,677	16.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,304,731)	(13.0)%		
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	98,879	8.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,993,166)	(15.1)%	(Note 1)	
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	242,089	0.8%	60 days after the delivery	Similar to non-related parties	There is no significant difference	(46,437)	(0.3)%		
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company ultimate parent company	Purchase	168,952	0.6%	120 days	Similar to non-related parties	There is no significant difference	(79,867)	(0.5)%		
	Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(1,226,052)	(3.0)%	Net 150 days from delivery	-	-	266,118	4.0%	
		Arcadyan USA	Arcadyan's subsidiary	Sale	(7,323,420)	(20.0)%	Net 120 days from delivery	-	-	2,020,989	29.0%	
Arcadyan AU		Arcadyan's subsidiary	Sale	(505,287)	(1.0)%	Net 60 days from the end of the month of delivery	-	-	23,439	- %		
CNC		Arcadyan's subsidiary	Purchase	12,985,802	26.0%	Net 120 days from delivery	According to markup pricing	-	(2,028,930)	(27.0)%	(Note1)	
Arcadyan Vietnam		Arcadyan's subsidiary	Purchase	1,091,354	2.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note1)	
CNC	Arcadyan	With the same ultimate parent company	Sale	(12,985,802)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,028,930	- %	(Note1)	
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(1,091,354)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note1)	
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	1,226,052	100.0%	Net 150 days from delivery	-	-	(266,118)	(100.0)%	(Note1)	

(Continued)

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

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
Acradyan USA	Arcadyan	With the same ultimate parent company	Purchase	7,323,420	100.0%	Net 120 days from delivery	-	-	(2,020,989)	(100.0)%	(Note1)
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	505,287	100.0%	Net 60 days from the end of the month of delivery	-	-	(23,439)	100%	(Note1)

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

Note 2: The amount of other receivables on December 31, 2021 is 1,276,111 thousand dollars.

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

**Table 8 Receivables from related parties with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CBN	The Company's subsidiary	540,542	1.93	-	-	297,600 (Note 1)	-
The Company	UCGI	The Company's subsidiary	220,379	3.04	-	-	88,156 (Note 1)	-
The Company	Cal-Comp	With the same chairman	1,697,598	-	-	-	- (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	4,188,862	33.34	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	62,366,178	2.63	-	-	62,366,178 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	207,124	4.14	-	-	161,410 (Note 1)	-
CIH and its subsidiaries	CEB	With the same ultimate parent company	261,497	2.36	-	-	134,253 (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	1,580,332	2.23	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,304,731	2.08	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	16,612,130	3.16	-	-	16,612,130 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,993,166	0.06	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,269,252	0.45	-	-	135,132 (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	507,450	3.09	-	-	448,708 (Note 1)	-
CEA	CEB	With the same ultimate parent company	376,304	2.52	-	-	366,319 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,631,399	5.34	-	-	1,843,015 (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	3,086,146	3.54	-	-	2,302,953 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	246,217	6.14	-	-	- (Note 1)	-
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	170,879	8.32	-	-	- (Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	266,118	4.82	-	-	94,823 (Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	2,020,989	4.79	-	-	1,360,434 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,276,111 (Note 4)	(Note 4)	-	-	- (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	2,028,930 (Note 5)	4.78	-	-	1,854,400 (Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	182,739 (Note 6)	-	12,530	Enhanced the collection	175,468 (Note 3)	-

Note 1:Balance as of Mrach 4, 2022.

Note 2:Balance as of Mrach 1, 2022.

Note 3:Balance as of Mrach 9, 2022.

Note 4:Other receivables due to purchasing on behalf of related parties.

Note 5:Accounts receivables due to processing raw material.

Note 6:Other receivables due to processing and sales of raw material.

(Continued)

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

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Kinpo&Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000	-	52,500	70%	525,085	120	85	
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	404,559	(19,042)	(15,326)	
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	9,577,912	2,038,308	2,038,308	
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	37,410,192	3,196,352	3,196,352	
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	5,120,741	19,461	(31,176)	
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,716,614	145,081	115,690	
	Kinpo Group management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,776	288	117	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	102,074	21,471	18,593	
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	101,881	(21,226)	(23,402)	
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,262,334	-	-	
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	3,120	382	347	
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	398,995	390,431	79,707	
	Maxima Ventures I, Inc. ("Maxima")	Taipei City	Investment	-	1,260	-	-	-	-	-	
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	57,303	(31,249)	(16,261)	
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	711,499	284,726	139,516	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	767,803	1,706	1,706	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	-	3,500	35%	33,971	(2,940)	(1,029)	
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	71,758	41,617	13,830	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,136,788	89,224	89,224	
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	359,218	39,395	39,395	
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	252,821	41,445	22,068	
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	125,347	4,074	4,074	
	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%	2,493,682	1,787,544	351,746	
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,752,330	(62,830)	(62,830)	
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,098	(92)	(92)	
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	57,547	(856,715)	(300,169)	
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(3,097)	(20,160)	(18,034)	

