

**COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019**

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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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2020 and 2019, as well as the changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, 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 \$17,146,044 thousand and \$22,162,821 thousand, constituting 3.9% and 5.3% of consolidated total assets as of September 30, 2020 and 2019, respectively, total liabilities amounting to \$2,736,810 thousand and \$3,174,818 thousand, constituting 0.8% and 1.0% of consolidated total liabilities as of September 30, 2020 and 2019, respectively, and the absolute value of total comprehensive income (loss) amounting to \$(22,140) thousand, \$(46,775) thousand, \$(239,480) thousand and \$(38,266) thousand, constituting 1.2%, 2.9%, 8.1% and 0.6% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2020 and 2019, 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 September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, as well as its consolidated cash flows for the nine months ended September 30, 2020 and 2019 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 Szu-Chuan Chien and Yiu-Kwan Au.

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

KPMG

Taipei, Taiwan (Republic of China)
November 12, 2020

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 September 30, 2020 and 2019

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2020, December 31, 2019, and September 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2020		December 31, 2019		September 30, 2019			September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets													
Current assets:							Liabilities and Equity						
1100 Cash and cash equivalents (note (6)(a))	\$ 85,505,998	19.7	66,559,397	17.4	55,444,483	13.3	2100 Short-term borrowings (note (6)(l))	\$ 77,205,342	17.8	60,951,844	15.9	67,790,281	16.2
1110 Current financial assets at fair value through profit or loss (note (6)(b))	5,519,175	1.3	1,346,379	0.4	3,838,516	0.9	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	26,874	-	5,854	-	950	-
1135 Current financial assets for hedging (note (6)(d))	8,778	-	61	-	-	-	2125 Current financial liabilities for hedging (note (6)(d))	23,069	-	4,932	-	-	-
1170 Notes and accounts receivable, net (note (6)(e))	192,679,953	44.3	191,692,152	50.1	204,651,901	49.0	2130 Current contract liabilities (note (6)(v))	896,192	0.2	956,455	0.2	1,234,894	0.3
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	114,424	-	44,512	-	104,454	-	2170 Notes and accounts payable	190,131,940	43.8	142,940,869	37.4	173,419,466	41.5
1200 Other receivables, net (notes (6)(e) and (7))	1,234,529	0.3	2,006,113	0.5	1,799,346	0.4	2180 Notes and accounts payable to related parties (note (7))	2,043,079	0.5	1,504,908	0.4	1,526,774	0.4
1310 Inventories (note (6)(f))	104,673,857	24.1	78,433,538	20.5	111,059,758	26.7	2200 Other payables (note (7))	20,650,649	4.8	21,916,685	5.7	21,219,396	5.1
1470 Other current assets (note (8))	3,012,165	0.7	3,072,661	0.8	2,960,582	0.7	2230 Current tax liabilities	4,492,123	1.0	4,428,716	1.2	3,898,574	0.9
	<u>392,748,879</u>	<u>90.4</u>	<u>343,154,813</u>	<u>89.7</u>	<u>379,859,040</u>	<u>91.0</u>	2250 Current provisions (note (6)(p))	836,906	0.2	830,757	0.2	820,158	0.2
Non-current assets:							2280 Current lease liabilities (note (6)(o))	436,424	0.1	717,021	0.1	632,012	0.2
1550 Investments accounted for using equity method (note (6)(g))	7,653,291	1.8	7,319,086	1.9	7,208,408	1.7	2300 Other current liabilities	1,199,149	0.3	1,990,243	0.5	2,528,005	0.6
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	183,380	-	115,359	-	121,036	-	2365 Current refund liabilities	1,480,474	0.3	1,382,374	0.4	1,669,019	0.4
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	4,434,116	1.0	4,928,053	1.3	4,637,345	1.1	2322 Long-term borrowings, current portion (note (6)(m))	<u>9,200,175</u>	<u>2.1</u>	<u>18,189,375</u>	<u>4.8</u>	<u>16,889,375</u>	<u>4.0</u>
1600 Property, plant and equipment (notes (6)(j) and (8))	21,629,512	5.0	19,972,347	5.2	19,880,190	4.8		<u>308,622,396</u>	<u>71.1</u>	<u>255,820,033</u>	<u>66.8</u>	<u>291,628,904</u>	<u>69.8</u>
1755 Right-of-use assets (note (6)(k))	3,626,841	0.8	3,350,172	0.9	2,619,473	0.6	Non-Current liabilities:						
1780 Intangible assets	1,554,557	0.4	1,553,342	0.4	1,647,543	0.4	2530 Bonds payable (note (6)(n))	976,769	0.2	966,492	0.3	963,090	0.2
1840 Deferred tax assets	1,760,092	0.4	1,637,626	0.4	1,020,966	0.2	2540 Long-term borrowings (note (6)(m))	8,971,031	2.1	7,559,063	2.0	8,968,906	2.1
1990 Other non-current assets (note (8))	726,259	0.2	617,621	0.2	696,385	0.2	2570 Deferred tax liabilities	1,011,738	0.2	1,009,218	0.3	495,708	0.1
	<u>41,568,048</u>	<u>9.6</u>	<u>39,493,606</u>	<u>10.3</u>	<u>37,831,346</u>	<u>9.0</u>	2580 Non-current lease liabilities (note (6)(o))	1,849,864	0.4	1,550,067	0.4	990,136	0.2
							2640 Non-current net defined benefit liability (note (6)(q))	725,564	0.2	738,164	0.2	700,118	0.2
							2670 Non-current liabilities, others (note (6)(g))	<u>303,108</u>	<u>0.1</u>	<u>246,038</u>	<u>-</u>	<u>231,246</u>	<u>0.1</u>
								<u>13,838,074</u>	<u>3.2</u>	<u>12,069,042</u>	<u>3.2</u>	<u>12,349,204</u>	<u>2.9</u>
							Total liabilities	<u>322,460,470</u>	<u>74.3</u>	<u>267,889,075</u>	<u>70.0</u>	<u>303,978,108</u>	<u>72.7</u>
							Equity:						
							Equity attributable to owners of parent (note (6)(s)):						
							3110 Ordinary share	44,071,466	10.1	44,071,466	11.5	44,071,466	10.6
							3200 Capital surplus	8,341,023	1.9	9,159,259	2.4	9,133,450	2.2
							3300 Retained earnings	58,031,868	13.4	57,726,604	15.1	56,948,143	13.6
							3400 Other equity interest	(6,562,580)	(1.5)	(4,103,449)	(1.1)	(3,457,703)	(0.8)
							3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
								<u>103,000,530</u>	<u>23.7</u>	<u>105,972,633</u>	<u>27.7</u>	<u>105,814,109</u>	<u>25.4</u>
							36XX Non-controlling interests	8,855,927	2.0	8,786,711	2.3	7,898,169	1.9
							Total equity	<u>111,856,457</u>	<u>25.7</u>	<u>114,759,344</u>	<u>30.0</u>	<u>113,712,278</u>	<u>27.3</u>
Total assets	<u>\$ 434,316,927</u>	<u>100.0</u>	<u>382,648,419</u>	<u>100.0</u>	<u>417,690,386</u>	<u>100.0</u>	Total liabilities and equity	<u>\$ 434,316,927</u>	<u>100.0</u>	<u>382,648,419</u>	<u>100.0</u>	<u>417,690,386</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2020 and 2019

