

**COMPAL ELECTRONICS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2021 and 2020**

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## Independent Auditors' Review Report

To COMPAL ELECTRONICS, INC.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$16,769,935 thousand and \$17,064,073 thousand, constituting 3.8% and 4.8% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to \$2,794,096 thousand and \$1,844,274 thousand, constituting both 0.8% of consolidated total liabilities as of March 31, 2021 and 2020, and the absolute value of total comprehensive income (loss) amounting to \$(78,661) thousand and \$(521,729) thousand, constituting 2.4% and 188.2% of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of COMPAL ELECTRONICS, INC. and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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



KPMG

Taipei, Taiwan (Republic of China)  
May 12, 2021

### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020**

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2021, December 31, 2020, and March 31, 2020**

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

	March 31, 2021		December 31, 2020		March 31, 2020			March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>													
<b>Current assets:</b>							<b>Liabilities and Equity</b>						
1100 Cash and cash equivalents (note (6)(a))	\$ 84,468,219	18.9	89,126,923	19.1	64,247,326	18.1	2100 Short-term borrowings (note (6)(l))	\$ 86,015,621	19.3	92,838,733	19.9	43,900,240	12.4
1110 Current financial assets at fair value through profit or loss (note (6)(b))	4,497,713	1.0	2,245,254	0.5	3,719,795	1.1	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	28,142	-	136,617	-	8,378	-
1135 Current financial assets for hedging (note (6)(d))	7,557	-	-	-	73,688	-	2125 Current financial liabilities for hedging (note (6)(d))	-	-	2,192	-	-	-
1170 Notes and accounts receivable, net (note (6)(e))	215,797,463	48.4	231,830,964	49.7	154,469,155	43.5	2130 Current contract liabilities (note (6)(v))	873,397	0.2	820,016	0.2	705,049	0.2
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	70,727	-	378,934	0.1	23,392	-	2170 Notes and accounts payable	179,103,834	40.1	196,837,439	42.2	140,553,785	39.6
1200 Other receivables, net (notes (6)(e) and (7))	1,856,374	0.4	1,628,657	0.3	1,846,080	0.5	2180 Notes and accounts payable to related parties (note (7))	2,689,950	0.6	2,888,624	0.6	1,641,260	0.5
1310 Inventories (note (6)(f))	91,459,586	20.5	96,151,959	20.6	88,009,608	24.8	2200 Other payables (note (7))	23,607,984	5.3	23,397,672	5.0	17,619,794	5.0
1470 Other current assets (note (8))	3,435,003	0.8	3,097,944	0.6	3,805,860	1.1	2216 Dividends payable	7,853,656	1.8	11	-	5,866,927	1.7
	<u>401,592,642</u>	<u>90.0</u>	<u>424,460,635</u>	<u>90.9</u>	<u>316,194,904</u>	<u>89.1</u>	2230 Current tax liabilities	6,022,168	1.4	5,378,651	1.2	4,610,173	1.3
<b>Non-current assets:</b>							2250 Current provisions (note (6)(p))	916,181	0.2	870,050	0.2	887,359	0.3
1550 Investments accounted for using equity method (note (6)(g))	7,905,512	1.8	7,949,925	1.7	7,188,657	2.0	2280 Current lease liabilities (note (6)(o))	713,567	0.2	377,161	0.1	458,232	0.1
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	222,639	-	201,608	0.1	169,579	-	2300 Other current liabilities	1,542,071	0.3	1,470,466	0.3	1,864,251	0.5
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	5,100,769	1.1	4,817,011	1.0	4,085,776	1.2	2365 Current refund liabilities	1,536,909	0.3	1,574,469	0.3	1,474,556	0.3
1600 Property, plant and equipment (notes (6)(j) and (8))	23,539,019	5.3	22,085,340	4.7	19,934,781	5.6	2322 Long-term borrowings, current portion (note (6)(m))	8,596,275	1.9	8,932,615	1.9	13,877,175	3.9
1755 Right-of-use assets (note (6)(k))	3,598,988	0.8	3,496,952	0.8	3,546,682	1.0		<u>319,499,755</u>	<u>71.6</u>	<u>335,524,716</u>	<u>71.9</u>	<u>233,467,179</u>	<u>65.8</u>
1780 Intangible assets	1,646,307	0.4	1,506,101	0.3	1,624,402	0.4	<b>Non-Current liabilities:</b>						
1840 Deferred tax assets	1,550,274	0.4	1,514,208	0.3	1,626,586	0.5	2530 Bonds payable (note (6)(n))	979,546	0.2	980,219	0.2	969,905	0.3
1990 Other non-current assets (note (8))	984,879	0.2	893,918	0.2	566,290	0.2	2540 Long-term borrowings (note (6)(m))	10,332,444	2.3	10,401,738	2.2	7,709,619	2.2
	<u>44,548,387</u>	<u>10.0</u>	<u>42,465,063</u>	<u>9.1</u>	<u>38,742,753</u>	<u>10.9</u>	2570 Deferred tax liabilities	1,050,711	0.2	992,470	0.2	944,917	0.3
							2580 Non-current lease liabilities (note (6)(o))	1,695,821	0.4	1,910,601	0.4	1,705,134	0.4
							2640 Non-current net defined benefit liability	780,028	0.2	786,173	0.2	733,459	0.2
							2670 Non-current liabilities, others (note (6)(g))	444,936	0.1	340,131	0.1	216,210	-
								<u>15,283,486</u>	<u>3.4</u>	<u>15,411,332</u>	<u>3.3</u>	<u>12,279,244</u>	<u>3.4</u>
								<u>334,783,241</u>	<u>75.0</u>	<u>350,936,048</u>	<u>75.2</u>	<u>245,746,423</u>	<u>69.2</u>
							<b>Total liabilities</b>						
							<b>Equity:</b>						
							<b>Equity attributable to owners of parent (note (6)(s)):</b>						
							3110 Ordinary share	44,071,466	9.9	44,071,466	9.4	44,071,466	12.4
							3200 Capital surplus	6,662,275	1.5	8,342,813	1.8	8,338,999	2.3
							3300 Retained earnings	59,892,107	13.4	62,566,181	13.4	53,924,166	15.2
							3400 Other equity interest	(6,954,388)	(1.5)	(7,266,708)	(1.6)	(4,657,206)	(1.3)
							3500 Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)
								<u>102,790,213</u>	<u>23.1</u>	<u>106,832,505</u>	<u>22.8</u>	<u>100,796,178</u>	<u>28.4</u>
							36XX Non-controlling interests	8,567,575	1.9	9,157,145	2.0	8,395,056	2.4
							<b>Total equity</b>	<u>111,357,788</u>	<u>25.0</u>	<u>115,989,650</u>	<u>24.8</u>	<u>109,191,234</u>	<u>30.8</u>
<b>Total assets</b>	<u>\$ 446,141,029</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<u>354,937,657</u>	<u>100.0</u>	<b>Total liabilities and equity</b>	<u>\$ 446,141,029</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<u>354,937,657</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

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

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2021 and 2020**

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

		<b>For the three months ended March 31</b>			
		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	Net sales revenue (notes (6)(v) and (7))	\$ 269,991,533	100.0	182,047,046	100.0
5000	Cost of sales (notes (6)(f),(6)(q), (7) and (12))	<u>260,389,951</u>	<u>96.4</u>	<u>176,101,135</u>	<u>96.7</u>
	<b>Gross profit</b>	<u>9,601,582</u>	<u>3.6</u>	<u>5,945,911</u>	<u>3.3</u>
	<b>Operating expenses: (notes (6)(q) and (12))</b>				
6100	Selling expenses	1,530,633	0.6	790,605	0.4
6200	Administrative expenses	1,036,551	0.4	1,068,185	0.6
6300	Research and development expenses	<u>3,759,510</u>	<u>1.4</u>	<u>3,181,272</u>	<u>1.8</u>
		<u>6,326,694</u>	<u>2.4</u>	<u>5,040,062</u>	<u>2.8</u>
	<b>Net operating income</b>	<u>3,274,888</u>	<u>1.2</u>	<u>905,849</u>	<u>0.5</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note (6)(x))	499,504	0.2	479,243	0.3
7020	Other gains and losses, net (notes (6)(d), (6)(g), (6)(x) and (6)(z))	61,301	-	(53,973)	-
7050	Finance costs (notes (6)(n) and (6)(o))	(271,227)	(0.1)	(382,778)	(0.2)
7190	Other income (note (6)(x))	87,644	0.1	68,041	-
7590	Miscellaneous disbursements	(23,395)	-	(6,893)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	<u>39,926</u>	<u>-</u>	<u>79,171</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>393,753</u>	<u>0.2</u>	<u>182,811</u>	<u>0.1</u>
7900	<b>Profit from continuing operations before tax</b>	3,668,641	1.4	1,088,660	0.6
7950	<b>Less: Income tax expenses (note (6)(r))</b>	<u>760,006</u>	<u>0.3</u>	<u>317,358</u>	<u>0.2</u>
	<b>Profit</b>	<u>2,908,635</u>	<u>1.1</u>	<u>771,302</u>	<u>0.4</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	283,512	0.1	(860,814)	(0.5)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(7,211)	-	(87,988)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(r))	<u>18,381</u>	<u>-</u>	<u>(54,963)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>257,920</u>	<u>0.1</u>	<u>(893,839)</u>	<u>(0.5)</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	83,939	-	381,246	0.3
8368	Gains (losses) on hedging instrument (note (6)(y))	9,749	-	78,559	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(33,061)	-	(58,268)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(r))	<u>(77)</u>	<u>-</u>	<u>1,842</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>60,704</u>	<u>-</u>	<u>399,695</u>	<u>0.3</u>
8300	<b>Other comprehensive income</b>	<u>318,624</u>	<u>0.1</u>	<u>(494,144)</u>	<u>(0.2)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 3,227,259</u>	<u>1.2</u>	<u>277,158</u>	<u>0.2</u>
	<b>Profit, attributable to:</b>				
8610	Profit, attributable to owners of parent	\$ 2,620,164	1.0	605,011	0.3
8620	Profit, attributable to non-controlling interests	<u>288,471</u>	<u>0.1</u>	<u>166,291</u>	<u>0.1</u>
		<u>\$ 2,908,635</u>	<u>1.1</u>	<u>771,302</u>	<u>0.4</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income (loss), attributable to owners of parent	\$ 2,932,087	1.1	51,428	-
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>295,172</u>	<u>0.1</u>	<u>225,730</u>	<u>0.2</u>
		<u>\$ 3,227,259</u>	<u>1.2</u>	<u>277,158</u>	<u>0.2</u>
	<b>Earnings per share (note 6(u))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 0.60</u>		<u>0.14</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.59</u>		<u>0.14</u>	

See accompanying notes to consolidated financial statements.

**Reviewed only, not audited in accordance with generally accepted auditing standards**  
**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent														
	Retained earnings						Total other equity interest								
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		Exchange differences on translation of foreign financial statements		Others		Total other equity interest		Treasury shares
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity		
<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	8,786,711	114,759,344	
Profit for the three months ended March 31, 2020	-	-	-	-	605,011	605,011	-	-	-	-	-	605,011	166,291	771,302	
Other comprehensive income	-	-	-	-	174	174	316,260	(893,999)	23,982	(553,757)	-	(553,583)	59,439	(494,144)	
Total comprehensive income	-	-	-	-	605,185	605,185	316,260	(893,999)	23,982	(553,757)	-	51,428	225,730	277,158	
Appropriation and distribution of retained earnings:															
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)	
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)	
Changes in ownership interests in subsidiaries	-	974	-	-	-	-	-	-	-	-	-	974	-	974	
Changes in equity of associates and joint ventures accounted for using equity method	-	174	-	-	(476)	(476)	-	-	-	-	-	(302)	-	(302)	
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(617,385)	(617,385)	
<b>Balance at March 31, 2020</b>	<b>\$ 44,071,466</b>	<b>8,338,999</b>	<b>19,719,150</b>	<b>7,467,831</b>	<b>26,737,185</b>	<b>53,924,166</b>	<b>(3,478,720)</b>	<b>(1,200,762)</b>	<b>22,276</b>	<b>(4,657,206)</b>	<b>(881,247)</b>	<b>100,796,178</b>	<b>8,395,056</b>	<b>109,191,234</b>	
<b>Balance at January 1, 2021</b>	<b>\$ 44,071,466</b>	<b>8,342,813</b>	<b>20,414,740</b>	<b>4,101,743</b>	<b>38,049,698</b>	<b>62,566,181</b>	<b>(6,888,977)</b>	<b>(376,952)</b>	<b>(779)</b>	<b>(7,266,708)</b>	<b>(881,247)</b>	<b>106,832,505</b>	<b>9,157,145</b>	<b>115,989,650</b>	
Profit for the three months ended March 31, 2021	-	-	-	-	2,620,164	2,620,164	-	-	-	-	-	2,620,164	288,471	2,908,635	
Other comprehensive income	-	-	-	-	(223)	(223)	51,088	257,659	3,399	312,146	-	311,923	6,701	318,624	
Total comprehensive income	-	-	-	-	2,619,941	2,619,941	51,088	257,659	3,399	312,146	-	2,932,087	295,172	3,227,259	
Appropriation and distribution of retained earnings:															
Cash dividends of ordinary share	-	-	-	-	(5,288,576)	(5,288,576)	-	-	-	-	-	(5,288,576)	-	(5,288,576)	
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)	
Changes in ownership interests in subsidiaries	-	852	-	-	(5,265)	(5,265)	-	-	-	-	-	(4,413)	-	(4,413)	
Changes in equity of associates and joint ventures accounted for using equity method	-	470	-	-	(174)	(174)	-	174	-	174	-	470	-	470	
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027	-	80,027	
Others	-	972	-	-	-	-	-	-	-	-	-	972	-	972	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(884,742)	(884,742)	
<b>Balance at March 31, 2021</b>	<b>\$ 44,071,466</b>	<b>6,662,275</b>	<b>20,414,740</b>	<b>4,101,743</b>	<b>35,375,624</b>	<b>59,892,107</b>	<b>(6,837,889)</b>	<b>(119,119)</b>	<b>2,620</b>	<b>(6,954,388)</b>	<b>(881,247)</b>	<b>102,790,213</b>	<b>8,567,575</b>	<b>111,357,788</b>	

See accompanying notes to consolidated financial statements.