(Continued)

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

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	42,000	9,100	91%	58,858	(25,053)	(22,724)	
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	109,837	4,648	28%	37,824	28,574	7,873	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,529,757	20,015	100%	(484,153)	(425,641)	(425,641)	
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	7,179,197	908,947	908,947	
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	682,558	32,744	14,204	
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	150,785	35,093	29,295	
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	228,858	43,721	43,721	
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,305,068	603,543	209,561	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(184,795)	632,364	516,481	
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	679,564	116,378	116,378	
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,304,552	12,658	12,658	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	489,998	199,999	10,000	100%	(37,303)	53,840	53,926	
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	113,123	4,426	3,976	
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	626,851	196,505	43,341	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	6,580,283	(569,898)	(569,898)	
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	330,604	24,917	12,585	
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	37	-	100%	86,855	(1,700)	(1,741)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	44,309	(46,608)	(15,543)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	144,270	(22,602)	(6,781)	
								<u>88,293,659</u>		<u>6,573,057</u>	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	539,351	1,787,544	Investment gain(losses) recognized by Panpal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	114,974	390,431	Investment gain(losses) recognized by Panpal	
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	75,937 635,925	1,787,544	Investment gain(losses) recognized by Gempal	

(Continued)

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

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Gempal	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	126,471	390,431	Investment gain(losses) recognized by Gempal	
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	635,925	1,787,544	Investment gain(losses) recognized by Hong Ji	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	28,554	390,431	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%	300,876	1,787,544	Investment gain(losses) recognized by Hong Jin	
Just	CDH (HK)	Hong Kong	Investment	1,724,395	1,724,395	62,298	100%	7,336,510	2,033,586	Investment gain(losses) recognized by Just	
	CII	British Virgin Islands	Investment	255,902	255,902	9,245	100%	232,596	(469)	Investment gain(losses) recognized by Just	
	CPI	British Virgin Islands	Investment	13,840	13,840	500	100%	831,308	2,720	Investment gain(losses) recognized by Just	
CII	Smart	British Virgin Islands	Investment	28	28	1	100%	350	(3)	Investment gain(losses) recognized by CII	
	AEI	U.S.A	Sales and maintenance of LCD TVs	27,680	27,680	1,000	100%	43,364	(491)	Investment gain(losses) recognized by CII	
	MEL	U.S.A	Investment	227,917	227,917	-	100%	188,891	25	Investment gain(losses) recognized by CII	
	MTL	U.S.A	Investment	28	28	-	100%	28	-	Investment gain(losses) recognized by CII	
CIH	CIH (HK)	Hong Kong	Investment	2,070,533	2,070,533	74,803	100%	36,259,088	3,482,248	Investment gain(losses) recognized by CIH	
	Jenpal	British Virgin Islands	Investment	203,448	203,448	7,350	100%	98,697	373	Investment gain(losses) recognized by CIH	
	PFG	British Virgin Islands	Investment	28	28	1	100%	430,130	7,570	Investment gain(losses) recognized by CIH	
	FWT	British Virgin Islands	Investment	412,432	412,432	14,900	100%	412,895	-	Investment gain(losses) recognized by CIH	
	CCM	British Virgin Islands	Investment	141,168	141,168	5,100	51%	25,433	187	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,854,560	1,854,560	67,000	100%	221,043	(869,094)	Investment gain(losses) recognized by HSI	

(Continued)