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

	For the three months ended September 30				For the nine months ended September 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Net sales revenue (notes (6)(v) and (7))	\$ 269,241,623	100.0	249,923,397	100.0	714,942,173	100.0	712,919,021	100.0
5000	Cost of sales (notes (6)(f),(6)(q), (7) and (12))	260,248,397	96.7	241,860,510	96.8	691,734,117	96.8	688,527,276	96.6
	Gross profit	<u>8,993,226</u>	<u>3.3</u>	<u>8,062,887</u>	<u>3.2</u>	<u>23,208,056</u>	<u>3.2</u>	<u>24,391,745</u>	<u>3.4</u>
	Operating expenses: (notes (6)(q) and (12))								
6100	Selling expenses	1,225,059	0.5	1,249,685	0.5	3,183,441	0.4	3,689,529	0.5
6200	Administrative expenses	1,006,848	0.4	1,051,783	0.4	3,070,896	0.4	3,063,209	0.4
6300	Research and development expenses	3,709,712	1.4	3,341,570	1.3	10,614,730	1.5	10,138,266	1.4
		<u>5,941,619</u>	<u>2.3</u>	<u>5,643,038</u>	<u>2.2</u>	<u>16,869,067</u>	<u>2.3</u>	<u>16,891,004</u>	<u>2.3</u>
	Net operating income	<u>3,051,607</u>	<u>1.0</u>	<u>2,419,849</u>	<u>1.0</u>	<u>6,338,989</u>	<u>0.9</u>	<u>7,500,741</u>	<u>1.1</u>
	Non-operating income and expenses:								
7100	Interest income (note (6)(x))	338,289	0.1	443,476	0.2	1,245,680	0.2	1,292,482	0.2
7020	Other gains and losses, net (notes (6)(d), (6)(g), (6)(x) and (6)(z))	(40,046)	-	199,194	0.1	(262,324)	-	290,950	-
7050	Finance costs (notes (6)(n) and (6)(o))	(271,199)	(0.1)	(649,050)	(0.3)	(895,587)	(0.1)	(2,138,992)	(0.3)
7190	Other income (note (6)(x))	133,026	-	102,067	-	383,643	-	323,073	-
7590	Miscellaneous disbursements	(15,651)	-	(6,474)	-	(41,919)	-	(18,853)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	16,005	-	(1,696)	-	377,362	-	(9,700)	-
	Total non-operating income and expenses	<u>160,424</u>	<u>-</u>	<u>87,517</u>	<u>-</u>	<u>806,855</u>	<u>0.1</u>	<u>(261,040)</u>	<u>(0.1)</u>
7900	Profit from continuing operations before tax	<u>3,212,031</u>	<u>1.0</u>	<u>2,507,366</u>	<u>1.0</u>	<u>7,145,844</u>	<u>1.0</u>	<u>7,239,701</u>	<u>1.0</u>
7950	Less: Income tax expenses (note (6)(r))	<u>654,521</u>	<u>0.2</u>	<u>463,198</u>	<u>0.2</u>	<u>1,631,192</u>	<u>0.2</u>	<u>1,503,446</u>	<u>0.2</u>
	Profit	<u>2,557,510</u>	<u>0.8</u>	<u>2,044,168</u>	<u>0.8</u>	<u>5,514,652</u>	<u>0.8</u>	<u>5,736,255</u>	<u>0.8</u>
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8311	Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	(1,938)	-	-	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	219,009	0.1	(51,268)	-	(462,766)	(0.1)	(79,813)	-
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	1,431	-	52,214	-	(58,679)	-	87,233	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(r))	40,460	-	3,722	-	(6,709)	-	23,222	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>179,980</u>	<u>0.1</u>	<u>(2,776)</u>	<u>-</u>	<u>(516,674)</u>	<u>(0.1)</u>	<u>(15,802)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(1,066,944)	(0.4)	(198,051)	(0.1)	(2,038,247)	(0.3)	556,163	0.1
8368	Gains (losses) on hedging instrument (note (6)(y))	(37,856)	-	-	-	(9,420)	-	-	-
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	166,666	0.1	(215,914)	(0.1)	(11,357)	-	(156,234)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(r))	(5,582)	-	(2,158)	-	(11,317)	-	541	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(932,552)</u>	<u>(0.3)</u>	<u>(411,807)</u>	<u>(0.2)</u>	<u>(2,047,707)</u>	<u>(0.3)</u>	<u>399,388</u>	<u>0.1</u>
8300	Other comprehensive income	<u>(752,572)</u>	<u>(0.2)</u>	<u>(414,583)</u>	<u>(0.2)</u>	<u>(2,564,381)</u>	<u>(0.4)</u>	<u>383,586</u>	<u>0.1</u>
8500	Total comprehensive income	<u>\$ 1,804,938</u>	<u>0.6</u>	<u>1,629,585</u>	<u>0.6</u>	<u>2,950,271</u>	<u>0.4</u>	<u>6,119,841</u>	<u>0.9</u>
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	\$ 2,188,491	0.7	1,800,061	0.7	4,780,214	0.7	4,941,697	0.7
8620	Profit, attributable to non-controlling interests	369,019	0.1	244,107	0.1	734,438	0.1	794,558	0.1
		<u>\$ 2,557,510</u>	<u>0.8</u>	<u>2,044,168</u>	<u>0.8</u>	<u>5,514,652</u>	<u>0.8</u>	<u>5,736,255</u>	<u>0.8</u>
	Comprehensive income attributable to:								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 1,477,177	0.5	1,391,359	0.5	2,253,359	0.3	5,323,485	0.8
8720	Comprehensive income (loss), attributable to non-controlling interests	327,761	0.1	238,226	0.1	696,912	0.1	796,356	0.1
		<u>\$ 1,804,938</u>	<u>0.6</u>	<u>1,629,585</u>	<u>0.6</u>	<u>2,950,271</u>	<u>0.4</u>	<u>6,119,841</u>	<u>0.9</u>
	Earnings per share (note 6(u))								
9750	Basic earnings per share	<u>\$ 0.50</u>		<u>0.41</u>		<u>1.10</u>		<u>1.13</u>	
9850	Diluted earnings per share	<u>\$ 0.50</u>		<u>0.41</u>		<u>1.09</u>		<u>1.12</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 nine months ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Retained earnings						Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	\$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	(7,459,388)	(881,247)	105,723,646	7,438,202	113,161,848
Profit for the nine months ended September 30, 2019	-	-	-	-	4,941,697	4,941,697	-	-	-	-	-	4,941,697	794,558	5,736,255
Other comprehensive income	-	-	-	-	451	451	397,393	(16,056)	-	381,337	-	381,788	1,798	383,586
Total comprehensive income	-	-	-	-	4,942,148	4,942,148	397,393	(16,056)	-	381,337	-	5,323,485	796,356	6,119,841
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	891,336	-	(891,336)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(1,363,317)	1,363,317	-	-	-	-	-	-	-	-	-
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	-	18,146	-	-	-	-	-	-	-	-	-	18,146	-	18,146
Changes in equity of associates and joint ventures accounted for using equity method	-	4,278	-	-	(26,891)	(26,891)	-	-	-	-	-	(22,613)	-	(22,613)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(3,620,348)	(3,620,348)	-	3,620,348	-	3,620,348	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(336,389)	(336,389)
Balance at September 30, 2019	\$ 44,071,466	9,133,450	19,719,150	7,467,831	29,761,162	56,948,143	(1,455,559)	(2,002,144)	-	(3,457,703)	(881,247)	105,814,109	7,898,169	113,712,278
Balance at January 1, 2020	\$ 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 nine months ended September 30, 2020	-	-	-	-	4,780,214	4,780,214	-	-	-	-	-	4,780,214	734,438	5,514,652
Other comprehensive income	-	-	-	-	(851)	(851)	(2,008,646)	(515,051)	(2,307)	(2,526,004)	-	(2,526,855)	(37,526)	(2,564,381)
Total comprehensive income	-	-	-	-	4,779,363	4,779,363	(2,008,646)	(515,051)	(2,307)	(2,526,004)	-	2,253,359	696,912	2,950,271
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	695,590	-	(695,590)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(3,366,088)	3,366,088	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	1,490	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,490	-	1,490
Changes in equity of associates and joint ventures accounted for using equity method	-	1,682	-	-	(9,057)	(9,057)	-	8,978	-	8,978	-	1,603	-	1,603
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(24,844)	(24,844)	-	24,844	-	24,844	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(627,696)	(627,696)
Balance at September 30, 2020	\$ 44,071,466	8,341,023	20,414,740	4,101,743	33,515,385	58,031,868	(5,803,626)	(754,941)	(4,013)	(6,562,580)	(881,247)	103,000,530	8,855,927	111,856,457