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

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2021 and 2020**

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 3,668,641	1,088,660
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	1,674,643	1,531,865
Increase (decrease) in expected credit loss	23,406	(1,724)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,180)	5,780
Finance cost	271,227	382,778
Interest income	(499,504)	(479,243)
Dividend income	(8,199)	-
Compensation cost of share-based payments	8,144	22,573
Share of loss (profit) of associates and joint ventures accounted for using equity method	(39,926)	(79,171)
Gain on disposal of property, plant and equipment	(1,843)	(1,088)
Gain on disposal of investments	-	(4,899)
<b>Total adjustments to reconcile profit (loss)</b>	<u>1,421,768</u>	<u>1,376,871</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	(2,252,461)	(2,373,416)
Decrease (increase) in notes and accounts receivable	16,318,750	37,247,762
Decrease (increase) in other receivables	(181,856)	243,717
Decrease (increase) in inventories	4,692,373	(9,576,070)
Decrease (increase) in other current assets	(337,059)	(733,199)
Decrease (increase) in other non-current assets	(10,042)	32,703
<b>Total changes in operating assets</b>	<u>18,229,705</u>	<u>24,841,497</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in financial liabilities at fair value through profit or loss	(108,475)	2,524
Increase (decrease) in notes and accounts payable	(17,932,279)	(2,250,732)
Increase (decrease) in other payables	110,020	(3,938,012)
Increase (decrease) in refund liabilities	(37,560)	92,182
Increase (decrease) in provisions	46,131	56,602
Increase (decrease) in contract liabilities	53,381	(251,406)
Increase (decrease) in other current liabilities	71,605	(125,992)
Others	(6,145)	(4,705)
<b>Total changes in operating liabilities</b>	<u>(17,803,322)</u>	<u>(6,419,539)</u>
<b>Total changes in operating assets and liabilities</b>	<u>426,383</u>	<u>18,421,958</u>
<b>Total adjustments</b>	<u>1,848,151</u>	<u>19,798,829</u>
Cash inflow generated from operations	5,516,792	20,887,489
Interest received	498,034	454,057
Dividends received	8,199	-
Interest paid	(304,609)	(460,387)
Income taxes paid	(111,191)	(99,719)
<b>Net cash flows from (used in) operating activities</b>	<u>5,607,225</u>	<u>20,781,440</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	(14,850)	(77,434)
Proceeds from disposal of investments accounted for using equity method	-	8,306
Acquisition of property, plant and equipment	(2,607,437)	(1,360,573)
Proceeds from disposal of property, plant and equipment	4,385	46,905
Acquisition of intangible assets	(277,436)	(177,398)
Acquisition of right-of-use assets	-	(323,472)
Others	(80,919)	18,629
<b>Net cash flows from (used in) investing activities</b>	<u>(2,976,257)</u>	<u>(1,865,037)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	(6,823,112)	(17,051,604)
Proceeds from long-term borrowings	12,999,010	21,954,500
Repayments of long-term borrowings	(13,404,644)	(26,116,144)
Payment of lease liabilities	(205,790)	(226,597)
Others	89,778	(30,262)
<b>Net cash flows from (used in) financing activities</b>	<u>(7,344,758)</u>	<u>(21,470,107)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>55,086</u>	<u>241,633</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(4,658,704)</u>	<u>(2,312,071)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>89,126,923</u>	<u>66,559,397</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 84,468,219</u>	<u>64,247,326</u>

See accompanying notes to consolidated financial statements.

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

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 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 and its subsidiaries (together referred to as the “Group” and individually as the (“Group entities”)) primarily are involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on May 12, 2021.

**(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. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 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 IASB but not yet endorsed by the FSC

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

(Continued)

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	January 1, 2023

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 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”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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

**(a) Statement of compliance**

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

(Continued)

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

Except as described in the following paragraph, the significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2020. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2020.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are consistent with the consolidated financial statement for the year ended December 31, 2020. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2020.

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of March 31, 2021, which represented 0.7% of the Company's outstanding shares. (Note 1 and Note 2)
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of March 31, 2021, which represented 0.4% of the Company's outstanding shares.
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	"	100%	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. ("Arcadyan")	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	35%	35%	35%	The Group had the ability to control Arcadyan.
The Company	Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	100%	
"	Mactech Co., Ltd ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	91%	70%	70%	
"	Shennona Taiwan Co., Ltd. ("Shennona TW")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	100%	
"	Aco Smartcare Co., Ltd. ("Aco Smartcare")	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	52%	
"	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	100%	
"	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	100%	
"	Just International Ltd. ("Just")	Investment	100%	100%	100%	
"	Compal International Holding Co., Ltd. ("CIH")	"	100%	100%	100%	
"	Compal Electronics (Holding) Ltd. ("CEH")	"	100%	100%	100%	
"	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	100%	(Note 1 and Note 2)
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	100%	(Note 1 and Note 2)
The Company and BSH	High Shine Industrial Corp. ("HSI")	"	100%	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. ("CEP")	Maintenance and warranty services of notebook PCs	100%	100%	100%	
"	Big Chance International Co., Ltd. ("BCI")	Investment	100%	100%	100%	
"	Compal Rayonnant Holdings Limited ("CRH")	"	100%	100%	100%	
"	Core Profit Holdings Limited ("CORE")	"	100%	100%	100%	
"	Compalead Electronics B.V. ("CPE")	"	100%	100%	100%	
"	CGS Technology (Poland) Sp. z o.o. ("CGSP")	Maintenance and warranty services of notebook PCs	100%	100%	-	CGSP was established in September 2020.
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB")	Manufacturing of notebook PCs	100%	100%	100%	(Note 1 and Note 2)

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Panpal and Gempal	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	100%	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda. ("CEA")	Manufacturing of notebook PCs	100%	100%	-	CEA was established in September 2020.
Just	Compal Display Holding (HK) Limited ("CDH (HK)")	Investment	100%	100%	100%	
"	Compal Electronics International Ltd. ("CII")	"	100%	100%	100%	
"	Compal International Ltd. ("CPI")	"	100%	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	100%	
CII	Smart International Trading Ltd. ("Smart")	"	100%	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	100%	100%	100%	
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	"	100%	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	100%	
"	Fortune Way Technology Corp. ("FWT")	"	100%	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. ("CET")	Manufacturing of notebook PCs	100%	100%	100%	
"	Compal Information (Kunshan) Co., Ltd. ("CIC")	"	100%	100%	100%	
"	Coompal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	100%	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
CIH (HK)	Compal Digital Technology (Kunshan) Co., Ltd. ("CDT")	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	100%	
BT	Compower Global Service Co., Ltd. ("CGS")	Maintenance and warranty service of notebook PCs	100%	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. ("CIJ")	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	100%	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	100%	
"	Palcom International Corporation ("Palcom")	Sales of mobile phones	100%	100%	100%	
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	"	100%	100%	100%	
"	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	"	100%	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	100%	
"	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	100%	100%	
"	Compal Wise Electronic (Vietnam) Co., Ltd. ("CWV")	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	-	CWV was established in August 2020.
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Sales of wireless network products	100%	100%	100%	(Note 2)
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Technical support and sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Arcadyan	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless network products	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	Sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	Sales of wireless network products	100%	100%	-	Arcadyan RU was established in June 2020. (Note 1)
”	Zhi-Bao Technology Inc. (“Zhi-Bao”)	Investment	100%	100%	100%	(note 2)
”	Tatung Technology Inc. (“TTI”)	R&D and sales of household digital electronic products	61%	61%	61%	
”	AcBel Telecom Inc. (“AcBel Telecom”)	Investment	51%	51%	51%	(Note 1 and Note 2)
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	Sales of wireless network products	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan India Private Limited (“Arcadyan India”)	Sales of wireless network products	100%	-	-	The subsidiary was incorporated on March 25, 2021 and the capital has not been funded.
The Company, Arcadyan and its subsidiaries	Compal Broadband Network Inc. (“CBN”)	R&D and sales of cable modem, digital set-up box, and other communication products	64%	64%	64%	
CBN	Compal Broadband Networks Belgium BVBA (“CBNB”)	Import and export business, technical support and consulting service of broadband networks	100%	100%	100%	
”	Compal Broadband Networks Netherlands B.V. (“CBNN”)	”	100%	100%	100%	
Arcadyan Holding	Sinoprime Global Inc. (“Sinoprime”)	Investment	100%	100%	100%	(Note 1 and Note 2)
”	Arcadyan Technology (Shanghai) Corp. (“SVA Arcadyan”)	R&D and sales of wireless network products	100%	100%	100%	
”	Arch Holding (BVI) Corp. (“Arch Holding”)	Investment	100%	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. (“CNC”)	Manufacturing of wireless network products	100%	100%	100%	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless network products	100%	100%	100%	(Note 1 and Note 2)
AcBel Telecom	Leading Images Ltd. (“Leading Images”)	Investment	-	-	100%	The liquidation procedures had been completed on December 7, 2020. (Note 2)
Leading Images	Astoria Networks GmbH (“Astoria GmbH”)	Sales of wireless network products	-	-	100%	The liquidation procedures had been completed on October 14, 2020. (Note 2)
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment	100%	100%	100%	
”	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Sales of household digital electronic products	100%	100%	100%	(Note 2)
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment	100%	100%	100%	

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	Manufacturing of household digital electronic products	100%	100%	100%	
TTI	Intelligent Universal Enterprise Ltd. (“IUE”)	Investment	100%	100%	100%	
“	Goal Reach Enterprises Ltd. (“Goal”)	“	100%	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. (“CVC”)	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	100%	
Goal	Compal Development & Management (“Vietnam”) Co., Ltd. (“CDM”)	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	100%	
Payonnant Technology and CRH APH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	100%	
“	Primetek Enterprises Limited (“PEL”)	“	100%	100%	100%	
“	Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	“	100%	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	100%	
HHA	HengHao Holdings B Co., Ltd. (“HHB”)	“	100%	100%	100%	
HHB	HengHao Trading Co., Ltd.	“	-	-	100%	The liquidation procedures had been completed on December 2020.
“	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	100%	
“	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	100%	100%	
BCI	Center Mind International Co., Ltd. (“CMI”)	Investment	100%	100%	100%	
“	Prisco International Co., Ltd. (“PRI”)	“	100%	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. (“CIS”)	Outward investment and consulting services	100%	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. (“CEQ”)	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	100%	
CIS	Compal Electronics (Chengdu) Co., Ltd. (“CEC”)	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
CIS	Compal Management (Chengdu) Co., Ltd. ("CMC")	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	100%	
CORE	Billion Sea Holdings Limited ("BSH")	Investment	100%	100%	100%	
BSH	Mithera Capital Io LP ("Mithera")	"	99%	99%	99%	
GLB	Rapha Bio Ltd. ("RBL")	Detector and feature	100%	100%	100%	
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	51%	51%	51%	

Note 1: The financial statements of the subsidiary as of March 31, 2021 have not been reviewed by CPA.

Note 2: The financial statements of the subsidiary as of March 31, 2020 have not been reviewed by CPA.

(c) Income taxes

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

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

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

(d) Employee benefits

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

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

The preparation of the consolidated financial statements in conformity with Regulations as well as IFRSs (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated interim financial statements, the major sources of significant accounting assumptions, judgments and estimation uncertainty are consistent with note (5) of the annual consolidated financial statements for the year ended December 31, 2020.

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

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

Except for the following disclosures, there is no significant difference compared with the consolidated financial statements for the year ended December 31, 2020. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2020 and for other related information.