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

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HSI	Goal	British Virgin Islands	Investment	351,536	351,536	12,700	100%	304,117	12,379	Investment gain(losses) recognized by HSI	
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,854,560	1,854,560	67,000	100%	221,043	(869,094)	Investment gain(losses) recognized by IUE	
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	351,536	351,536	12,700	100%	305,603	12,379	Investment gain(losses) recognized by Goal	
BCI	CMI	British Virgin Islands	Investment	2,237,098	2,237,098	80,820	100%	4,503,395	578,634	Investment gain(losses) recognized by BCI	
	PRI	British Virgin Islands	Investment	276,800	276,800	10,000	100%	2,675,803	330,312	Investment gain(losses) recognized by BCI	
CORE	BSH	British Virgin Islands	Investment	4,068,960	4,068,960	147,000	100%	6,580,283	(569,898)	Investment gain(losses) recognized by CORE	
BSH	Mithera	Cayman Islands	Investment	138,400	138,400	-	99%	129,444	(3,059)	Investment gain(losses) recognized by BSH	
	HSI	British Virgin Islands	Investment	1,024,160	1,024,160	37,000	46%	467,614	(856,715)	Investment gain(losses) recognized by BSH	
	CIN	U.S.A	Manufacturing	226,421	-	1	100%	190,352	(35,101)	Investment gain(losses) recognized by BSH	
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain(losses) recognized by Forever	
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	55,360	55,360	-	100%	16,398	13,289	Investment gain(losses) recognized by Forever	
Webtek	Etrade	British Virgin Islands	Investment	692,000	692,000	25,000	35%	(54,057)	632,364	Investment gain(losses) recognized by Webtek	
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	40,692	25,500	588	100%	29,252	(1,629)	Investment gain(losses) recognized by Unicore	
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,359,732	64,780	100%	2,323,746	335,159	Investment gain(losses) recognized by Arcadyan	
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	162,359	83,123	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	76,914	8,474	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	11,899	(436)	Investment gain(losses) recognized by Arcadyan	
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	415,117	6,825	Investment gain(losses) recognized by Arcadyan	
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	371,174	(219,951)	Investment gain(losses) recognized by Arcadyan	

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

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,638	(121)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,206	793	Investment gain(losses) recognized by Arcadyan	
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	41,705	3,213	Investment gain(losses) recognized by Arcadyan	
	Arcadyan RU	Russia	Sales of wireless network products	7,672	2,492	-	100%	5,856	(1,361)	Investment gain(losses) recognized by Arcadyan	
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,642	32,744	Investment gain(losses) recognized by Arcadyan	
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(14,827)	(148)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan India	India	Sales of wireless network products	13,507	-	3,500	100%	11,389	(1,448)	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	804,104	527,304	29,050	100%	854,011	138,028	Investment gain(losses) recognized by Arcadyan Holding	
	Arch Holding	British Virgin Islands	Investment	304,784	304,784	35	100%	1,045,972	186,372	Investment gain(losses) recognized by Arcadyan Holding	
TTI	Quest	Samoa	Investment	33,216	33,216	1,200	100%	(64,119)	(96,963)	Investment gain(losses) recognized by TTI	
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	3,945	(1,325)	Investment gain(losses) recognized by TTI	
Quest	Exquisite	Samoa	Investment	32,386	32,386	1,170	100%	(76,480)	(96,967)	Investment gain(losses) recognized by Quest	
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	802,720	525,920	-	100%	849,942	138,028	Investment gain(losses) recognized by Sinoprime	
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	311,536	32,744	Investment gain(losses) recognized by Zhi-Bao	
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	152,994	76,203	Investment gain(losses) recognized by Rayonnant	
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain(losses) recognized by Rayonnant	
CRH	APH	British Virgin Islands	Investment	346,000	346,000	12,500	59%	228,858	76,203	Investment gain(losses) recognized by CRH	
APH	PEL	British Virgin Islands	Investment	87,220	87,220	3,151	100%	39,230	2,243	Investment gain(losses) recognized by APH	
	Rayonnant(HK)	Hong Kong	Investment	498,240	498,240	18,000	100%	335,238	73,960	Investment gain(losses) recognized by APH	

(Continued)

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

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(648,644)	(476,081)	Investment gain(losses) recognized by HHT	
HHA	HHB	British Virgin Islands	Investment	1,297,695	1,297,695	46,882	100%	(648,584)	(476,081)	Investment gain(losses) recognized by HHA	
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%	5,410	(271)	Investment gain(losses) recognized by CBN	
	CBNN	The Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,022	(124)	Investment gain(losses) recognized by CBN	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	10,000	-	1,000	10%	9,706	(2,940)	Investment gain(losses) recognized by CBN	
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,484,432	2,484,432	95,862	37%	4,815,888	(62,723)	Investment gain(losses) recognized by FGH	
GLB	RBL	New Taipei City	Detectors and test strip	-	6,500	-	0%	-	(334)	Investment gain(losses) recognized by GLB	(Note 3)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	16,763	(17,477)	Investment gain(losses) recognized by Mactech	

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

Note 2: The subsidiary was incorporated on March 25, 2021.

Note 3: Liquidation was completed in July, 2021.