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 nine months ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 7,145,844	7,239,701
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	4,586,462	4,750,872
Increase (decrease) in expected credit loss	(1,104)	19,883
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(8,021)	(41,398)
Finance cost	895,587	2,138,992
Interest income	(1,245,680)	(1,292,482)
Dividend income	(108,996)	(127,349)
Compensation cost of share-based payments	59,075	75,333
Share of loss (profit) of associates and joint ventures accounted for using equity method	(377,362)	9,700
Gain on disposal of property, plant and equipment	(17,894)	(37,416)
Gain on disposal of investments	(29,757)	(58,107)
Total adjustments to reconcile profit (loss)	<u>3,752,310</u>	<u>5,438,028</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(4,172,796)	138,759
Decrease (increase) in notes and accounts receivable	(1,054,645)	(1,006,441)
Decrease (increase) in other receivables	864,870	(379,055)
Decrease (increase) in inventories	(26,240,319)	(31,910,836)
Decrease (increase) in other current assets	60,496	(62,691)
Decrease (increase) in other non-current assets	57,845	(8,041)
Total changes in operating assets	<u>(30,484,549)</u>	<u>(33,228,305)</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	21,020	(25,963)
Increase (decrease) in notes and accounts payable	47,729,242	20,668,983
Increase (decrease) in other payables	(2,714,229)	1,600,510
Increase (decrease) in refund liabilities	98,100	89,187
Increase (decrease) in provisions	6,149	393,177
Increase (decrease) in contract liabilities	(60,263)	(241,410)
Increase (decrease) in other current liabilities	(791,094)	(728,058)
Others	(12,600)	(9,986)
Total changes in operating liabilities	<u>44,276,325</u>	<u>21,746,440</u>
Total changes in operating assets and liabilities	<u>13,791,776</u>	<u>(11,481,865)</u>
Total adjustments	<u>17,544,086</u>	<u>(6,043,837)</u>
Cash inflow generated from operations	24,689,930	1,195,864
Interest received	1,151,026	1,538,603
Dividends received	230,451	266,110
Interest paid	(990,844)	(2,496,337)
Income taxes paid	(1,504,869)	(1,289,006)
Net cash flows from (used in) operating activities	<u>23,575,694</u>	<u>(784,766)</u>
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	-	350,000
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(85,013)	(264,262)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	52,105	1,283,447
Acquisition of investments accounted for using equity method	(155,076)	(43,200)
Proceeds from disposal of investments accounted for using equity method	38,952	-
Net cash flow from disposal of subsidiaries	-	143,495
Proceeds from capital reduction of investments	4,085	7,377
Acquisition of property, plant and equipment	(4,224,646)	(3,145,603)
Proceeds from disposal of property, plant and equipment	119,135	97,377
Acquisition of intangible assets	(370,970)	(461,970)
Acquisition of right-of-use assets	(320,318)	(151,459)
Others	(166,483)	(25,891)
Net cash flows from (used in) investing activities	<u>(5,108,229)</u>	<u>(2,210,689)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	16,253,498	(4,559,916)
Proceeds from issuing bonds	-	1,007,240
Proceeds from long-term borrowings	45,190,669	44,753,624
Repayments of long-term borrowings	(52,767,901)	(47,427,456)
Payment of lease liabilities	(650,642)	(584,470)
Cash dividends paid	(5,228,555)	(5,228,555)
Change in non-controlling interests	(685,550)	(492,742)
Others	56,422	(47,723)
Net cash flows from (used in) financing activities	<u>2,167,941</u>	<u>(12,579,998)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,688,805)</u>	<u>723,391</u>
Net increase (decrease) in cash and cash equivalents	<u>18,946,601</u>	<u>(14,852,062)</u>
Cash and cash equivalents at beginning of period	<u>66,559,397</u>	<u>70,296,545</u>
Cash and cash equivalents at end of period	<u>\$ 85,505,998</u>	<u>55,444,483</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

September 30, 2020 and 2019

(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 November 12, 2020.

(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 following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

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

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group assesses that the adoption of the abovementioned amendments would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021

(Continued)

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

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 23, 2020	Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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.

(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.

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, 2019. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2019.

(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, 2019. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2019.

(Continued)

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

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of September 30, 2020, which represented 0.7% of the Company's outstanding shares. (notes 1 & 2)
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of September 30, 2020, which represented 0.4% of the Company's outstanding shares. (notes 1 & 2)
"	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.	Accesstek, Inc. ("ATK")	Design, manufacturing and sales of optical disk drives and components	-	38%	38%	The Group had control over ATK. The liquidation procedures had been completed in February 2020.
"	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%	
"	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	70%	70%	70%	70% shares of Hippo Screen were acquired in February 2019.

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	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%	Shennona TW was established in March 2019.
"	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%	52% shares of Aco Smartcare were acquired in July 2019.
"	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	100%	
"	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	100%	
"	Just International Ltd. ("Just")	Investment	100%	100%	100%	
"	Compal International Holding Co., Ltd. ("CIH")	"	100%	100%	100%	
"	Compal Electronics (Holding) Ltd. ("CEH")	"	100%	100%	100%	
"	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	100%	(notes 1 and 2)
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	100%	(notes 1 and 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%	-	-	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%	(notes 1 and 2)
"	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	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
			September 30, 2020	December 31, 2019	September 30, 2019	
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%	(note 2)
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	100%	
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	100%	100%	100%	
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	Investment	100%	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	100%	(note 2)
"	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%	
"	Compal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	100%	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	100%	
"	Compal Information Research and Development (Nanjing) Co., Ltd. ("CIN")	Software and hardware R&D of computers, mobile phones and electronic components	-	-	100%	The liquidation procedures have been completed in September 2019.

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
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 (Jiansu) 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%	
Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
"	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%	-	-	CWV was established in August 2020.
ATK	OptoRite Inc.	Sales of optical disc drives	-	100%	100%	
"	MSI-ATK Optics Holding Corporation ("MSI-ATK")	Investment	-	100%	100%	
"	Maitek (BVI) Corporation ("Maitek")	"	-	100%	100%	
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Sales of wireless network products	100%	100%	100%	(notes 1 and 2)
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Technical support and sales of wireless network products	100%	100%	100%	(notes 1 and 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
			September 30, 2020	December 31, 2019	September 30, 2019	
Arcadyan	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	100%	(notes 1 and 2)
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	100%	
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless network products	100%	100%	100%	(notes 1 and 2)
"	Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU")	Sales of wireless network products	100%	100%	100%	(notes 1 and 2)
"	Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU")	Sales of wireless network products	100%	-	-	Arcadyan RU was established in June 2020. (note 1)
Arcadyan and Zhi-pal	Arcadyan do Brasil Ltda. ("Arcadyan Brasil")	Sales of wireless network products	100%	100%	100%	(notes 1 and 2)
Arcadyan	Zhi-pal Technology Inc. ("Zhi-pal")	Investment	100%	100%	100%	(notes 1 and 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%	(notes 1 and 2)
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	Speedlink Tradings Limited ("Speedlink")	Import and export business	-	-	100%	The shares were recovered in November 2019. In the first quarter of 2020, the liquidation procedures had been completed.
"	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%	-	CBNN was established in December 2019.
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment	100%	100%	100%	(notes 1 and 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%	Arcadyan Vietnam was established in March 2019. (notes 1 and 2)
AcBel Telecom	Leading Images Ltd. ("Leading Images")	Investment	100%	100%	100%	(notes 1 and 2)
Leading Images	Astoria Networks GmbH ("Astoria GmbH")	Sales of wireless network products	100%	100%	100%	Astoria GmbH applied for liquidation in December 2018. The liquidation procedures have been completed on October 14, 2020. (notes 1 and 2)