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand	\$ 13,131	18,637	14,653
Checking accounts and demand deposits	26,095,586	19,537,842	12,231,341
Time deposits	58,359,502	69,560,444	49,785,672
Bonds purchased under resale agreements	<u>-</u>	<u>10,000</u>	<u>2,215,660</u>
	<u>\$ 84,468,219</u>	<u>89,126,923</u>	<u>64,247,326</u>

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

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets			
Structured deposits	\$ 4,275,654	2,234,184	3,485,186
Stock unlisted in domestic markets	107,405	100,190	80,445
Fund in domestic or foreign markets	115,234	101,419	89,134
Derivative instruments not used for hedging			
Foreign exchange contracts	222,059	-	225,628
Swap contracts	<u>-</u>	<u>11,069</u>	<u>8,981</u>
Total	<u>\$ 4,720,352</u>	<u>2,446,862</u>	<u>3,889,374</u>
Current	\$ 4,497,713	2,245,254	3,719,795
Non-current	<u>222,639</u>	<u>201,608</u>	<u>169,579</u>
	<u>\$ 4,720,352</u>	<u>2,446,862</u>	<u>3,889,374</u>

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

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
<b>Financial liabilities held-for-trading:</b>			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ -	130,865	2,145
Swap contracts	<u>28,142</u>	<u>5,752</u>	<u>6,233</u>
	<u>\$ 28,142</u>	<u>136,617</u>	<u>8,378</u>

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

	<u>March 31, 2021</u>		
	<u>Contract amount</u> <u>(in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 32,000	EUR to USD	April 14~June 29, 2021
Forward exchange purchased	USD127,600	USD to BRL	May 17~August 26, 2021
<b>Derivative financial liabilities:</b>			
<b>Swap contracts:</b>			
Currency swap	USD 82,500	USD to TWD	April 13~June 18, 2021
	<u>December 31, 2020</u>		
	<u>Contract amount</u> <u>(in thousand)</u>	<u>Currency</u>	<u>Maturity date</u>
<b>Derivative financial assets:</b>			
<b>Swap contracts:</b>			
Currency swap	USD 37,000	USD to TWD	January 13~February 26, 2021
<b>Derivative financial liabilities:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 49,000	EUR to USD	January 13~April 14, 2021
Forward exchange purchased	USD 122,300	USD to BRL	January 7~August 26, 2021
<b>Swap contracts:</b>			
Currency swap	USD 45,500	USD to TWD	March 12~April 29, 2021

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

<b>March 31, 2020</b>				
		<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR	20,000	EUR to USD	April 10~June 29, 2020
Forward exchange sold	EUR	6,000	EUR to TWD	April 14~April 27, 2020
Forward exchange purchased	USD	518	USD to MXN	May 28, 2020
Forward exchange purchased	USD	64,000	USD to BRL	April 1~September 23, 2020
<b>Swap contracts:</b>				
Currency swap	USD	64,000	USD to TWD	April 14~October 14, 2020
<b>Derivative financial liabilities:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR	10,000	EUR to USD	April 29~May 28, 2020
Forward exchange purchased	USD	1,643	USD to MXN	June 29, 2020
<b>Swap contracts:</b>				
Currency swap	USD	47,000	USD to TWD	April 13~June 29, 2020

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

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

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 2,112,912	1,972,849	1,564,992
Stock listed in foreign markets	529,584	491,243	301,935
Stock unlisted in domestic markets	2,257,637	2,152,542	2,045,027
Stock unlisted in foreign markets	200,636	200,377	173,822
<b>Total</b>	<b>\$ 5,100,769</b>	<b>4,817,011</b>	<b>4,085,776</b>

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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During the first quarter of 2021 and 2020, the Group did not sell any of its financial assets measured at fair value through other comprehensive income. During the period, no cumulative profits and losses had been transferred to retained earnings from other comprehensive income.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the three months ended March 31, 2021 and 2020, will be \$255,038 and \$204,289, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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

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

(d) Financial instruments used for hedging

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<b>Cash flow hedge:</b>			
<b>Financial assets used for hedging:</b>			
Forward exchange contracts	\$ <u>7,557</u>	-	<u>73,688</u>
<b>Financial liabilities used for hedging:</b>			
Forward exchange contracts	\$ <u>-</u>	<u>2,192</u>	-

(ii) Cash flow hedge

The Group's strategy is to use forward exchange contracts to hedge its foreign currency exposure in respect of forecasted future sales.

As of March 31, 2021, December 31 and March 31, 2020, the amounts related to the items designated as hedge instruments were as follows:

		<b>March 31, 2021</b>			
<b>Contract amount (in thousands)</b>		<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>	
<b>Derivative financial assets used for hedging</b>					
<b>Foreign exchange contracts:</b>					
Forward exchange sold	EUR 6,000	EUR to USD	April 29~June 29, 2021	1.2192	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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<b>December 31, 2020</b>						
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>		
<b>Derivative financial liabilities used for hedging</b>						
<b>Foreign exchange contracts:</b>						
Forward exchange sold	EUR 6,000	EUR to USD	April 29~June 29, 2021	1.2192		
<b>March 31, 2020</b>						
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>		
<b>Derivative financial assets used for hedging</b>						
<b>Foreign exchange contracts:</b>						
Forward exchange sold	EUR 71,000	EUR to USD	April 27~December 29, 2020	1.1390		

- (iii) For the three months ended March 31, 2021 and 2020, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$0 and \$(1,080), respectively, recorded as “other gains and losses, net”.
- (iv) For the three months ended March 31, 2021 and 2020, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss is recognized as revenue in the statement of comprehensive income. Please refer to note (6)(y).

(e) Notes and accounts receivable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes receivables from operating activities	\$ 24,071	40,059	96,549
Accounts receivables – measured at amortized cost	186,713,089	197,650,813	125,688,121
Accounts receivables – fair value through other comprehensive income	33,064,916	38,429,954	32,632,948
	219,802,076	236,120,826	158,417,618
Less: allowance for uncollectible accounts	(3,933,886)	(3,910,928)	(3,925,071)
	<b>\$ 215,868,190</b>	<b>232,209,898</b>	<b>154,492,547</b>
Notes and accounts receivable	<b>\$ 215,797,463</b>	<b>231,830,964</b>	<b>154,469,155</b>
Notes and accounts receivable – related parties	<b>\$ 70,727</b>	<b>378,934</b>	<b>23,392</b>

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

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

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

<b>March 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	\$ 198,879,859	0%	-	No
Level B	10,098,954	0.86%	87,286	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<b><u>\$ 212,796,153</u></b>		<b><u>3,904,626</u></b>	
<b>December 31, 2020</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	\$ 213,584,823	0%	-	No
Level B	11,779,368	0.57%	66,757	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<b><u>\$ 229,181,531</u></b>		<b><u>3,884,097</u></b>	
<b>March 31, 2020</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	\$ 138,453,261	0%	-	No
Level B	9,816,549	0.71%	69,489	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<b><u>\$ 152,087,150</u></b>		<b><u>3,886,829</u></b>	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (ii) The loss allowance provision of strategically integrated product segment of the Group was determined as follows:

<b>March 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	\$ 2,632,376	0%	-	No
Level B	3,660,773	0.10%	3,700	No
Level C	694,186	1.00%	6,972	No
Level D	-	-	-	-
Level E	18,588	100%	18,588	Yes
	<b>\$ 7,005,923</b>		<b>29,260</b>	
<b>December 31, 2020</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	\$ 2,705,044	0%	-	No
Level B	3,772,573	0.10%	3,814	No
Level C	443,092	1.00%	4,431	No
Level D	-	-	-	-
Level E	18,586	100%	18,586	Yes
	<b>\$ 6,939,295</b>		<b>26,831</b>	
<b>March 31, 2020</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	\$ 2,380,312	0%	-	No
Level B	3,416,386	0.10%	3,482	No
Level C	504,050	1%	5,040	No
Level D~E	-	-	-	-
Level F	29,720	100%	29,720	Yes
	<b>\$ 6,330,468</b>		<b>38,242</b>	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The aging analysis of notes and accounts receivable was determined as follows:

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Overdue 1 to 180 days	\$ 2,078,211	2,073,442	1,266,648
Overdue 181 to 365 days	-	104,264	-
Overdue 365 days	-	-	85
	<u>\$ 2,078,211</u>	<u>2,177,706</u>	<u>1,266,733</u>

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 3,910,928	3,928,716
Impairment losses recognized (reversed)	23,294	(2,922)
Effect of changes in exchange rates	(336)	(723)
Balance at March 31	<u>\$ 3,933,886</u>	<u>3,925,071</u>

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

The Group entered into accounts receivable factoring agreements with banks. As of March 31, 2021, December 31 and March 31, 2020, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,600,000 thousand and EUR 32,000 thousand, USD 1,600,000 thousand and EUR 59,700 thousand, USD 1,000,000 thousand and EUR 59,700 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of March 31, 2021, December 31 and March 31, 2020, the factored account receivable with no advance amounting \$28,237, \$42,550 and \$22,579, respectively, is accounted for as other receivables.

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

As of March 31, 2021, December 31 and March 31, 2020, the details of the factored accounts receivable but unsettled were as follows:

March 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>20,522,497</u>	<u>-</u>	<u>20,494,260</u>	<u>28,237</u>	<u>-</u>	<u>20,522,497</u>	0.55%~0.85%
December 31, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>42,597,772</u>	<u>-</u>	<u>42,555,222</u>	<u>42,550</u>	<u>-</u>	<u>42,597,772</u>	0.58%~0.93%
March 31, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>3,101,700</u>	<u>-</u>	<u>3,079,121</u>	<u>22,579</u>	<u>-</u>	<u>3,101,700</u>	0.64%~1.23%

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

(f) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Finished goods	\$ 20,418,647	23,237,892	18,793,296
Work in progress	9,663,678	9,630,864	8,330,304
Raw materials	59,618,644	62,694,104	59,674,691
Raw materials in transit	<u>1,758,617</u>	<u>589,099</u>	<u>1,211,317</u>
	<u>\$ 91,459,586</u>	<u>96,151,959</u>	<u>88,009,608</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (i) For the three months ended March 31, 2021 and 2020, inventory cost recognized as cost of sales amounted to \$260,389,951 and \$176,101,135, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted to \$61,392 and \$468,791 for the three months ended March 31, 2021 and 2020, respectively.
- (iii) As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any inventories as collaterals for its loans.
- (g) Investments accounted for using equity method

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates	\$ 7,991,954	8,036,165	7,281,147
Joint venture	<u>(17,075)</u>	<u>(17,106)</u>	<u>(15,667)</u>
	7,974,879	8,019,059	7,265,480
Plus: credit balance of investment in equity method (other non-current liability)	43,154	43,177	42,154
Less: unrealized profits or losses	<u>(112,521)</u>	<u>(112,311)</u>	<u>(118,977)</u>
	<u><u>\$ 7,905,512</u></u>	<u><u>7,949,925</u></u>	<u><u>7,188,657</u></u>

(i) Associates

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,153,013	2,075,813	2,636,513
Avalue Technology Inc. ("Avalue")	<u>829,778</u>	<u>828,286</u>	<u>899,921</u>
	<u><u>\$ 2,982,791</u></u>	<u><u>2,904,099</u></u>	<u><u>3,536,434</u></u>

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

	<u>For the three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
The Group's share of the gain (loss) of associates	<u><u>\$ 39,968</u></u>	<u><u>80,752</u></u>

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Carrying amount of individually immaterial associates	<b>\$ 7,991,954</b>	<b>8,036,165</b>	<b>7,281,147</b>
		<b>For the three months ended March 31,</b>	
		<b>2021</b>	<b>2020</b>
The Group's share of the net income (loss) of associates:			
Profit (loss) from continuing operations	\$ 39,968	80,752	
Other comprehensive income	(40,272)	(146,256)	
Total comprehensive income	<b>\$ (304)</b>	<b>(65,504)</b>	

- 4) For the three months ended March 31, 2020, the Group had sold parts of its shares held in Avalue, with a consideration (net of costs of disposal) amounting to \$8,306. The transaction has been completed and the price has been fully received, wherein the Group recognized a gain of \$3,914, which was accounted for as other gain and loss.

(ii) Joint venture

In April 2010, the Group and another company established a jointly controlled entity, Compal Connector Manufacture Ltd. ("CCM"), and obtained an ownership interest of 51%. CCM's actual paid-in capital amounted to USD10,000 thousands. Moreover, in May 2014, the Group and another company established a jointly controlled entity, Zheng Ying Electronics (Chongqing) Co., Ltd., ("Zheng Ying"), and obtained an ownership interest of 51%. Zheng Ying's actual paid-in capital amounted to USD 2,500 thousands.

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
The carrying amount of the Group's interests in all individually insignificant joint ventures	<b>\$ (17,075)</b>	<b>(17,106)</b>	<b>(15,667)</b>

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	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
The Group's share of the net income (loss) of joint ventures:		
Losses from continuing operations (also the total comprehensive losses)	<b>\$ <u>(42)</u></b>	<b><u>(1,581)</u></b>
(iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.		
(iv) As of March 31, 2021, December 31 and March 31, 2020, the Group did not provide any investments accounted for using equity method as collaterals for its loans.		

(h) Changes in subsidiaries' equity

Except for the following disclosures, there were no significant transactions for the three months ended March 31, 2021 and 2020. Please refer to note (6)(h) of the consolidated financial statement for the year ended December 31, 2020.

(i) Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of Hippo Screen amounting to \$70,000 in January 2021, resulting in an increase in the ownership of the Group in Hippo Screen by 21%.