(Continued)

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

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

(December 31, 2021)

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

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,024,160	(Note 1)	1,024,160	-	-	1,024,160	689,977	100%	689,977	2,621,488	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	553,600	(Note 2)	553,600	-	-	553,600	(22,978)	100%	(22,978)	77,074	-
CET	Manufacturing of notebook PCs	332,160	(Note 2)	332,160	-	-	332,160	162,364	100%	162,364	4,795,313	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	260,395	(Note 2)	(Note 3)	-	-	-	555,435	100%	555,435	568,446	-
Zheng Ying Electronics (Chongqing) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	68,467	(Note 2)	(Note 3)	-	-	-	-	51%	-	(43,020)	-
BT	Manufacturing of notebook PCs	27,680	(Note 2)	27,680	-	-	27,680	27,737	100%	27,737	(158,184)	-
CGS	Maintenance and warranty service of notebook PCs	8,680	(Note 2)	(Note 3)	-	-	-	(19,533)	100%	(19,533)	(45,016)	-
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	885,760	(Note 1)	368,974	-	-	368,974	256,101	43%	110,585	535,940	-
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	553,600	(Note 1)	40,690	-	-	40,690	175,713	48%	83,640	542,279	-
CIC	Manufacturing of notebook PCs	332,160	(Note 2)	332,160	-	-	332,160	881,782	100%	881,782	8,676,307	-
CPO	Manufacturing and sales of LCD TVs	334,928	(Note 1)	334,928	-	-	334,928	61,872	100%	61,872	2,838,177	-
CIT	Manufacturing of notebook PCs	664,320	(Note 2)	664,320	-	-	664,320	2,020,686	100%	2,020,686	22,323,113	-
CST	International trade and distribution of computers and electronic components	38,752	(Note 2)	38,752	-	-	38,752	1,442	100%	1,442	48,140	-

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

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

(December 31, 2021)

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

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	276,800	(Note 2)	141,168	-	-	141,168	187	51%	96	57,161	-
CIJ	Investment and consulting services	431,808	(Note 2)	431,808	-	-	431,808	1,692,951	100%	1,692,951	2,235,113	-
CDE	Manufacturing and sales of LCD TVs	415,200	(Note 2)	(Note 3)	-	-	-	1,692,304	100%	1,692,304	2,202,258	-
CIS	Outward investment and consulting services	2,237,098	(Note 1)	2,237,098	-	-	2,237,098	578,634	100%	578,634	4,503,395	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,214,400	(Note 2)	(Note 3)	-	-	-	578,669	100%	578,669	4,475,331	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	22,144	(Note 2)	(Note 3)	-	-	-	(51)	100%	(51)	22,152	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	276,800	(Note 1)	276,800	-	-	276,800	330,312	100%	330,312	2,675,803	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	11,625,600	(Note 2)	2,287,115	-	-	2,287,115	218,835	37%	80,137	5,443,063	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,660,800	(Note 2)	317,102	-	-	317,102	(222,019)	37%	(81,303)	726,504	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	498,240	(Note 2)	346,000	-	-	346,000	73,960	100%	73,960	335,779	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	747,360	(Note 1)	608,960	-	-	608,960	(40,952)	100%	(40,952)	(930,657)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	160,544	(Note 1)	160,544	-	-	160,544	1,737	100%	1,737	87,829	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,356,320	(Note 1)	525,920	-	-	525,920	373,471	100%	373,471	816,200	-
Hanhelt	R&D and manufacturing of electronic communication equipment	55,360	(Note 1)	55,360	-	-	55,360	(476)	100%	(476)	2,380	-
<b>Arcadyan</b> SVA Arcadyan	R&D and sales of wireless network products	224,208	(Note 1)	509,866 (Note 7)	-	138,400 (Note 9)	371,466	6,442	100%	6,442	28,344	-

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## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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

(December 31, 2021)

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

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CNC	Manufacturing and wireless network products	344,616	(Note 1)	304,784 (Note 8)	-	-	304,784	186,372	100%	186,372	1,045,972	-
THAC	Manufacturing of household electronics products	92,728	(Note 1 - 10)	31,832	-	-	31,832	(96,967)	100%	(96,967)	(76,950)	-
<b>HengHao</b> HengHao Optoelectronic Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	1,107,200	(Note 1)	1,101,747	-	-	1,101,747	(477,802)	100%	(477,802)	(775,079)	-
Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of notebook PCs and related modules	415,200	(Note 2)	179,893 (Note 12)	-	-	179,893	1,687	100%	1,687	126,264	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	15,017,424 (US\$542,537) (Note 5)	21,254,309 (US\$767,858)	(Note 6)
Arcadyan	708,082 (US\$25,581)	708,082 (US\$25,581)	7,593,661
HengHao	1,297,417 (US\$46,872)	1,297,417 (US\$46,872)	(Note 13)

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

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

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

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

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

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

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

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

Note 9: SVA Arcadyan decreased its capital amounting to US\$15,000 thousand to offset accumulated losses in March 2009, and returned its capital amounting to US\$5,000 thousand on April 7, 2021.

Note 10: Arcadyan’s subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

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

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

Note 13: The net equity of HengHao is negative at December 31, 2021.

(iii) Significant transactions:

For the year ended December 31, 2021, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.