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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
			September 30, 2020	December 31, 2019	September 30, 2019	
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%	(notes 1 and 2)
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment	100%	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("THAC")	Manufacturing of household digital electronic products	100%	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. ("IUE")	Investment	100%	100%	100%	
"	Goal Reach Enterprises Ltd. ("Goal")	"	100%	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. ("CVC")	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	100%	
Goal	Compal Development & Management ("Vietnam") Co., Ltd. ("CDM")	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. ("APH")	Investment	100%	100%	100%	
APH	Primetek Enterprises Limited ("PEL")	"	100%	100%	100%	
"	Rayonnant Technology (HK) Co., Ltd. ("Rayonnant Technology (HK)")	"	100%	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. ("Rayonnant Technology (Taicang)")	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. ("HHA")	Investment	100%	100%	100%	
HHA	HengHao Holdings B Co., Ltd. ("HHB")	"	100%	100%	100%	
HHB	HengHao Trading Co., Ltd.	Marketing and international trade	100%	100%	100%	
"	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. ("PRF")	"	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%	

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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
			September 30, 2020	December 31, 2019	September 30, 2019	
CIS	Compal Electronics (Chengdu) Co., Ltd. ("CEC")	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	100%	
"	Compal Management (Chengdu) Co., Ltd. ("CMC")	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	100%	
CORE	Billion Sea Holdings Limited ("BSH")	Investment	100%	100%	100%	
BSH	Mithera Capital Io LP ("Mithera")	"	99%	99%	99%	Mithera was established in June 2019.
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 September 30, 2020 have not been reviewed by CPA.

Note 2: The financial statements of the subsidiary as of September 30, 2019 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.

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

(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, 2019.

(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, 2019. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2019 and for other related information.

(a) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 19,888	19,217	18,813
Checking accounts and demand deposits	16,820,102	10,455,819	10,201,270
Time deposits	67,333,991	56,034,361	45,024,400
Bonds purchased under resale agreements	<u>1,332,017</u>	<u>50,000</u>	<u>200,000</u>
	<u>\$ 85,505,998</u>	<u>66,559,397</u>	<u>55,444,483</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

	September 30, 2020	December 31, 2019	September 30, 2019
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Structured deposits	\$ 5,333,670	1,330,458	3,656,014
Stock unlisted in domestic markets	97,525	24,350	25,000
Fund in domestic or foreign markets	85,855	91,009	96,036
Derivative instruments not used for hedging			
Foreign exchange contracts	166,456	466	182,502
Swap contracts	<u>19,049</u>	<u>15,455</u>	<u>-</u>
Total	<u>\$ 5,702,555</u>	<u>1,461,738</u>	<u>3,959,552</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Current	\$ 5,519,175	1,346,379	3,838,516
Non-current	183,380	115,359	121,036
	\$ 5,702,555	1,461,738	3,959,552
	September 30, 2020	December 31, 2019	September 30, 2019
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 26,874	5,854	950

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 :

					September 30, 2020
		Contract amount (in thousand)	Currency	Maturity date	
Derivative financial assets:					
Foreign exchange contracts:					
Forward exchange sold	EUR	11,000	EUR to USD	October 8, 2020~February 25, 2021	
Forward exchange purchased	USD	95,500	USD to BRL	October 1, 2020~August 26, 2021	
Swap contracts:					
Currency swap	USD	42,500	USD to TWD	October 13~December 18, 2020	
Derivative financial liabilities:					
Foreign exchange contracts:					
Forward exchange sold	EUR	24,000	EUR to USD	October 29, 2020~January 28, 2021	
Forward exchange sold	EUR	1,000	EUR to TWD	October 8, 2020	

(Continued)

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

December 31, 2019			
	Contract amount (in thousand)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange purchased	USD 84,500	USD to BRL	January 14~May 26, 2020
Swap contracts:			
Currency Swap	USD 55,000	USD to TWD	January 13~March 30, 2020
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange sold	EUR 21,000	EUR to USD	January 10~March 13, 2020
Forward exchange purchased	USD 1,000	USD to BRL	September 23, 2020
September 30, 2019			
	Contract amount (in thousand)	Currency	Maturity date
Derivative financial assets:			
Foreign exchange contracts:			
Forward exchange sold	EUR 31,000	EUR to USD	October 9, 2019~January 31, 2020
Forward exchange sold	EUR 3,000	EUR to TWD	October 30, 2019
Forward exchange purchased	USD 5,080	USD to MXN	November 14~27, 2019
Forward exchange purchased	USD 87,500	USD to BRL	October 3, 2019~ May 27, 2020
Derivative financial liabilities:			
Foreign exchange contracts:			
Forward exchange purchased	USD 3,505	USD to MXN	October 30, 2019

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

As of September 30, 2020, December 31 and September 30, 2019, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 1,701,936	2,055,890	1,882,874
Stock listed in foreign markets	486,451	448,110	412,165
Stock unlisted in domestic markets	2,022,760	2,246,932	2,158,100
Stock unlisted in foreign markets	<u>222,969</u>	<u>177,121</u>	<u>184,206</u>
Total	<u>\$ 4,434,116</u>	<u>4,928,053</u>	<u>4,637,345</u>

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

For the nine months ended September 30, 2020, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in Global BioPharma, Inc. and Taiwan Sanga Co., Ltd. The fair value of the shares upon disposal amounted to \$52,105, resulting in a cumulative loss of \$57,895, which was reclassified from other comprehensive income to retained earnings.

For the nine months ended September 30, 2019, the Group had sold all of its shareholdings in PrimeSensor Technology Inc. and Macroblock Inc., and Innolux Corporation (“Innolux”), which were measured at fair value through other comprehensive income. The fair value of the shares was \$656,246 when disposed and the cumulative losses amounted to \$3,620,348, which 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 nine months ended September 30, 2020 and 2019, will be \$221,706 and \$231,867, 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 September 30, 2020, December 31 and September 30, 2019, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

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

(d) Financial instruments used for hedging

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

	September 30, 2020	December 31, 2019	September 30, 2019
Cash flow hedge:			
Financial assets used for hedging:			
Forward exchange contracts	\$ <u>8,778</u>	<u>61</u>	<u>-</u>
Financial liabilities used for hedging:			
Forward exchange contracts	\$ <u>23,069</u>	<u>4,932</u>	<u>-</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 September 30, 2019, the Group did not enter into any hedge contract.