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

	<b>2021</b>
Carrying amount of additional interest purchased	\$ 64,735
Consideration paid	(70,000)
Retained Earnings – changes in ownership interest in subsidiaries	<b><u>\$ (5,265)</u></b>

(i) Material non-controlling interests of subsidiaries

There were no significant transactions for the three months ended March 31, 2021 and 2020. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2020.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2021 and 2020, were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2021	\$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Additions	-	45,031	538,489	632,657	1,532,810	2,748,987
Disposals and derecognitions	-	(3,050)	(69,848)	(243,789)	-	(316,687)
Reclassifications	-	13,391	467,484	83,002	(563,877)	-
Effect of movements in exchange rates	26	27,211	(201,975)	(77,242)	10,608	(241,372)
Balance on March 31, 2021	<u>\$ 1,944,120</u>	<u>18,602,456</u>	<u>29,232,341</u>	<u>12,280,325</u>	<u>2,200,326</u>	<u>64,259,568</u>
Balance on January 1, 2020	\$ 1,705,220	16,966,779	27,044,641	11,289,433	1,310,558	58,316,631
Additions	-	29,619	451,933	212,250	388,930	1,082,732
Disposals and derecognitions	-	(4,920)	(226,774)	(369,942)	-	(601,636)
Reclassifications	222,769	1,099	175,513	69,550	(468,931)	-
Effect of movements in exchange rates	1	85,989	142,769	(17,471)	34,360	245,648
Balance on March 31, 2020	<u>\$ 1,927,990</u>	<u>17,078,566</u>	<u>27,588,082</u>	<u>11,183,820</u>	<u>1,264,917</u>	<u>59,043,375</u>
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Depreciation for the period	-	248,307	629,908	446,501	-	1,324,716
Disposals and derecognitions	-	(3,050)	(68,131)	(242,964)	-	(314,145)
Effect of movements in exchange rates	-	15,261	(283,064)	(5,519)	-	(273,322)
Balance on March 31, 2021	<u>\$ -</u>	<u>11,115,627</u>	<u>20,850,358</u>	<u>8,754,564</u>	<u>-</u>	<u>40,720,549</u>
Balance on January 1, 2020	\$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Depreciation for the period	-	217,833	603,409	363,146	-	1,184,388
Disposals and derecognitions	-	(4,920)	(181,925)	(368,974)	-	(555,819)
Effect of movements in exchange rates	-	(6,547)	16,609	125,679	-	135,741
Balance on March 31, 2020	<u>\$ -</u>	<u>10,558,800</u>	<u>20,288,352</u>	<u>8,261,442</u>	<u>-</u>	<u>39,108,594</u>
Carrying amounts:						
Balance on January 1, 2021	<u>\$ 1,944,094</u>	<u>7,664,764</u>	<u>7,926,546</u>	<u>3,329,151</u>	<u>1,220,785</u>	<u>22,085,340</u>
Balance on March 31, 2021	<u>\$ 1,944,120</u>	<u>7,486,829</u>	<u>8,381,983</u>	<u>3,525,761</u>	<u>2,200,326</u>	<u>23,539,019</u>
Balance on January 1, 2020	<u>\$ 1,705,220</u>	<u>6,614,345</u>	<u>7,194,382</u>	<u>3,147,842</u>	<u>1,310,558</u>	<u>19,972,347</u>
Balance on March 31, 2020	<u>\$ 1,927,990</u>	<u>6,519,766</u>	<u>7,299,730</u>	<u>2,922,378</u>	<u>1,264,917</u>	<u>19,934,781</u>

As of March 31, 2021, December 31 and March 31, 2020, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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## (k) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and Other</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	321,243	-	7,572	328,815
Deductions	-	(1,399)	-	(2,278)	(3,677)
Effect of movements in exchange rates	(9,594)	(15,641)	(231)	(202)	(25,668)
Balance on March 31, 2021	<u>\$ 1,258,535</u>	<u>3,682,670</u>	<u>76,699</u>	<u>80,061</u>	<u>5,097,965</u>
Balance on January 1, 2020	\$ 1,110,813	2,809,991	86,661	88,712	4,096,177
Additions	323,472	127,980	-	2,819	454,271
Deductions	-	(14,127)	(9,115)	(767)	(24,009)
Effect of movements in exchange rates	10,229	(25,915)	(984)	(754)	(17,424)
Balance on March 31, 2020	<u>\$ 1,444,514</u>	<u>2,897,929</u>	<u>76,562</u>	<u>90,010</u>	<u>4,509,015</u>
Depreciation and impairment loss:					
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	6,583	199,703	3,096	5,536	214,918
Deductions	-	-	-	(2,278)	(2,278)
Effect of movements in exchange rates	(8,997)	(5,958)	(109)	(142)	(15,206)
Balance on March 31, 2021	<u>\$ 52,342</u>	<u>1,369,434</u>	<u>27,736</u>	<u>49,465</u>	<u>1,498,977</u>
Balance on January 1, 2020	\$ 31,587	659,467	22,270	32,681	746,005
Depreciation for the period	22,672	205,845	3,107	9,499	241,123
Deductions	-	(6,215)	(9,803)	(73)	(16,091)
Effect of movements in exchange rates	345	(8,475)	(267)	(307)	(8,704)
Balance on March 31, 2020	<u>\$ 54,604</u>	<u>850,622</u>	<u>15,307</u>	<u>41,800</u>	<u>962,333</u>
Carrying amount:					
Balance on January 1, 2021	<u>\$ 1,213,373</u>	<u>2,202,778</u>	<u>52,181</u>	<u>28,620</u>	<u>3,496,952</u>
Balance on March 31, 2021	<u>\$ 1,206,193</u>	<u>2,313,236</u>	<u>48,963</u>	<u>30,596</u>	<u>3,598,988</u>
Balance on January 1, 2020	<u>\$ 1,079,226</u>	<u>2,150,524</u>	<u>64,391</u>	<u>56,031</u>	<u>3,350,172</u>
Balance on March 31, 2020	<u>\$ 1,389,910</u>	<u>2,047,307</u>	<u>61,255</u>	<u>48,210</u>	<u>3,546,682</u>

## (l) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Unsecured bank loans	<u>\$ 86,015,621</u>	<u>92,838,733</u>	<u>43,900,240</u>
Unused credit line for short-term borrowings	<u>\$ 107,187,000</u>	<u>95,910,000</u>	<u>137,051,000</u>
Range of interest rates	<u>0.39%~3.08%</u>	<u>0.25%~2.58%</u>	<u>0.66%~5.00%</u>

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

(m) Long-term borrowings

The details of long-term borrowings were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured bank loans	\$ 18,219,100	19,105,440	21,300,000
Secured bank loans	709,619	228,913	286,794
Less: current portion	<u>(8,596,275)</u>	<u>(8,932,615)</u>	<u>(13,877,175)</u>
Total	<u>\$ 10,332,444</u>	<u>10,401,738</u>	<u>7,709,619</u>
Unused credit line for long-term borrowings	<u>\$ 16,306,000</u>	<u>15,327,000</u>	<u>16,363,000</u>
Range of interest rates	<u>0.54%~1.50%</u>	<u>0.66%~1.50%</u>	<u>0.79%~1.67%</u>

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

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

(n) Unsecured convertible corporate bonds

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	(15,288)	(18,527)	(28,187)
Unamortized issuance costs on corporate bonds payable	(1,035)	(1,254)	(1,908)
Accumulated converted amount	<u>(4,131)</u>	<u>-</u>	<u>-</u>
Balance of bonds payable of the reporting date	<u>\$ 979,546</u>	<u>980,219</u>	<u>969,905</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 48,463</u>	<u>48,667</u>	<u>48,667</u>
		<b>For the three months ended March 31,</b>	
		<b>2021</b>	<b>2020</b>
Interest expenses		<u>\$ 3,457</u>	<u>3,413</u>

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (ii) As of March 31, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$479 with a par value of \$4,200, and the capital surplus were recognized for \$3,856 (including the stock option conversion premium of \$204 and the unamortized discounts on corporate bonds payable of \$69).
- (iii) There were no significant issues, repurchases and repayments of bonds payable for the three months ended March 31, 2021 and 2020. For related information, please refer to Note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2020.

(o) Lease liabilities

The details of leases liabilities were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Current	<u>\$ 713,567</u>	<u>377,161</u>	<u>458,232</u>
Non-current	<u>\$ 1,695,821</u>	<u>1,910,601</u>	<u>1,705,134</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	<u>\$ 11,669</u>	<u>11,565</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 587</u>	<u>592</u>
Expenses relating to leases of low-value assets or short-term leases	<u>\$ 36,227</u>	<u>24,292</u>

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

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	<u>\$ 254,273</u>	<u>263,046</u>

(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1~19 years, and of land leasehold rights for 45~50 years.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(ii) Other leases

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

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

(p) Provisions

There is no significant changes of provisions for the three months ended March 31, 2021 and 2020. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2020 for related information.

(q) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<u>2021</u>	<u>2020</u>
Operating cost	\$ 254	247
Selling expenses	159	175
Administrative expenses	561	778
Research and development expenses	<u>1,507</u>	<u>2,076</u>
Total	<u>\$ 2,481</u>	<u>3,276</u>

(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates the labor pension at a specific percentage to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$118,846 and \$109,345 for the three months ended March 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$249,826 and \$249,726 for the three months ended March 31, 2021 and 2020, respectively.

(r) Income taxes

- (i) The Group entities are subject to income tax rates according to the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management in all the year. The amounts of income tax were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Current tax expense	\$ <b>760,006</b>	<b>317,358</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	\$ <b>18,381</b>	<b>(54,963)</b>
<b>Items that will be reclassified subsequently to profit or loss:</b>		
Foreign currency translation differences of foreign operations	\$ <b>(77)</b>	<b>1,842</b>

- (iii) Examination and approval

The Company's tax returns for the year through 2018 were assessed by the Taipei National Tax Administration.

The ROC tax authorities have assessed the income tax returns of Rayonnant Technology, Palcom, Panpal, Gempal, Hong Ji, Hong Jin, Unicore, Raycore, Hippo Screen, Ripal, Zhi-Bao, Acbel Telecom, Shennona TW, Aco Smartcare through 2019, of UCGI, CBN, Arcadyan, HengHao, Mactech, GLB, RBI through 2018, and of TTI through 2017.

(s) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2021 and 2020. Please refer to note (6)(t) of the consolidated financial statements for the year ended December 31, 2020.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(i) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Additional paid-in capital	\$ 3,660,173	5,422,060	5,421,061
Treasury share transactions	2,621,933	2,541,906	2,541,906
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	61,702	60,850	60,089
Changes in equity of associates and joint ventures accounted for using equity method	<u>281,701</u>	<u>281,231</u>	<u>279,177</u>
	<b><u>\$ 6,662,275</u></b>	<b><u>8,342,813</u></b>	<b><u>8,338,999</u></b>

The Company's Board of Directors meeting held on March 30, 2020, approved to distribute the cash dividend of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The Company's Board of Directors meeting held on March 26, 2021, approved to distribute the cash dividend of \$1,762,859 (representing 0.4 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post System website.

(ii) Retained earnings

Based on the Company's articles of incorporation, 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.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

Distribution for the earnings of 2020 and 2019 was approved in the Board of Directors meeting 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>

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the three months ended March 31, 2021 and 2020. As of March 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 26.70, 20.70 and 17.30 New Taiwan dollars per share as of March 31, 2021, December 31 and March 31, 2020, respectively.

Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iv) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	84,149	264,647	3,399	352,195
Associates	(33,061)	(6,814)	-	(39,875)
Balance on March 31, 2021	<u>\$ (6,837,889)</u>	<u>(119,119)</u>	<u>2,620</u>	<u>(6,954,388)</u>
Balance on January 1, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Group	374,528	(805,837)	23,982	(407,327)
Associates	(58,268)	(88,162)	-	(146,430)
Balance on March 31, 2020	<u>\$ (3,478,720)</u>	<u>(1,200,762)</u>	<u>22,276</u>	<u>(4,657,206)</u>

(t) Share-based payment

There were no significant changes in share-based payment during the three months ended March 31, 2021 and 2020. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2020 for related information.

(u) Earnings per share

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

	<b>For the three months ended March 31,</b>	
	<u>2021</u>	<u>2020</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	<u>2,620,164</u>	<u>605,011</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>2,620,164</u>	<u>605,011</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>49,499</u>	<u>45,676</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,406,629</u>	<u>4,402,806</u>

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## (v) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the three months ended March 31, 2021</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United states	\$ 98,768,902	2,043,454	100,812,356
China	31,620,674	89,282	31,709,956
Netherlands	20,418,180	418,777	20,836,957
United Kingdom	13,698,134	1,878,537	15,576,671
Others	95,860,828	5,194,765	101,055,593
	<b><u>\$ 260,366,718</u></b>	<b><u>9,624,815</u></b>	<b><u>269,991,533</u></b>
Major products:			
5C related electronics products	\$ 259,834,923	9,448,299	269,283,222
Others	531,795	176,516	708,311
	<b><u>\$ 260,366,718</u></b>	<b><u>9,624,815</u></b>	<b><u>269,991,533</u></b>
	<b>For the three months ended March 31, 2020</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United states	\$ 64,305,443	1,749,643	66,055,086
China	26,552,945	68,913	26,621,858
Netherlands	21,458,489	177,074	21,635,563
United Kingdom	7,293,370	787,028	8,080,398
Others	55,293,784	4,360,357	59,654,141
	<b><u>\$ 174,904,031</u></b>	<b><u>7,143,015</u></b>	<b><u>182,047,046</u></b>
Major products:			
5C related electronics products	\$ 174,330,542	7,053,623	181,384,165
Others	573,489	89,392	662,881
	<b><u>\$ 174,904,031</u></b>	<b><u>7,143,015</u></b>	<b><u>182,047,046</u></b>

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

## (ii) Contract balances

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Notes and accounts receivable (including related parties)	\$ 219,802,076	236,120,826	158,417,618
Less: allowance for impairment	<u>(3,933,886)</u>	<u>(3,910,928)</u>	<u>(3,925,071)</u>
Total	<u>\$ 215,868,190</u>	<u>232,209,898</u>	<u>154,492,547</u>
Contract liabilities	<u>\$ 873,397</u>	<u>820,016</u>	<u>705,049</u>

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

The amount of revenue recognized for the three months ended March 31, 2021 and 2020 that were included in the balance of contract liability at the beginning of the period was \$206,685 and \$365,605, 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.

## (w) 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 \$282,588 and \$70,890, and directors' compensation of \$14,943 and \$3,787 for the three months ended March 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.

(Continued)

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

The Company accrued and recognized its employee compensation of \$974,694 and \$731,322, and directors' compensation of \$51,541 and \$38,672 for the years ended December 31, 2020 and 2019, respectively. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements, the related information can be accessed through the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ 499,470	479,202
Other interest income	34	41
Total Interest income	<u>\$ 499,504</u>	<u>479,243</u>

(ii) Other income

The other incomes for the three months ended March 31, 2021 and 2020, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Dividend revenue	\$ 8,199	-
Other revenue	79,445	68,041
	<u>\$ 87,644</u>	<u>68,041</u>

(iii) Other gains and losses

The other gains and losses for the three months ended March 31, 2021 and 2020, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Gains on disposal of investments	\$ -	4,899
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	409,707	477,009
Foreign currency exchange losses, net	(350,249)	(536,969)
Gains (losses) on disposal of property, plant, and equipment, net	1,843	1,088
	<u>\$ 61,301</u>	<u>(53,973)</u>

(Continued)

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

(y) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months ended March 31, 2021 and 2020, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Cash flow hedge:		
Gains (losses) from current period	\$ 11,975	102,544
Less: reclassification of gains and losses included in profit or loss	2,226	23,985
Profit (loss) recognized in other comprehensive income	<b>\$ 9,749</b>	<b>78,559</b>

(z) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(aa) of the consolidated financial statements for the year ended December 31, 2020 for related information.

(i) Credit risk

Information of exposure to credit risk of notes and accounts receivable please refer to note (6)(e).

Other financial assets at amortized cost include other receivables, investments in corporate bonds and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g)) of the consolidated financial statements for the year ended December 31, 2020. Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the three months ended March 31, 2021 and 2020 were as follows:

	<b>Other receivables</b>
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	112
Balance on March 31, 2021	<b>\$ 2,504</b>
Balance on January 1, 2020	\$ 1,012
Impairment losses recognized (reversed)	1,198
Balance on March 31, 2020	<b>\$ 2,210</b>

(Continued)

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

## (ii) Liquidity risk

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>March 31, 2021</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 709,619	(709,619)	(77,175)	(47,644)	(584,800)
Unsecured borrowings	104,234,721	(104,234,721)	(94,534,721)	(5,900,000)	(3,800,000)
Lease liabilities – current and non-current	2,409,388	(2,514,107)	(751,788)	(552,698)	(1,209,621)
Notes and accounts payable	181,793,784	(181,793,784)	(181,793,784)	-	-
Other payables and dividends payable	31,461,640	(31,461,640)	(31,461,640)	-	-
Bonds payable	979,546	(995,800)	-	(995,800)	-
Derivative financial liabilities					
Currency swap contracts:	28,142				
Outflow		(2,352,075)	(2,352,075)	-	-
Inflow		2,325,080	2,325,080	-	-
	<u>\$ 321,616,840</u>	<u>(321,736,666)</u>	<u>(308,646,103)</u>	<u>(7,496,142)</u>	<u>(5,594,421)</u>
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 228,913	(228,913)	(77,175)	(77,175)	(74,563)
Unsecured borrowings	111,944,173	(111,944,173)	(101,694,173)	(5,125,000)	(5,125,000)
Lease liabilities – current and non-current	2,287,762	(2,401,961)	(486,124)	(562,952)	(1,352,885)
Notes and accounts payable	199,726,063	(199,726,063)	(199,726,063)	-	-
Other payables and dividends payable	23,397,683	(23,397,683)	(23,397,683)	-	-
Bonds payable	980,219	(1,000,000)	-	(1,000,000)	-
Forward exchange contracts:	130,865				
Outflow		(5,279,091)	(5,279,091)	-	-
Inflow		5,143,059	5,143,059	-	-
Currency swap contracts:	5,752				
Outflow		(1,295,840)	(1,295,840)	-	-
Inflow		1,285,715	1,285,715	-	-
Forward exchange contracts used for hedging:	2,192				
Outflow		(209,640)	(209,640)	-	-
Inflow		208,331	208,331	-	-
	<u>\$ 338,703,622</u>	<u>(338,846,259)</u>	<u>(325,528,684)</u>	<u>(6,765,127)</u>	<u>(6,552,448)</u>

(Continued)

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

	<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>March 31, 2020</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 286,794	(286,794)	(77,175)	(77,175)	(132,444)
Unsecured borrowings	65,200,240	(65,200,240)	(57,700,240)	(2,100,000)	(5,400,000)
Lease liabilities— current and non-current	2,163,366	(2,267,193)	(492,067)	(420,928)	(1,354,198)
Notes and accounts payable	142,195,045	(142,195,045)	(142,195,045)	-	-
Other payables and dividends payable	23,486,721	(23,486,721)	(23,486,721)	-	-
Bonds payable	969,905	(1,000,000)	-	-	(1,000,000)
Derivative financial liabilities					
Forward exchange contracts:	2,145				
Outflow		(385,672)	(385,672)	-	-
Inflow		380,576	380,576	-	-
Forward exchange contracts used for hedging:	6,233				
Outflow		(1,419,635)	(1,419,635)	-	-
Inflow		1,410,764	1,410,764	-	-
	<u>\$ 234,310,449</u>	<u>(234,449,960)</u>	<u>(223,965,215)</u>	<u>(2,598,103)</u>	<u>(7,886,642)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

Unit: thousands of foreign currency / thousands of New Taiwan Dollars

	<u>March 31, 2021</u>			<u>December 31, 2020</u>			<u>March 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 12,373,071	28.535	353,065,581	13,926,339	28.48	396,622,135	8,281,252	30.225	250,300,842
USD to CNY	16,822	6.5546	480,016	13,381	6.5386	381,091	7,188	7.0937	217,257
EUR to TWD	68,127	33.48	2,280,892	60,677	35.02	2,124,909	71,048	33.24	2,361,636
CNY to USD	3,524,096	0.1526	15,345,468	3,646,117	0.1529	15,877,352	2,498,135	0.1410	10,646,364
Non-monetary items									
THB to TWD	579,414	0.9140	529,584	516,989	0.9502	491,243	325,712	0.9270	301,935
Financial liabilities									
Monetary items									
USD to TWD	12,323,409	28.535	351,648,476	14,056,045	28.48	400,316,162	7,915,990	30.225	239,260,798
USD to CNY	2,465	6.5546	70,339	3,132	6.5386	89,199	3,165	7.0937	95,662
USD to BRL	134,667	5.6973	3,842,723	131,487	5.1967	3,744,750	103,836	5.1987	3,138,443
EUR to NTD	5,424	33.48	181,596	12,616	35.02	441,812	17,974	33.24	597,456
CNY to USD	2,871,966	0.1526	12,505,807	3,149,932	0.1529	13,716,669	2,550,125	0.1410	10,867,931

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of March 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.

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
USD (against the TWD)		
Strengthening 5%	\$ 70,855	552,007
Weakening 5%	(70,855)	(552,007)
USD (against the CNY)		
Strengthening 5%	20,484	6,080
Weakening 5%	(20,484)	(6,080)
USD (against the BRL)		
Strengthening 5%	(192,136)	(156,922)
Weakening 5%	192,136	156,922
EUR (against the TWD)		
Strengthening 5%	104,965	88,209
Weakening 5%	(104,965)	(88,209)
CNY (against the USD)		
Strengthening 5%	141,983	(11,078)
Weakening 5%	(141,983)	11,078

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$350,249 and \$536,969, respectively.

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

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the three months ended March 31, 2021 and 2020, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Interest increased by 0.25%	\$ 9,821	(5,427)
Interest decreased by 0.25%	(9,821)	5,427

(v) Fair value information

1) The categories and fair value of financial instruments

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

	<b>March 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>					
Derivative financial assets for non-hedging	\$ 222,059	-	222,059	-	222,059
Non-derivative financial assets mandatorily measured at fair value through profit or loss	4,498,293	-	4,275,654	222,639	4,498,293
Subtotal	4,720,352				

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

	March 31, 2021				
	Book value	Fair Value			Total
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>		
<b>Derivative financial assets for hedging</b>	<u>7,557</u>	-	<u>7,557</u>	-	<u>7,557</u>
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	2,112,912	2,112,912	-	-	2,112,912
Stocks listed on foreign markets	529,584	529,584	-	-	529,584
Stocks unlisted on domestic markets	2,257,637	-	-	2,257,637	2,257,637
Stocks unlisted on foreign markets	200,636	-	-	200,636	200,636
Accounts receivable	<u>33,064,916</u>	-	33,064,916	-	33,064,916
Subtotal	<u>38,165,685</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	84,468,219	-	-	-	-
Notes and accounts receivable, net	182,732,547	-	-	-	-
Notes and accounts receivable due from related parties, net	70,727	-	-	-	-
Other receivables	1,856,374	-	-	-	-
Refundable deposits	<u>603,132</u>	-	-	-	-
Subtotal	<u>269,730,999</u>				
Total	<u><b>\$ 312,624,593</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	<u>\$ 28,142</u>	-	28,142	-	28,142
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	86,015,621	-	-	-	-
Notes and accounts payable	179,103,834	-	-	-	-
Notes and accounts payable to related parties	2,689,950	-	-	-	-
Other payables and dividends payable	31,461,640	-	-	-	-
Bonds payable	979,546	-	-	-	-
Lease liabilities—current and non-current	2,409,388	-	-	-	-
Long-term borrowings current portion	8,596,275	-	-	-	-
Long-term borrowings	10,332,444	-	-	-	-
Deposits received	<u>390,060</u>	-	-	-	-
Subtotal	<u>321,978,758</u>				
Total	<u><b>\$ 322,006,900</b></u>				

(Continued)

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

	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>					
Derivative financial assets for non-hedging	\$ 11,069	-	11,069	-	11,069
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>2,435,793</u>	-	2,234,184	201,609	2,435,793
Subtotal	<u>2,446,862</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	1,972,849	1,972,849	-	-	1,972,849
Stocks listed on foreign markets	491,243	491,243	-	-	491,243
Stocks unlisted on domestic markets	2,152,542	-	-	2,152,542	2,152,542
Stocks unlisted on foreign markets	200,377	-	-	200,377	200,377
Accounts receivable	<u>38,429,954</u>	-	38,429,954	-	38,429,954
Subtotal	<u>43,246,965</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	89,126,923	-	-	-	-
Notes and accounts receivable, net	193,401,010	-	-	-	-
Notes and accounts receivable due from related parties, net	378,934	-	-	-	-
Other receivables	1,628,657	-	-	-	-
Refundable deposits	<u>522,213</u>	-	-	-	-
Subtotal	<u>285,057,737</u>				
Total	<u><b>\$ 330,751,564</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>136,617</u>	-	136,617	-	136,617
Derivative financial liabilities for hedging	<u>2,192</u>	-	2,192	-	2,192
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	92,838,733	-	-	-	-
Notes and accounts payable	196,837,439	-	-	-	-
Notes and accounts payable to related parties	2,888,624	-	-	-	-
Other payables and dividends payable	23,397,683	-	-	-	-
Bonds payable	980,219	-	-	-	-
Lease liabilities—current and non-current	2,287,762	-	-	-	-
Long-term borrowings current portion	8,932,615	-	-	-	-
Long-term borrowings	10,401,738	-	-	-	-
Deposits received	<u>285,232</u>	-	-	-	-
Subtotal	<u>338,850,045</u>				
Total	<u><b>\$ 338,988,854</b></u>				

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

	March 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>					
Derivative financial assets for non-hedging	\$ 234,609	-	234,609	-	234,609
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>3,654,765</u>	-	3,485,186	169,579	3,654,765
Subtotal	<u>3,889,374</u>				
<b>Derivative financial assets for hedging</b>	<u>73,688</u>	-	73,688	-	73,688
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	1,564,992	1,564,992	-	-	1,564,992
Stocks listed on foreign markets	301,935	301,935	-	-	301,935
Stocks unlisted on domestic markets	2,045,027	-	-	2,045,027	2,045,027
Stocks unlisted on foreign markets	173,822	-	-	173,822	173,822
Accounts receivable	<u>32,632,948</u>	-	32,632,948	-	32,632,948
Subtotal	<u>36,718,724</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	64,247,326	-	-	-	-
Notes and accounts receivable, net	121,836,207	-	-	-	-
Notes and accounts receivable due from related parties, net	23,392	-	-	-	-
Other receivables	1,846,080	-	-	-	-
Refundable deposits	<u>317,269</u>	-	-	-	-
Subtotal	<u>188,270,274</u>				
Total	<u><b>\$ 228,952,060</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>8,378</u>	-	8,378	-	8,378
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	43,900,240	-	-	-	-
Notes and accounts payable	140,553,785	-	-	-	-
Notes and accounts payable to related parties	1,641,260	-	-	-	-
Other payables and dividends payable	23,486,721	-	-	-	-
Bonds payable	969,905	-	-	-	-
Lease liabilities—current and non-current	2,163,366	-	-	-	-
Long-term borrowings current portion	13,877,175	-	-	-	-
Long-term borrowings	7,709,619	-	-	-	-
Deposits received	<u>158,725</u>	-	-	-	-
Subtotal	<u>234,460,796</u>				
Total	<u><b>\$ 234,469,174</b></u>				

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

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

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

a) Financial liabilities measured at amortized cost

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

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

a) Non-derivative financial instruments

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

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

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

b) Derivative financial instruments

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

4) Transfer from one level to another

There was no transfer from one level to another in the three months ended March 31, 2021 and 2020.