As of September 30, 2020 and December 31, 2019, the amounts related to the items designated as hedge instruments were as follows:

September 30, 2020				
	Contract amount (in thousands)	Currency	Maturity period	Average strike price
Derivative financial assets used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 11,000	EUR to USD	October 29~ December 29, 2020	1.1980
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 26,000	EUR to USD	October 26~ December 29, 2020	1.1423

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

December 31, 2019					
	Contract amount	(in thousands)	Currency	Maturity period	Average strike price
Derivative financial assets used for hedging					
Foreign exchange contracts:					
Forward exchange sold	EUR	6,000	EUR to USD	January 31~ June 29, 2020	1.1278
Derivative financial liabilities used for hedging					
Foreign exchange contracts:					
Forward exchange sold	EUR	39,000	EUR to USD	January 31~ December 29, 2020	1.1327
Forward exchange purchased	USD	3,589	USD to MXN	February 26~ March 30, 2020	19.507

- (iii) For the three months and nine months ended September 30, 2020, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$(3,117), \$0, \$1,138 and \$(5,934), respectively, recorded as “other gains and losses, net”.
- (iv) For the three months and nine months ended September 30, 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

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivables from operating activities	\$ 28,314	42,418	81,861
Accounts receivables – measured at amortized cost	169,175,554	167,615,217	169,506,216
Accounts receivables – fair value through other comprehensive income	27,516,157	28,007,745	39,127,120
	196,720,025	195,665,380	208,715,197
Less: allowance for uncollectible accounts	(3,925,648)	(3,928,716)	(3,958,842)
	\$ 192,794,377	191,736,664	204,756,355

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes and accounts receivable	<u>\$ 192,679,953</u>	<u>191,692,152</u>	<u>204,651,901</u>
Notes and accounts receivable – related parties	<u>\$ 114,424</u>	<u>44,512</u>	<u>104,454</u>

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

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

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

September 30, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 174,601,427	0%	-	No
Level B	10,718,853	0.739%	79,190	No
Level C	3,817,340	100%	3,817,340	Yes
	<u>\$ 189,137,620</u>		<u>3,896,530</u>	
December 31, 2019				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 172,692,844	0%	-	No
Level B	13,008,324	0.547%	71,101	No
Level C	3,817,340	100%	3,817,340	Yes
	<u>\$ 189,518,508</u>		<u>3,888,441</u>	
September 30, 2019				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 183,994,396	0%	-	No
Level B	14,132,871	0.580%	81,980	No
Level C	3,830,424	100%	3,830,424	Yes
	<u>\$ 201,957,691</u>		<u>3,912,404</u>	

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

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

September 30, 2020				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 3,373,279	0%	-	No
Level B	3,538,387	0.10%	3,598	No
Level C	651,736	1.00%	6,517	No
Level D	-	-	-	-
Level E	19,003	100%	19,003	Yes
	\$ 7,582,405		29,118	
December 31, 2019				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,620,806	0%	-	No
Level B	2,713,406	0.10%	2,789	No
Level C	783,004	1.00%	7,830	No
Level D~E	-	-	-	-
Level F	29,656	100%	29,656	Yes
	\$ 6,146,872		40,275	
September 30, 2019				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 2,751,278	0%	-	No
Level B	3,324,903	0.10%	3,458	No
Level C	650,935	1.93%	12,590	No
Level D~E	-	-	-	-
Level F	30,390	100%	30,390	Yes
	\$ 6,757,506		46,438	

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

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

	September 30, 2020	December 31, 2019	September 30, 2019
Overdue 1 to 180 days	\$ 1,505,736	1,707,265	2,511,471
Overdue 181 to 365 days	-	285	-
Overdue 365 days	-	-	-
	<u><u>\$ 1,505,736</u></u>	<u><u>1,707,550</u></u>	<u><u>2,511,471</u></u>

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

	For the nine months ended September 30,	
	2020	2019
Balance at January 1	\$ 3,928,716	4,020,603
Impairment losses recognized (reversed)	(2,474)	21,046
Amounts written off	-	(85,918)
Effect of changes in exchange rates	(594)	3,111
Balance at September 30	<u><u>\$ 3,925,648</u></u>	<u><u>3,958,842</u></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 September 30, 2020, December 31 and September 30, 2019, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,000,000 thousand and EUR 59,700 thousand, USD 1,000,000 thousand and EUR 59,700 thousand, USD 950,000 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 December 31, 2019, account receivable factored were recovered. As of September 30, 2020 and 2019, the factored account receivable with no advance amounting \$8,818 and \$138,081, respectively, is accounted for as other receivables.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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 September 30, 2020, December 31 and September 30, 2019, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of September 30, 2020, December 31 and September 30, 2019, the details of the factored accounts receivable but unsettled were as follows:

September 30, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>25,730,810</u>	<u>-</u>	<u>25,721,992</u>	<u>8,818</u>	<u>-</u>	<u>25,730,810</u>	0.58%~1.44%
December 31, 2019							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>25,672,764</u>	<u>-</u>	<u>25,672,764</u>	<u>-</u>	<u>-</u>	<u>25,672,764</u>	2.21%~2.80%
September 30, 2019							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>21,060,485</u>	<u>-</u>	<u>20,922,404</u>	<u>138,081</u>	<u>-</u>	<u>21,060,485</u>	0.64%~2.62%

As of September 30, 2020, December 31 and September 30, 2019, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Finished goods	\$ 20,376,851	30,269,057	38,463,728
Work in progress	12,431,249	6,455,035	12,059,085
Raw materials	70,892,499	41,213,675	58,884,062
Raw materials in transit	973,258	495,771	1,652,883
	<u>\$ 104,673,857</u>	<u>78,433,538</u>	<u>111,059,758</u>

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

- (i) For the three months and nine months ended September 30, 2020 and 2019, inventory cost recognized as cost of sales amounted to \$260,248,397, \$241,860,510, \$691,734,117 and \$688,527,276, respectively.
- (ii) The write-down of inventories to net realizable value amounted to \$27,233 and \$39,257, for the three months ended September 30, 2020 and 2019, and amounted to \$319,485 and \$434,877 for the nine months ended September 30, 2020 and 2019, respectively.
- (iii) As of September 30, 2020, December 31 and September 30, 2019, 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>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Associates	\$ 7,742,086	7,410,134	7,303,000
Joint venture	<u>(16,482)</u>	<u>(14,725)</u>	<u>(13,223)</u>
	7,725,604	7,395,409	7,289,777
Plus: credit balance of investment in equity method (other non-current liability)	42,367	41,719	40,645
Less: unrealized profits or losses	<u>(114,680)</u>	<u>(118,042)</u>	<u>(122,014)</u>
	<u><u>\$ 7,653,291</u></u>	<u><u>7,319,086</u></u>	<u><u>7,208,408</u></u>

(i) Associates

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 1,921,414	1,838,621	1,274,893
Avalue Technology Inc. ("Avalue")	<u>764,112</u>	<u>1,147,839</u>	<u>1,203,966</u>
	<u><u>\$ 2,685,526</u></u>	<u><u>2,986,460</u></u>	<u><u>2,478,859</u></u>

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

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
The Group's share of the gain (loss) of associates	<u><u>\$ 23,819</u></u>	<u><u>13,391</u></u>	<u><u>387,106</u></u>	<u><u>21,405</u></u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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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:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>	
Carrying amount of individually immaterial associates	<u>\$ 7,742,086</u>	<u>7,410,134</u>	<u>7,303,000</u>	
	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
The Group's share of the net income (loss) of associates:				
Profit (loss) from continuing operations	\$ 23,819	13,391	387,106	21,405
Other comprehensive income	<u>168,097</u>	<u>(163,700)</u>	<u>(70,036)</u>	<u>(69,001)</u>
Total comprehensive income	<u>\$ 191,916</u>	<u>(150,309)</u>	<u>317,070</u>	<u>(47,596)</u>

- 4) For the nine months ended September 30, 2020, the Group had sold parts of its shares held in Avalue and Allied Circuit, with a consideration (net of costs of disposal) amounting to \$38,952. The transaction has been completed and the price has been fully received, wherein the Group recognized a gain of \$28,772, 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:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
The carrying amount of the Group's interests in all individually insignificant joint ventures	<u>\$ (16,482)</u>	<u>(14,725)</u>	<u>(13,223)</u>

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	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
The Group's share of the net income (loss) of joint ventures:				
Losses from continuing operations (also the total comprehensive losses)	\$ (7,814)	(15,087)	(9,744)	(31,105)

(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 September 30, 2020, December 31 and September 30, 2019, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Changes in subsidiaries' equity

There were no significant transactions for the nine months ended September 30, 2020 and 2019. Please refer to note (6)(i) of the consolidated financial statement for the year ended December 2019.

(i) Material non-controlling interests of subsidiaries

There were no significant transactions for the nine months ended September 30, 2020 and 2019. Please refer to note (6)(k) of the consolidated financial statement for the year ended December 2019.