5) Changes in level 3

The change in level 3 at fair value in the three months ended March 31, 2021 and 2020, were as follows:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	6,180	-	6,180
In other comprehensive income	-	105,110	105,110
Purchased	14,850	-	14,850
Effect of changes in exchange rates	-	244	244
Balance on March 31, 2021	<u>\$ 222,639</u>	<u>2,458,273</u>	<u>2,680,912</u>
Balance on January 1, 2020	\$ 115,359	2,424,053	2,539,412
Total gains and losses recognized:			
In profit or loss	(5,780)	-	(5,780)
In other comprehensive income	-	(223,742)	(223,742)
Purchased	60,000	17,434	77,434
Effect of changes in exchange rates	-	1,104	1,104
Balance on March 31, 2020	<u>\$ 169,579</u>	<u>2,218,849</u>	<u>2,388,428</u>

For the three months ended March 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” were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	<u>\$ 6,180</u>	<u>(5,780)</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ 105,110</u>	<u>(223,742)</u>

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

- 6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

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

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

The quantified information for significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.62~8.15, 1.72~7.9 and 1.18~5.98, respectively, on March 31, 2021, December 31 and March 31, 2020)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (3.08~14.69, 14.68 and 2.86~16.85, respectively, on March 31, 2021, December 31 and March 31, 2020)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (35%~85%, on March 31, 2021, December 31 and March 31, 2020)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

(Continued)

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

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

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

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
<b>March 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>38,088</u>	<u>37,892</u>
	Multiples of earnings	5%	\$ <u>5,743</u>	<u>6,018</u>
	Lack-of-Marketability discount rate	5%	\$ <u>6,439</u>	<u>6,518</u>
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>36,119</u>	<u>35,448</u>
	Multiples of earnings	5%	\$ <u>5,734</u>	<u>5,801</u>
	Lack-of-Marketability discount rate	5%	\$ <u>3,942</u>	<u>3,942</u>
<b>March 31, 2020</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>22,234</u>	<u>22,337</u>
	Multiples of earnings	5%	\$ <u>17,536</u>	<u>18,492</u>
	Lack-of-Marketability discount rate	5%	\$ <u>13,992</u>	<u>14,065</u>

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

8) Offsetting financial assets and financial liabilities

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

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

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

<b>March 31, 2021</b>						
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other current assets	\$ <u>290,010,034</u>	<u>290,010,034</u>	-	-	-	-
	(USD <u>10,163,474</u> )	(USD <u>10,163,474</u> )				
<b>March 31, 2021</b>						
<b>Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term borrowings	\$ <u>290,010,034</u>	<u>290,010,034</u>	-	-	-	-
	(USD <u>10,163,474</u> )	(USD <u>10,163,474</u> )				
<b>December 31, 2020</b>						
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other current assets	\$ <u>199,267,863</u>	<u>199,267,863</u>	-	-	-	-
	(USD <u>6,996,765</u> )	(USD <u>6,996,765</u> )				
<b>December 31, 2020</b>						
<b>Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement</b>						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term borrowings	\$ <u>199,267,863</u>	<u>199,267,863</u>	-	-	-	-
	(USD <u>6,996,765</u> )	(USD <u>6,996,765</u> )				

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

March 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Other current assets	\$ <u>160,776,629</u>	<u>160,776,629</u>	-	-	-	-
	(USD <u>5,319,326</u> )	(USD <u>5,319,326</u> )				

March 31, 2020						
Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Short-term borrowings	\$ <u>160,776,629</u>	<u>160,776,629</u>	-	-	-	-
	(USD <u>5,319,326</u> )	(USD <u>5,319,326</u> )				

(aa) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note (6)(ab) of the consolidated financial statements for the year ended December 31, 2020.

(ab) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2020. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2020. Please refer to note (6)(ac) of the consolidated financial statements for the year ended December 31, 2020.

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

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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Reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2021</u>	<u>Cash flow</u>	<u>Other non-cash changes</u>	<u>March 31, 2021</u>
Short-term borrowings	\$ 92,838,733	(6,823,112)	-	86,015,621
Proceeds from issuance of convertible bonds	980,219	-	(673)	979,546
Long-term borrowings	19,334,353	(405,634)	-	18,928,719
Lease liabilities	2,287,762	(205,790)	327,416	2,409,388
Guarantee deposits and others	<u>340,131</u>	<u>104,828</u>	<u>(23)</u>	<u>444,936</u>
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>(7,329,708)</u>	<u>326,720</u>	<u>108,778,210</u>

  

	<u>January 1, 2020</u>	<u>Cash flow</u>	<u>Other non-cash changes</u>	<u>March 31, 2020</u>
Short-term borrowings	\$ 60,951,844	(17,051,604)	-	43,900,240
Proceeds from issuance of convertible bonds	966,492	-	3,413	969,905
Long-term borrowings	25,748,438	(4,161,644)	-	21,586,794
Lease liabilities	2,267,088	(226,597)	122,875	2,163,366
Guarantee deposits and others	<u>246,038</u>	<u>(30,262)</u>	<u>434</u>	<u>216,210</u>
Total liabilities from financing activities	<u>\$ 90,179,900</u>	<u>(21,470,107)</u>	<u>126,722</u>	<u>68,836,515</u>

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

(a) Name and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Precision Module (Jiangsu) Co., Ltd. ("CPM")	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. ("Changbao")	An associate
Avalue	An associate
Crownpo Technology Inc. ("Crownpo")	An associate
Kinpo Group Management Consultant Company ("Kinpo Group Management")	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. ("ARCE")	An associate
Raypal Biomedical Co., Ltd. ("Raypal")	An associate

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
Acbel Polytech Inc. (“Acbel”) and its subsidiaries	The same Chairman of the Board with the Company
Cal-Comp Electronics & Communications Company Limited	The same Chairman of the Board with the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<b>For the three months ended March 31,</b>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 177,981	135,052
Post-employment benefits	2,005	2,106
Share-based payments	<u>1,443</u>	<u>7,569</u>
	<b><u>\$ 181,429</u></b>	<b><u>144,727</u></b>

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

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	<b>For the three months ended March 31,</b>	
	<u>2021</u>	<u>2020</u>
Associates	44,356	50,831
Other related parties	<u>31,480</u>	<u>19</u>
	<b><u>\$ 75,836</u></b>	<b><u>50,850</u></b>

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(ii) Purchase of goods from related parties

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

	<b>For the three months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Associates	\$ 1,211,455	762,802
Other related parties	934,046	423,233
	<b><u>\$ 2,145,501</u></b>	<b><u>1,186,035</u></b>

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

(iii) Receivables due from relate parties

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

<b>Account</b>	<b>Related party categories</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes and accounts receivable	Associates	\$ 25,496	29,643	23,392
Notes and accounts receivable	Other related parties	45,231	349,291	-
Other receivables	Other related parties	65	64	62
Other receivables	Associates	846	908	-
		<b><u>\$ 71,638</u></b>	<b><u>379,906</u></b>	<b><u>23,454</u></b>

(iv) Payables to related parties

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

<b>Account</b>	<b>Related party categories</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes and accounts payable	Associates	\$ 1,384,692	1,632,862	917,189
Notes and accounts payable	Other related parties	1,305,258	1,255,762	724,071
Other payables	Associates	142	600	-
		<b><u>\$ 2,690,092</u></b>	<b><u>2,889,224</u></b>	<b><u>1,641,260</u></b>

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

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other current assets	Bail for court mandatory execution	\$ 41,090	41,090	41,090
Property, plant and equipment	Long-term borrowings (including current portion)	481,515	486,581	501,505
Other non-current assets	Guarantee of post-release duty payment to the customs and guarantee of the customs	500	500	500
		<u>\$ 523,105</u>	<u>528,171</u>	<u>543,095</u>

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. After accepting the case, the Taipei District Court declared that the judgement whether the Group violates the Trade Secret Law should depend on whether the employee actually had violated the Trade Secret Law and Copyright Law. Therefore, the case is determined to be paused until the judgements of the criminal cases of the employee are made at the beginning of the year. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (c) As of March 31, 2021, December 31 and March 31, 2020, the Group's signed commitments to purchase property, plant and equipment amounted to \$331,973, \$473,370 and \$322,301, respectively.

**(10) Losses due to major disasters: None****(11) Subsequent events:**

- (a) To activate its assets, CDE signed an agreement regarding the disposal of the right-of-use assets—land and building on May 7, 2021, with a non-related party, Kunshan Xingcheng Construction and Development Co., Ltd. CDE will sell the right-of-use assets—land and building located in Bacheng Town, Kunshan City with a total amount of RMB 956,012 thousands, and the estimated gain on disposal would be amounting to RMB 465,692 thousands. The related information can be accessed through the Market Observation Post System website.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (b) For the demand of business development, the chairman of Arcadyan was authorized to purchase land with a price not exceeding \$500,000 by a resolution of the Board of Directors on March 17, 2021. In addition, Arcadyan had signed an agreement with a non-related party on April 7, 2021 to purchase a land located in Guangfu Section of Hsinchu City, amounting to \$415,480. The related information can be accessed through the Market Observation Post System website.

**(12) Other:**

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

By function By item	Three months ended March 31, 2021			Three months ended March 31, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	4,088,426	3,289,601	7,378,027	3,617,095	2,865,141	6,482,236
Labor and health insurance	238,202	235,101	473,303	210,013	213,433	423,446
Pension	232,351	138,802	371,153	235,044	127,303	362,347
Others	562,230	146,956	709,186	687,225	161,365	848,590
Depreciation	1,241,959	297,675	1,539,634	1,176,248	249,263	1,425,511
Amortization	11,598	123,411	135,009	9,741	96,613	106,354

- (b) Seasonality of operations

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

**(13) Other disclosures:**

- (a) Information on significant transactions

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 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 March 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
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

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

**(14) Segment information:**

	<b>Three months ended March 31, 2021</b>		
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Total</b>
<b>Revenue</b>			
<b>Revenue from external customers</b>	<b>\$ 260,366,718</b>	<b>9,624,815</b>	<b>269,991,533</b>
<b>Reportable segment profit</b>	<b>\$ 3,083,703</b>	<b>584,938</b>	<b>3,668,641</b>
	<b>Three months ended March 31, 2020</b>		
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Total</b>
<b>Revenue</b>			
<b>Revenue from external customers</b>	<b>\$ 174,904,031</b>	<b>7,143,015</b>	<b>182,047,046</b>
<b>Reportable segment profit</b>	<b>\$ 632,501</b>	<b>456,159</b>	<b>1,088,660</b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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**Table 1 Loans to other parties:**  
(March 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	250,000	250,000	220,000	1.08%	Short-term financing	-	Operating demand	-	-	-	20,558,042	41,116,085	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	20,558,042	41,116,085	(Note 1)
0	The Company	CEB	Other receivables	Y	1,426,750	1,426,750	1,426,750	2.05%	Short-term financing	-	Operating demand	-	-	-	20,558,042	41,116,085	(Note 1)
1	CIH	CEP	Other receivables	Y	57,070	57,070	57,070	3.50%	Short-term financing	-	Operating demand	-	-	-	35,228,322	35,228,322	(Note 2)
2	CPC	CDE	Other receivables	Y	1,315,200	1,303,200	1,303,200	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
2	CPC	CIC	Other receivables	Y	438,400	434,400	-	2.20%	Short-term financing	-	Operating demand	-	-	-	1,987,846	1,987,846	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	1,997,450	1,997,450	1,609,374	2.00%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	137,098	71,338	-	1.30%~4.35%	Short-term financing	-	Operating demand	-	-	-	20,913,770	20,913,770	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	856,050	856,050	428,025	1.30%	Short-term financing	-	Operating financing	-	-	-	20,913,770	20,913,770	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	998,725	998,725	998,725	2.00%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
4	CPO	CIT	Other receivables	Y	657,600	651,600	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,810,936	2,810,936	(Note 5)
5	CET	BT	Other receivables	Y	523,680	521,280	65,160	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	4,761,295	4,761,295	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	570,700	570,700	570,700	2.00%	Short-term financing	-	Operating demand	-	-	-	8,030,522	8,030,522	(Note 7)
7	Panpal	HengHao	Other receivables	Y	600,000	600,000	600,000	1.08%	Short-term financing	-	Operating demand	-	-	-	2,222,153	2,222,153	(Note 8)
8	Arcadyan	Arcadyan Brasil	Other receivables	Y	57,020	57,020	37,063	1.00%	Short-term financing	-	Operating financing	-	-	-	2,146,361	4,292,723	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	285,100	285,100	-	1.00%	Transaction for business between two parties	4,480,432	-	-	-	-	2,146,361	4,292,723	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	285,100	285,100	-	1.00%	Transaction for business between two parties	4,476,070	-	-	-	-	2,146,361	4,292,723	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	255,510	-	-	1.00%	Transaction for business between two parties	5,536,271	-	-	-	-	2,146,361	4,292,723	(Note 9)
8	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	57,020	6,770	1.00%	Transaction for business between two parties	170,967	-	-	-	-	136,774	4,292,723	(Note 9)
9	Arcadyan Holding	CNC	Other receivables	Y	484,670	484,670	484,670	1.00%	Short-term financing	-	Operating financing	-	-	-	2,300,270	2,300,270	(Note 10)
10	SVA	CNC	Other receivables	Y	153,440	-	-	3.85%	Short-term financing	-	Operating financing	-	-	-	166,356	166,356	(Note 11)

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.