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2020 and 2019, were as follows:

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:						
Balance on January 1, 2020	\$ 1,705,220	16,966,779	27,044,641	11,289,433	1,310,558	58,316,631
Additions	4,611	1,454,658	1,428,865	1,024,794	1,865,443	5,778,371
Disposals and derecognitions	-	(34,423)	(469,334)	(402,591)	-	(906,348)
Reclassifications	222,770	546,993	700,454	236,214	(1,706,431)	-
Effect of movements in exchange rates	<u>1</u>	<u>(318,866)</u>	<u>(835,496)</u>	<u>(563,234)</u>	<u>(87,692)</u>	<u>(1,805,287)</u>
Balance on September 30, 2020	<u>\$ 1,932,602</u>	<u>18,615,141</u>	<u>27,869,130</u>	<u>11,584,616</u>	<u>1,381,878</u>	<u>61,383,367</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Balance on January 1, 2019	\$ 1,772,214	17,020,270	26,201,597	10,642,904	1,003,490	56,640,475
Additions	-	317,515	1,221,378	1,413,190	578,029	3,530,112
Disposals and derecognitions	(93,905)	(459,055)	(487,323)	(845,369)	-	(1,885,652)
Reclassifications	-	203,959	76,064	66,953	(346,976)	-
Effect of movements in exchange rates	1,024	216,967	16,951	38,956	(120,421)	153,477
Balance on September 30, 2019	<u>\$ 1,679,333</u>	<u>17,299,656</u>	<u>27,028,667</u>	<u>11,316,634</u>	<u>1,114,122</u>	<u>58,438,412</u>
Depreciation and impairments loss:						
Balance on January 1, 2020	\$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Depreciation for the period	-	658,251	1,761,867	1,136,783	-	3,556,901
Disposals and derecognitions	-	(33,777)	(384,927)	(386,403)	-	(805,107)
Effect of movements in exchange rates	-	(219,604)	(697,413)	(425,206)	-	(1,342,223)
Balance on September 30, 2020	<u>\$ -</u>	<u>10,757,304</u>	<u>20,529,786</u>	<u>8,466,765</u>	<u>-</u>	<u>39,753,855</u>
Balance on January 1, 2019	\$ -	10,105,653	18,441,703	7,674,891	-	36,222,247
Depreciation for the period	-	565,105	1,873,264	1,377,545	-	3,815,914
Disposals and derecognitions	-	(411,928)	(460,931)	(835,207)	-	(1,708,066)
Effect of movements in exchange rates	-	159,183	(61,872)	130,816	-	228,127
Balance on September 30, 2019	<u>\$ -</u>	<u>10,418,013</u>	<u>19,792,164</u>	<u>8,348,045</u>	<u>-</u>	<u>38,558,222</u>
Carrying amounts:						
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 September 30, 2020	<u>\$ 1,932,602</u>	<u>7,857,837</u>	<u>7,339,344</u>	<u>3,117,851</u>	<u>1,381,878</u>	<u>21,629,512</u>
Balance on January 1, 2019	<u>\$ 1,772,214</u>	<u>6,914,617</u>	<u>7,759,894</u>	<u>2,968,013</u>	<u>1,003,490</u>	<u>20,418,228</u>
Balance on September 30, 2019	<u>\$ 1,679,333</u>	<u>6,881,643</u>	<u>7,236,503</u>	<u>2,968,589</u>	<u>1,114,122</u>	<u>19,880,190</u>

As of September 30, 2020, December 31 and September 30, 2019, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(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, 2020	\$ 1,110,813	2,809,991	86,661	88,712	4,096,177
Additions	320,318	762,755	-	6,797	1,089,870
Deductions	-	(216,631)	(9,115)	(10,077)	(235,823)
Effect of movements in exchange rates	(39,934)	(25,814)	(1,216)	(1,004)	(67,968)
Balance on September 30, 2020	<u>\$ 1,391,197</u>	<u>3,330,301</u>	<u>76,330</u>	<u>84,428</u>	<u>4,882,256</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and Other</u>	<u>Total</u>
Balance on January 1, 2019	\$ 891,147	1,934,899	87,482	67,569	2,981,097
Additions	113,862	266,393	-	22,537	402,792
Deductions	-	(126,259)	(9,243)	(910)	(136,412)
Effect of movements in exchange rates	(2,603)	(29,997)	(745)	(506)	(33,851)
Balance on September 30, 2019	<u>\$ 1,002,406</u>	<u>2,045,036</u>	<u>77,494</u>	<u>88,690</u>	<u>3,213,626</u>
Depreciation and impairment loss:					
Balance on January 1, 2020	\$ 31,587	659,467	22,270	32,681	746,005
Depreciation for the period	26,988	611,116	9,194	25,875	673,173
Deductions	-	(117,315)	(9,803)	(9,001)	(136,119)
Effect of movements in exchange rates	(1,561)	(25,371)	(300)	(412)	(27,644)
Balance on September 30, 2020	<u>\$ 57,014</u>	<u>1,127,897</u>	<u>21,361</u>	<u>49,143</u>	<u>1,255,415</u>
Balance on January 1, 2019	\$ -	-	-	-	-
Depreciation for the period	24,453	540,520	9,946	27,674	602,593
Deductions	-	(7,547)	-	-	(7,547)
Effect of movements in exchange rates	(176)	(253)	(270)	(194)	(893)
Balance on September 30, 2019	<u>\$ 24,277</u>	<u>532,720</u>	<u>9,676</u>	<u>27,480</u>	<u>594,153</u>
Carrying amount:					
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 September 30, 2020	<u>\$ 1,334,183</u>	<u>2,202,404</u>	<u>54,969</u>	<u>35,285</u>	<u>3,626,841</u>
Balance on January 1, 2019	<u>\$ 891,147</u>	<u>1,934,899</u>	<u>87,482</u>	<u>67,569</u>	<u>2,981,097</u>
Balance on September 30, 2019	<u>\$ 978,129</u>	<u>1,512,316</u>	<u>67,818</u>	<u>61,210</u>	<u>2,619,473</u>

(l) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unsecured bank loans	<u>\$ 77,205,342</u>	<u>60,951,844</u>	<u>67,790,281</u>
Unused credit line for short-term borrowings	<u>\$ 114,514,000</u>	<u>107,077,000</u>	<u>102,334,000</u>
Range of interest rates	<u>0.25%~7.15%</u>	<u>0.66%~5.05%</u>	<u>0.66%~5.05%</u>

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

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(m) Long-term borrowings

The details of long-term borrowings were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank loans	\$ 17,923,000	25,650,000	25,750,000
Secured bank loans	248,206	98,438	108,281
Less: current portion	<u>(9,200,175)</u>	<u>(18,189,375)</u>	<u>(16,889,375)</u>
Total	<u>\$ 8,971,031</u>	<u>7,559,063</u>	<u>8,968,906</u>
Unused credit line for long-term borrowings	<u>\$ 19,243,000</u>	<u>12,047,000</u>	<u>9,570,000</u>
Range of interest rates	<u>0.60%~1.50%</u>	<u>0.73%~1.67%</u>	<u>0.65%~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:

	September 30, 2020	December 31, 2019	September 30, 2019
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	(21,758)	(31,383)	(34,570)
Unamortized issuance costs on corporate bonds payable	<u>(1,473)</u>	<u>(2,125)</u>	<u>(2,340)</u>
Balance of corporate bonds payable as of the reporting date	<u>\$ 976,769</u>	<u>966,492</u>	<u>963,090</u>
Conversion options included in equity component (classified as capital surplus and non-controlling interests)	<u>\$ 48,667</u>	<u>48,667</u>	<u>48,667</u>
	For the three months ended September 30,	For the nine months ended September 30,	
	2020	2019	2020
Interest expenses	<u>\$ 3,438</u>	<u>3,389</u>	<u>10,277</u>
			<u>4,517</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) There were no significant issues, repurchases and repayments of bonds payable for the nine months ended September 30, 2020. For related information, please refer to Note (6) (p) of the annual consolidated financial statements for the year ended December 31, 2019.