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## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 1 Loans to other parties:**

(March 31, 2021)

- 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 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 10: According to Arcadyan Holding's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.
- Note 11: 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.
- Note 12: The transactions had been eliminated in the consolidated financial statements.

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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

(March 31, 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)	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 3)	25,697,553	57,070	57,070	57,070	-	0.06%	51,395,106	Y	-	-
0	The Company	CEA	(Note 3)	25,697,553	102,726	102,726	102,726	-	0.10%	51,395,106	Y	-	-
0	The Company	CEP	(Note 2)	25,697,553	151,129	139,855	139,855	-	0.14%	51,395,106	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: Subsidiary whose over 50% common stock is directly owned.

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

(Continued)

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

**Table 3 Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(March 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	724,563	2%	724,563	
	Kinpo Electronics, Inc. ("Kinpo")	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,624,973	9%	1,624,973	
	Cal-Comp Electronics (Thailand) Public Co., Ltd.	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	239,631	529,584	5%	529,584	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	24,687	10%	24,687	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	19,648	11%	19,648	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	60,680	3%	60,680	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	36,432	10%	36,432	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	663	7,391	3%	7,391	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	2,500	23,225	8%	23,225	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	84,180	19%	84,180	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		119,929			
	Total				<u>3,255,292</u>			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	845,004	1%	845,004	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	23,172	303,560	2%	303,560	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	881,280	5%	881,280	
	AcBel	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	164,340	1%	164,340	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	5,769	93,398	3%	93,398	
	Others		Financial assets at fair value through other comprehensive income-non-current		216,107			
Total				<u>2,503,689</u>				
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	490,462	-	490,462	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	192,709	6%	192,709	

(Continued)

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

**Table 3 Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(March 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	
Gempal	Others		Financial assets at fair value through other comprehensive income-non-current		2,200			
	Total				<u>685,371</u>			
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	41,879	7%	41,879	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	31,663	7%	31,663	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	8%	-	
	Total				<u>73,542</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>8,220</u>	-	8,220	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>128,407</u>	-	128,407	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,353</u>	17%	4,353	
CPC	Structured deposits–Industrial and Commercial Bank of China RMB Structured Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>263,382</u>	-	263,382	
CIT	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>598,702</u>	-	598,702	
CIT	Structured deposits–Industrial and Commercial Bank of China RMB Structured Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>877,783</u>	-	877,783	
CEC	Structured deposits–Win-win Exchange Rate Structure RMB Structural Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>547,653</u>	-	547,653	
CPO	Structured deposits–Industrial and Commercial Bank of China RMB Structured Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>526,670</u>	-	526,670	
CPO	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>263,031</u>	-	263,031	

(Continued)

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

**Table 3 Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(March 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 (%)	
CIC	Structured deposits–Industrial and Commercial Bank of China RMB Structured Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>263,382</u>	-	263,382
CIC	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>235,110</u>	-	235,110
CET	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>174,174</u>	-	174,174
CET	Structured deposits–Industrial and Commercial Bank of China RMB Structured Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>395,074</u>	-	395,074
CNC	Structured deposits - SPD Bank Yield Plus Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>130,693</u>	-	130,693

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

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

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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

(For the three months ended March 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Others		Ending Balance		
					Shares/ Units (thousands)	Amount	Shares/ Units (thousands)	Amount	Shares/ Units (thousands)	Price	Cost	Gain (loss) on disposal	Shares/ Units (thousands)	Amount	Shares/ Units (thousands)	Amount
CTT	Structured deposits- Agricultural Bank of China "HuLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	1,470,031	-	601,926	-	1,489,033	1,470,031	19,002 (Note 2)	-	(3,224) (Note 1)	-	598,702
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	-	-	-	-	875,529	-	-	-	-	-	2,254 (Note 1)	-	877,783
CEC	Structured deposits- Win-win Exchange Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank Co., Ltd.	-	-	-	-	547,205	-	-	-	-	-	448 (Note 1)	-	547,653
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	-	-	-	-	525,317	-	-	-	-	-	1,353 (Note 1)	-	526,670
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	-	-	-	-	393,988	-	-	-	-	-	1,086 (Note 1)	-	395,074

Note 1: Others were valuation gains and losses and foreign exchange gains and losses.  
 Note 2: Including gains and losses on disposal and foreign exchange gains and losses.

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**  
(For the three months ended March 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	(169,099)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	255,525	0.1%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(150,612)	(0.1)%	90 days	Similar to non-related parties	There is no significant difference	298,649	0.1%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	32,705,131	14.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(39,907,904)	(25.2)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	43,109,572	18.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,993,309)	(1.3)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	6,284,623	2.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,057,748)	(1.3)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	8,129,794	3.5%	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	(10,697,104)	(6.8)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	4,792,959	2.1%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,718,669)	(1.7)%	(Note 2)
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(43,179,660)	(99.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,993,309	99.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(103,260)	(0.2)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	145,581	0.3%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(32,808,015)	(94.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	39,907,904	92.7%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(755,575)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,310,660	2.9%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Purchase	103,055	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(145,581)	(0.2)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(707,885)	(2.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,971,114	3.7%	(Note 2)
	CPM	An associate	Purchase	826,322	0.7%	120 days	Similar to non-related parties	There is no significant difference	(978,037)	(1.2)%	
	Changbao	An associate	Purchase	237,087	0.2%	120 days	Similar to non-related parties	There is no significant difference	(238,186)	(0.3)%	
	Acbel and its subsidiaries	With the same chairman	Purchase	266,902	0.2%	120 days	Similar to non-related parties	There is no significant difference	(553,682)	(0.7)%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	150,510	23.0%	Net 90 days from delivery	-	There is no significant difference	(298,649)	(32.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(8,146,430)	(94.6)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	10,697,104	86.8%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	755,153	2.4%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(2,310,660)	(7.7)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(209,043)	(2.4)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,574,915	8.2%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(135,686)	(1.6)%	120 days	According to markup pricing	There is no significant difference	1,318,525	4.2%	(Note 2)

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**  
(For the three months ended March 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)	
BCI and its subsidiaries	CPM	An associate	Purchase	106,538	0.3%	120 days	Similar to non-related parties	There is no significant difference	(107,313)	(0.4)%	
	Acbel and its subsidiaries	With the same chairman	Purchase	124,925	0.4%	120 days	Similar to non-related parties	There is no significant difference	(210,550)	(0.7)%	
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	135,737	6.0%	120 days	Similar to non-related parties	There is no significant difference	(1,318,525)	(48.1)%	(Note 2)
	Cal-Comp	With the same chairman	Purchase	474,264	21.0%	120 days	Similar to non-related parties	There is no significant difference	(304,633)	(25.7)%	
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(4,792,825)	(98.6)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	2,718,669	96.7%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	386,442	10.8%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(350,115)	(9.2)%	(Note 2)
UCGI	Compal Electronic, Inc.	Parent company	Purchase	168,679	98.0%	120 days	Similar to non-related parties	There is no significant difference	(255,525)	(100.0)%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(6,287,630)	(93.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,057,748	96.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	715,801	10.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,971,114)	(14.9)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	210,538	3.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,574,915)	(13.0)%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(384,744)	(5.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	350,115	3.3%	(Note 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(318,115)	(3.0)%	Net 150 days from delivery	-	-	269,746	4.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(1,847,718)	(20.0)%	Net 120 days from delivery	-	-	1,154,435	18.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	3,028,219	25.0%	Net 120 days from delivery	According to markup pricing	-	(2,910,230)	(21.0)%	(Note 1 & 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	220,107	2.0%	Net 180 days from the end of the month	According to markup pricing	-	(Note 3)	-	(Note 1 & 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(3,028,219)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,910,230	100.0%	(Note 1 & 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(220,107)	(100.0)%	Net 180 days from the end of the month	According to markup pricing	-	(Note 3)	-	(Note 1 & 2)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	318,115	100.0%	Net 150 days from delivery	-	-	(269,746)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	1,847,718	100.0%	Net 120 days from delivery	-	-	(1,154,435)	(100.0)%	(Note 2)

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

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

Note 3: The amount of other receivables on March 31, 2021 is 1,049,563 thousand dollars.

(Continued)

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

**Table 6 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**  
(March 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	298,649	2.04	-	-	-	(Note 1)	-
The Company	UCGI	The Company's subsidiary	255,525	2.56	-	-	-	(Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	1,993,309	40.43	-	-	-	(Note 1)	-
Just and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	145,581	0.64	-	-	-	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	39,907,904	2.87	-	-	37,841,999	(Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	2,310,660	1.57	-	-	-	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,971,114	1.03	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	10,697,104	3.07	-	-	10,697,104	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,574,915	0.34	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,318,525	0.40	-	-	73,141	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,718,669	5.91	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	2,057,748	3.31	-	-	-	(Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	350,115	4.83	-	-	147,771	(Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	269,746	4.96	-	-	39,583	(Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	1,154,435	6.74	-	-	756,778	(Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,049,563	(Note 4)	-	-	-	(Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	2,910,230 (Note 5)	3.83	-	-	1,788,881	(Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	125,161 (Note 6)	-	5,348	Enhancement on the collection	50,429	(Note 3)	-

Note 1:Balance as of May 4, 2021.

Note 2:Balance as of April 29, 2021.

Note 3:Balance as of May 5, 2021.

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

Note 4:Accounts receivables due to processing raw material.

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

(Continued)

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

**Table 7 Business relationships and significant intercompany transactions:**

(For the three months ended March 31, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	CBN	1	Sales Revenue	150,612	There is no significant difference of price to non-related parties. The credit period is net 90 days.	0.1%
0	The Company	UCGI	1	Accounts Receivable	298,649	"	0.1%
				Sales Revenue	169,099	There is no significant difference of price to non-related parties. The credit period is net 120 days.	0.1%
1	JUST and its subsidiaries	The Company	2	Accounts Receivable	255,525	"	0.1%
				Sales Revenue	43,179,660	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	16.0%
1	JUST and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	1,993,309	"	0.4%
				Sale Revenue	103,260	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	The Company	2	Accounts Receivable	145,581	"	-
				Sales Revenue	32,808,015	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.2%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable	39,907,904	"	8.9%
				Sales Revenue	755,575	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	2,310,660	"	0.5%
				Sales Revenue	707,885	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
3	BCI and its subsidiaries	The Company	2	Accounts Receivable	2,971,114	"	0.7%
				Sales Revenue	8,146,430	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	3.0%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	10,697,104	"	2.4%
				Sales Revenue	209,043	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
3	BCI and its subsidiaries	CEB	3	Accounts Receivable	2,574,915	"	0.6%
				Sales Revenue	135,686	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	1,318,525	"	0.3%

(Continued)

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

**Table 7 Business relationships and significant intercompany transactions:**

(For the three months ended March 31, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
4	Etrade and its subsidiaries	The Company	2	Sales Revenue	4,792,825	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.8%
5	HSI and its subsidiaries	The Company	2	Accounts Receivable	2,718,669	"	0.6%
				Sales Revenue	6,287,630	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	2.3%
5	HSI and its subsidiaries	Etrade and its subsidiaries	3	Accounts Receivable	2,057,748	"	0.5%
				Sales Revenue	384,744	There is no significant difference of price to non-related parties. The credit period is net 90 days, and will be adjusted if necessary.	0.1%
6	Arcadyan	Arcadyan Germany	3	Accounts Receivable	350,115	"	0.1%
				Sales Revenue	318,115	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
6	Arcadyan	Arcadyan USA	3	Accounts Receivable	269,746	"	0.1%
				Sales Revenue	1,847,718	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	0.7%
6	Arcadyan	Arcadyan Vietnam	3	Accounts Receivable	1,154,435	"	0.3%
				Other Receivable	1,049,563	The credit period is net 180 days from the end of the month and depended on funding demand.	0.2%
7	CNC	Arcadyan	3	Processing Revenue	3,028,219	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.1%
8	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable	2,910,230	"	0.7%
				Processing Revenue	220,107	The credit period is net 180 days from the end of the month and depended on funding demand.	0.1%

Note 1: The numbers filled in as follows:

- 1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.