(o) Lease liabilities

The details of leases liabilities were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Current	<u>\$ 436,424</u>	<u>717,021</u>	<u>632,012</u>
Non-current	<u>\$ 1,849,864</u>	<u>1,550,067</u>	<u>990,136</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Interest on lease liabilities	<u>\$ 8,728</u>	<u>11,093</u>	<u>31,662</u>	<u>33,793</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 793</u>	<u>1,413</u>	<u>2,356</u>	<u>1,478</u>
Expenses relating to leases of low-value assets or short-term leases	<u>\$ 39,355</u>	<u>51,854</u>	<u>89,397</u>	<u>86,320</u>

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

	For the nine months ended September 30,	
	2020	2019
Total cash outflow for leases	<u>\$ 774,057</u>	<u>706,061</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.

(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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(p) Provisions

There is no significant changes of provisions for the nine months ended September 30, 2020 and 2019. Please refer to note (6)(r) of the consolidated financial statements for the year ended December 31, 2019 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, 2019 and 2018.

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Operating cost	\$ 249	282	746	847
Selling expenses	183	213	540	636
Administrative expenses	761	943	2,327	2,799
Research and development expenses	2,086	2,574	6,218	7,751
Total	\$ 3,279	4,012	9,831	12,033

(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 \$111,648, \$97,284, \$331,047 and \$301,133 for the three months and nine months ended September 30, 2020 and 2019, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$329,092, \$359,230, \$638,735 and \$982,439 for the three months and nine months ended September 30, 2020 and 2019, respectively.

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(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:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Current tax expense	\$ <u>654,521</u>	<u>463,198</u>	<u>1,631,192</u>	<u>1,503,446</u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2020	2019	2020	2019

Items that will not be

**reclassified subsequently to
profit or loss:**

Unrealized gains (losses) on
equity instruments at fair
value through other

comprehensive income	\$ <u>40,460</u>	<u>3,722</u>	<u>(6,709)</u>	<u>23,222</u>
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Items that will be

**reclassified subsequently to
profit or loss:**

Foreign currency translation
differences of foreign
operations

	\$ <u>(5,582)</u>	<u>(2,158)</u>	<u>(11,317)</u>	<u>541</u>
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- (iii) Examination and approval

The Company's tax returns for the year through 2017 were assessed by the Taipei National Tax Administration.

The ROC tax authorities have assessed the income tax returns of Panpal, Gempal, Hong Ji, Hong Jin, CBN, Unicore, Raycore, Acbel Telecom, Ripal, Palcom, RBI, Heng Hao, Arcadyan and Zhipal through 2018, of Rayonnant Technology, UCGI, Mactech, TTI and GLB through 2017.

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(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 September 30, 2020 and 2019. Please refer to note (6)(v) of the consolidated financial statement for the year ended December 31, 2019.

(i) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Additional paid-in capital	\$ 5,421,061	6,302,490	6,302,490
Treasury share transactions	2,541,906	2,481,885	2,481,885
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	60,605	59,115	33,788
Changes in equity of associates and joint ventures accounted for using equity method	<u>280,685</u>	<u>279,003</u>	<u>278,521</u>
	<u>\$ 8,341,023</u>	<u>9,159,259</u>	<u>9,133,450</u>

The Company's Board of Directors meeting held on March 30, 2020 and shareholders' meeting held on June 21, 2019, approved to distribute the cash dividend of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post System website after the related meeting.

(ii) Retained earnings

Based on the Company's articles of incorporation amended on June 21, 2019, 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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Based on the Company's articles of incorporation before amended on June 21, 2019, 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 earnings appropriation proposal to distribute dividend and bonus shall be proposed by the Board of Directors and approved by the General Shareholders Meeting. The rest of the unappropriated retained earnings shall be reserved.

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 2019 was approved by the Board of Directors meeting held on March 30, 2020, and 2018 was approved by the shareholders during their annual meetings held on June 21, 2019. The relevant information was as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders	\$ 1.0	<u>4,407,147</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 nine months ended September 30, 2020 and 2019. As of September 30, 2020, 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 19.05, 18.85 and 17.90 New Taiwan dollars per share as of September 30, 2020, December 31 and September 30, 2019, respectively.

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

(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, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Group	(1,997,289)	(398,303)	(2,307)	(2,397,899)
Associates	(11,357)	(49,875)	-	(61,232)
Balance on September 30, 2020	<u>\$ (5,803,626)</u>	<u>(754,941)</u>	<u>(4,013)</u>	<u>(6,562,580)</u>
Balance on January 1, 2019	\$ (1,852,952)	(5,606,436)	-	(7,459,388)
The Group	553,627	3,517,510	-	4,071,137
Associates	(156,234)	86,782	-	(69,452)
Balance on September 30, 2019	<u>\$ (1,455,559)</u>	<u>(2,002,144)</u>	<u>-</u>	<u>(3,457,703)</u>

(t) Share-based payment

There were no significant changes in share-based payment during the nine months ended September 30, 2020 and 2019. Please refer to note (6)(w) of the consolidated financial statements for the year ended December 31, 2019 for related information.

(u) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2020	2019	2020	2019
Basic earnings per share:				
Profit attributable to ordinary shareholders of the Company	\$ <u>2,188,491</u>	<u>1,800,061</u>	<u>4,780,214</u>	<u>4,941,697</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>2,188,491</u>	<u>1,800,061</u>	<u>4,780,214</u>	<u>4,941,697</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares				
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130	4,357,130	4,357,130
Effect of potential diluted common stock				
Employee compensation (in thousands)	<u>29,177</u>	<u>28,990</u>	<u>43,036</u>	<u>43,740</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,386,307</u>	<u>4,386,120</u>	<u>4,400,166</u>	<u>4,400,870</u>

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>For the three months ended September 30, 2020</u>		
	<u>IT Product Segment</u>	<u>Strategically Integrated Product Segment</u>	<u>Total</u>
Primary geographical markets:			
United states	\$ 111,502,687	2,338,597	113,841,284
China	32,654,550	160,703	32,815,253
Netherlands	17,630,049	530,462	18,160,511
United Kingdom	10,822,368	1,272,599	12,094,967
India	11,383,207	69,154	11,452,361
Others	<u>75,696,974</u>	<u>5,180,273</u>	<u>80,877,247</u>
	<u>\$ 259,689,835</u>	<u>9,551,788</u>	<u>269,241,623</u>
Major products:			
5C related electronics products	\$ 259,168,653	9,434,550	268,603,203
Others	<u>521,182</u>	<u>117,238</u>	<u>638,420</u>
	<u>\$ 259,689,835</u>	<u>9,551,788</u>	<u>269,241,623</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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For the three months ended September 30, 2019			
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 97,232,428	389,780	97,622,208
China	28,504,046	86,423	28,590,469
Netherlands	22,334,655	356,228	22,690,883
United Kingdom	10,670,648	1,102,025	11,772,673
India	11,258,883	30,583	11,289,466
Others	<u>72,215,397</u>	<u>5,742,301</u>	<u>77,957,698</u>
	<u>\$ 242,216,057</u>	<u>7,707,340</u>	<u>249,923,397</u>
Major products:			
5C related electronics products	\$ 241,723,723	7,638,680	249,362,403
Others	<u>492,334</u>	<u>68,660</u>	<u>560,994</u>
	<u>\$ 242,216,057</u>	<u>7,707,340</u>	<u>249,923,397</u>
For the nine months ended September 30, 2020			
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 295,551,577	5,869,937	301,421,514
China	89,861,348	473,461	90,334,809
Netherlands	60,671,907	929,830	61,601,737
United Kingdom	29,308,596	3,519,188	32,827,784
India	22,054,659	69,593	22,124,252
Others	<u>192,850,805</u>	<u>13,781,272</u>	<u>206,632,077</u>
	<u>\$ 690,298,892</u>	<u>24,643,281</u>	<u>714,942,173</u>
Major products:			
5C related electronics products	\$ 688,831,559	24,215,273	713,046,832
Others	<u>1,467,333</u>	<u>428,008</u>	<u>1,895,341</u>
	<u>\$ 690,298,892</u>	<u>24,643,281</u>	<u>714,942,173</u>