(Continued)

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

**Table 8 The information on investees for the year ended March 31, 2021 (excluding information on investees in Mainland China):**  
(March 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
				March 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	429,219	(7,191)	(3,429)	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	7,985,912	242,886	242,886	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	35,621,096	310,068	310,068	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,979,350 (Note 1)	32,423	(18,214)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,800,966 (Note 1)	56,342	26,951	(Note 2)
	Kinpo Group management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,773	280	114	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	89,881	6,400	6,400	(Note 2)
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	120,857	(4,425)	(4,425)	(Note 2)
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,363,041	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management&Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	2,758	(14)	(14)	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	409,341	92,544	18,893	
	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%	65,325	(15,833)	(8,239)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	621,240	101,099	49,538	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	790,302	517	517	(Note 2)
	Crownpo	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	62,662	14,317	4,758	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,164,269	22,232	22,232	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	361,610	10,004	10,004	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	235,397	(560)	(296)	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	125,160	91	91	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	20%	2,210,605	454,417	90,061	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,723,946	(41,148)	(41,148)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,212	(13)	(13)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	115,659	(241,249)	(241,249)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	6,846	(8,283)	(8,283)	(Note 2)

(Continued)

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

**Table 8 The information on investees for the year ended March 31, 2021 (excluding information on investees in Mainland China):**  
(March 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
				March 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Hippo Screen	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%	77,711	(4,705)	(3,974)	(Note 2)
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	109,837	109,837	5,650	27%	13,256	877	239	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,529,757	5,529,757	20,015	100%	(295,202)	(25,274)	(25,274)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	6,797,191	320,302	320,302	(Note 2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	711,606	(3,490)	(1,515)	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	134,142	8,531	8,531	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	203,235	11,777	11,777	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	984,458	(16,362)	(5,681)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(594,106)	41,602	127,488	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	587,982	14,670	14,670	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,325,573	(6,076)	(6,076)	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	199,999	199,999	10,000	100%	(362,814)	18,413	18,413	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	111,238	(1,186)	(1,186)	(Note 2)
	Avalue Technology, Inc.	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	592,159	19,086	5,806	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,378,295	7,373	7,373	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	320,297	4,303	2,278	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	37	37	-	100%	(58)	(58)	(58)	(Note 2)
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	56,653	(9,598)	(3,199)	
	Raypal Biomedical Co.,Ltd.	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	150,794	(856)	(257)	
								<b>83,483,837</b>		<b>926,860</b>	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipments and materials import and manufacturing	279,202	279,202	8,192	4%	483,209	454,417	Investment gain(losses) recognized by Panpal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	117,955	92,544	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 equipments and materials import and manufacturing	306,655	306,655	9,279	4%	230,526 572,335	454,417	Investment gain(losses) recognized by Gempal	(Note 2)

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

**Table 8 The information on investees for the year ended March 31, 2021 (excluding information on investees in Mainland China):**  
(March 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
				March 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%	129,751	92,544	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 equipments and materials import and manufacturing	306,655	306,655	9,279	4%	572,335	454,417	Investment gain(losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	29,420	92,544	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 equipments and materials import and manufacturing	131,942	131,942	4,609	2%	269,288	454,417	Investment gain(losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,777,659	1,777,659	62,298	100%	5,679,384	240,009	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	263,806	263,806	9,245	100%	240,266	7	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	14,268	14,268	500	100%	855,034	814	Investment gain(losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	29	29	1	100%	362	(2)	Investment gain(losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	28,535	28,535	1,000	100%	45,204	-	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	234,957	234,957	-	100%	194,709	9	Investment gain(losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	29	29	-	100%	29	-	Investment gain(losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,134,489	2,134,489	74,803	100%	34,296,303	461,889	Investment gain(losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	209,732	209,732	7,350	100%	101,466	100	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	29	29	1	100%	438,195	2,476	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	425,172	425,172	14,900	100%	425,649	-	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	145,529	145,529	5,100	51%	26,079	(83)	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,911,845	1,944,845	67,000	100%	869,751	(242,046)	Investment gain(losses) recognized by HSI	(Note 2)

(Continued)

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

**Table 8 The information on investees for the year ended March 31, 2021 (excluding information on investees in Mainland China):**  
(March 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
				March 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HSI	Goal	British Virgin Islands	Investment	362,395	362,395	12,700	100%	301,703	797	Investment gain(losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,911,845	1,911,845	67,000	100%	869,751	(242,046)	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	362,395	362,395	12,700	100%	303,234	797	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,306,199	2,306,199	80,820	100%	4,162,035	108,357	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	285,350	285,350	10,000	100%	2,635,155	211,945	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,194,645	4,194,645	147,000	100%	7,378,295	7,373	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	142,675	142,675	-	99%	135,708	(823)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,055,795	1,055,795	37,000	46%	1,055,795	(241,249)	Investment gain(losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain(losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	57,070	57,070	-	100%	(2,464)	(5,655)	Investment gain(losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	713,375	713,375	25,000	35%	(111,297)	41,602	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	25,500	25,500	1,275	51%	12,506	(1,918)	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,359,732	2,359,732	69,780	100%	2,253,076	10,907	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	78,088	20,432	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	68,827	(4,897)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	18,702	5,493	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	423,195	(605)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	518,050	2,554	Investment gain(losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,716	31	Investment gain(losses) recognized by Arcadyan	(Note 2)

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

**Table 8 The information on investees for the year ended March 31, 2021 (excluding information on investees in Mainland China):**  
(March 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
				March 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	3,818	199	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	47,235	1,224	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	13,169	(3,490)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	2,492	-	100%	7,379	549	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(19,170)	(4,744)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	-	-	-	100%	-	-	-	(Note 3)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	543,116	543,116	19,050	100%	464,086	10,013	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	313,924	313,924	35	100%	885,064	(2,525)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	34,212	34,212	1,200	100%	16,619	(15,761)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	4,974	(630)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	33,357	33,357	1,170	100%	4,105	(15,771)	Investment gain(losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	541,690	541,690	-	100%	459,895	10,013	Investment gain(losses) recognized by Sinoprime	(Note 2)
Zhi-bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	20%	324,504	(3,490)	Investment gain(losses) recognized by Zhi-bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	135,059	19,928	Investment gain(losses) recognized by Rayonnant	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain(losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	356,688	356,688	12,500	59%	203,235	19,928	Investment gain(losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	89,914	89,914	3,151	100%	39,880	1,713	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	513,630	513,630	18,000	100%	290,838	18,214	Investment gain(losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(237,908)	(53,928)	Investment gain(losses) recognized by HHT	(Note 2)

(Continued)

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

**Table 8 The information on investees for the year ended March 31, 2021 (excluding information on investees in Mainland China):**  
(March 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
				March 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HHA	HHB	British Virgin Islands	Investment	1,337,779	1,337,779	46,882	100%	(237,848)	(53,928)	Investment gain(losses) recognized by HHA	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,989	(66)	Investment gain(losses) recognized by CBN	(Note 2)
	CBNN	The Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,539	(20)	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,561,173	2,561,173	95,862	37%	4,789,346	(112,392)	Investment gain(losses) recognized by FGH	
GLB	Rapha	New Taipei City	Detectors and test strip	6,500	6,500	1,275	100%	(36)	-	Investment gain(losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	25,666	(7,896)	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 transactions had been eliminated in the consolidated financial statements.

Note 3: The subsidiary was incorporated on March 25, 2021, and the capital has not been funded.

(Continued)

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

**Table 9 Information on investment in Mainland China:**

(March 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 March 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	1,055,795	(Note 1)	1,055,795	-	-	1,055,795	231,208	100%	231,208	2,232,147	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	570,700	(Note 2)	570,700	-	-	570,700	(11,046)	100%	(11,046)	91,752	-
CET	Manufacturing of notebook PCs	342,420	(Note 2)	342,420	-	-	342,420	23,148	100%	23,148	4,801,316	-
CSD	Manufacturing of notebook PCs	261,206	(Note 2)	(Note 3)	-	-	-	49,398	100%	49,398	62,483	-
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	68,680	(Note 2)	(Note 3)	-	-	-	-	51%	-	(43,154)	-
BT	Maintenance and warranty service of notebook PCs	28,535	(Note 2)	28,535	-	-	28,535	10,693	100%	10,693	(180,570)	-
CGS	Production and processing chipresistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	8,707	(Note 2)	(Note 3)	-	-	-	(12,773)	100%	(12,773)	(38,275)	-
LIZ Electronics (Kunshan) 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	913,120	(Note 1)	380,372	-	-	380,372	90,782	43%	39,200	465,720	-
LIZ Electronics (Nantong) Co., Ltd.	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	570,700	(Note 1)	41,946	-	-	41,946	61,232	48%	29,146	489,118	-
CIC	Manufacturing of notebook PCs	342,420	(Note 2)	342,420	-	-	342,420	96,854	100%	96,854	8,143,455	-
CPO	Manufacturing and sales of LCD TVs	345,274	(Note 1)	345,274	-	-	345,274	15,265	100%	15,265	2,824,635	-
CIT	Manufacturing of notebook PCs	684,840	(Note 2)	684,840	-	-	684,840	344,369	100%	344,369	21,300,554	-

(Continued)

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

**Table 9 Information on investment in Mainland China:**

(March 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 March 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						
CST	International trade and distribution of computers and electronic components	39,949	(Note 2)	39,949	-	-	39,949	139	100%	139	48,298	-
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	285,350	(Note 2)	145,529	-	-	145,529	(83)	51%	(42)	29,913	-
CIJ	Investment and consulting services	445,146	(Note 2)	445,146	-	-	445,146	(8,731)	100%	(8,731)	570,749	-
CDE	Manufacturing and sales of LCD TVs	428,025	(Note 2)	(Note 3)	-	-	-	(8,732)	100%	(8,732)	537,538	-
CIS	Outward investment and consulting services	2,306,199	(Note 1)	2,306,199	-	-	2,306,199	108,357	100%	108,357	4,162,035	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,282,800	(Note 2)	(Note 3)	-	-	-	108,413	100%	108,413	4,133,126	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	22,828	(Note 2)	(Note 3)	-	-	-	(51)	100%	(51)	22,836	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	285,350	(Note 1)	285,350	-	-	285,350	211,945	100%	211,945	2,635,155	-
CPM	Manufacturing and selling of magnesium alloy injection molding	11,984,700	(Note 2)	2,357,761	-	-	2,357,761	27,930	37%	10,228	5,396,264	-
Changbao	Production and marketing of magnesium alloy molding	1,712,100	(Note 2)	326,897	-	-	326,897	(35,111)	37%	(12,858)	797,491	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	513,630	(Note 2)	356,688	-	-	356,688	18,214	100%	18,214	291,396	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	770,445	(Note 1)	627,770	-	-	627,770	(10,014)	100%	(10,014)	(949,616)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	165,503	(Note 1)	165,503	-	-	165,503	709	100%	709	87,089	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,398,215	(Note 1)	542,165	-	-	542,165	50,807	100%	50,807	512,032	-

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## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 9 Information on investment in Mainland China:**

(March 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 March 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						
Hanhelt	R&D and manufacturing of electronic communication equipment	57,070	(Note 1)	57,070	-	-	57,070	(57)	100%	(57)	2,796	-
<b>Arcadyan</b> SVA Arcadyan	R&D and sales of wireless network products	373,481	(Note 1)	525,154 (Note 7)	-	-	525,154	1,901	100%	1,901	166,356	-
CNC	Manufacturing and wireless network products	354,950	(Note 1)	313,924 (Note 8)	-	-	313,924	(2,525)	100%	(2,525)	885,064	-
THAC	Manufacturing of household electronics products	95,509	(Note 1 - 10)	32,787	-	-	32,787	(15,771)	100%	(15,771)	3,621	-
<b>HengHao</b> HengHao Optoelectronic Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	1,141,400	(Note 1)	1,135,779	-	-	1,135,779	(54,155)	100%	(54,155)	(366,760)	-
Lucom Display Technology (Kunshan) Limited ("Lucom")	Manufacturing of notebook PCs and related modules	428,025	(Note 2)	185,450 (Note 12)	-	-	185,450	227	100%	227	128,664	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of March 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	15,481,293 (US\$542,537) (Note 5)	21,591,065 (US\$756,652)	(Note 6)
Arcadyan	871,864 (US\$30,581)	871,864 (US\$30,581)	6,439,085
HengHao	1,337,493 (US\$46,872)	1,337,493 (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), except for Compal Precision Module (Jiangsu) Co., Ltd., was determined based on the financial report reviewed by the CPAs.

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

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

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

Note 8: Arcadyan paid US\$8,561 thousands 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 thousands to offset accumulated losses in March 2009.

Note 10: Arcadyan's subsidiary, TTL, obtained the control over THAC with US\$1,150 thousands 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 thousands in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousands and US\$3,315 thousands, respectively, for organization restructure, to obtain 100% ownership of Lucom.

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

(iii) Significant transactions:

For the three months ended March 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" and "Business relationships and significant intercompany transactions".