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

	<u>For the nine months ended September 30, 2019</u>		
	<u>IT Product</u>	<u>Strategically</u>	
	<u>Segment</u>	<u>Integrated</u>	
		<u>Product</u>	<u>Total</u>
		<u>Segment</u>	
Primary geographical markets:			
United states	\$ 266,959,430	958,806	267,918,236
China	75,518,027	297,675	75,815,702
Netherlands	71,879,503	884,289	72,763,792
India	34,808,411	512,217	35,320,628
United Kingdom	31,556,995	2,695,509	34,252,504
Others	<u>207,028,679</u>	<u>19,819,480</u>	<u>226,848,159</u>
	<u>\$ 687,751,045</u>	<u>25,167,976</u>	<u>712,919,021</u>
Major products:			
5C related electronics products	\$ 686,072,676	24,864,608	710,937,284
Others	<u>1,678,369</u>	<u>303,368</u>	<u>1,981,737</u>
	<u>\$ 687,751,045</u>	<u>25,167,976</u>	<u>712,919,021</u>
(ii) Contract balances			

	<u>September</u>	<u>December 31,</u>	<u>September</u>
	<u>30, 2020</u>	<u>2019</u>	<u>30, 2019</u>
Notes and accounts receivable (including related parties)	\$ 196,720,025	195,665,380	208,715,197
Less: allowance for impairment	<u>(3,925,648)</u>	<u>(3,928,716)</u>	<u>(3,958,842)</u>
Total	<u>\$ 192,794,377</u>	<u>191,736,664</u>	<u>204,756,355</u>
Contract liabilities	<u>\$ 896,192</u>	<u>956,455</u>	<u>1,234,894</u>

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

The amount of revenue recognized for the nine months ended September 30, 2020 and 2019 that were included in the balance of contract liability at the beginning of the period was \$469,151 and \$1,057,580, 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.

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

(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 (Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies who meet certain conditions after the Company's articles of incorporation amended on June 21, 2019).

The Company accrued and recognized its employee compensation of \$247,708, \$184,938, \$555,824 and \$518,917, and directors' compensation of \$13,232, \$9,780, \$29,691 and \$27,440 for the three months and nine months ended September 30, 2020 and 2019, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting.

The Company accrued and recognized its employee compensation of \$731,322 and \$930,857, and directors' compensation of \$38,672 and \$49,223 for the years ended December 31, 2019 and 2018, 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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Interest income from bank deposits	\$ 338,241	443,476	1,245,527	1,281,924
Interest income from financial assets measured at amortized cost	-	-	-	4,229
Other interest income	48		153	6,329
Total Interest income	<u>\$ 338,289</u>	<u>443,476</u>	<u>1,245,680</u>	<u>1,292,482</u>

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

(ii) Other income

The other incomes for the nine months ended September 30, 2020 and 2019, were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Dividend revenue	\$ 5,523	10,469	108,996	127,349
Other revenue	127,503	91,598	274,647	195,724
	<u>\$ 133,026</u>	<u>102,067</u>	<u>383,643</u>	<u>323,073</u>

(iii) Other gains and losses

The other gains and losses for the nine months ended September 30, 2020 and 2019, were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Gains on disposal of investments	\$ 24,858	58,107	29,757	58,107
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	49,123	333,234	601,609	468,456
Foreign currency exchange losses, net	(123,432)	(196,038)	(911,584)	(273,029)
Gains (losses) on disposal of property, plant, and equipment, net	9,405	3,891	17,894	37,416
	<u>\$ (40,046)</u>	<u>199,194</u>	<u>(262,324)</u>	<u>290,950</u>

(y) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the nine months ended September 30, 2020 and 2019, were as follows:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flow hedge:				
Gains (losses) from current period	\$ (63,334)	-	16,998	(21,778)
Less: reclassification of gains and losses included in profit or loss	(25,478)	-	26,418	(21,778)
Profit (loss) recognized in other comprehensive income	<u>\$ (37,856)</u>	<u>-</u>	<u>(9,420)</u>	<u>-</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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)(ac) of the consolidated financial statements for the year ended December 31, 2019 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, 2019. 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 and nine months ended September 30, 2020 and 2019 were as follows:

	<u>Other receivables</u>
Balance on January 1, 2020	\$ 1,012
Impairment losses recognized (reversed)	<u>1,370</u>
Balance on September 30, 2020	<u><u>\$ 2,382</u></u>
Balance on January 1, 2019	\$ 3,577
Impairment losses recognized (reversed)	<u>(1,163)</u>
Balance on September 30, 2019	<u><u>\$ 2,414</u></u>

(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>
September 30, 2020					
Non-derivative financial liabilities					
Secured borrowings	\$ 248,206	(248,206)	(77,175)	(67,331)	(103,700)
Unsecured borrowings	95,128,342	(95,128,342)	(86,328,342)	(4,850,000)	(3,950,000)
Lease liabilities— current and non-current	2,286,288	(2,406,886)	(476,120)	(1,456,568)	(474,198)
Notes and accounts payable	192,175,019	(192,175,019)	(192,175,019)	-	-
Other payables	14,505,491	(14,505,491)	(14,505,491)	-	-
Bonds payable	976,769	(1,000,000)	-	(1,000,000)	-

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
Derivative financial liabilities					
Forward exchange contracts:	26,874				
Outflow		(850,000)	(850,000)	-	-
Inflow		825,921	825,921	-	-
Forward exchange contracts used for hedging:	23,069				
Outflow		(884,000)	(884,000)	-	-
Inflow		864,826	864,826	-	-
	<u>\$ 305,370,058</u>	<u>(305,507,197)</u>	<u>(293,605,400)</u>	<u>(7,373,899)</u>	<u>(4,527,898)</u>
December 31, 2019					
Non-derivative financial liabilities					
Secured borrowings	\$ 98,438	(98,438)	(39,375)	(39,375)	(19,688)
Unsecured borrowings	86,601,844	(86,601,844)	(79,101,844)	(1,925,000)	(5,575,000)
Lease liabilities— current and non-current	2,267,088	(2,369,246)	(754,412)	(416,167)	(1,198,667)
Notes and accounts payable	144,445,777	(144,445,777)	(144,445,777)	-	-
Other payables	15,414,717	(15,414,717)	(15,414,717)	-	-
Bonds payable	966,492	(1,000,000)	-	-	(1,000,000)
Derivative financial liabilities					
Forward exchange contracts:	5,854				
Outflow		(736,484)	(736,484)	-	-
Inflow		732,377	732,377	-	-
Forward exchange contracts used for hedging:	4,932				
Outflow		(1,423,089)	(1,423,089)	-	-
Inflow		1,433,921	1,433,921	-	-
	<u>\$ 249,805,142</u>	<u>(249,923,297)</u>	<u>(239,749,400)</u>	<u>(2,380,542)</u>	<u>(7,793,355)</u>
September 30, 2019					
Non-derivative financial liabilities					
Secured borrowings	\$ 108,281	(108,281)	(39,375)	(39,375)	(29,531)
Unsecured borrowings	93,540,281	(93,540,281)	(84,640,281)	(2,900,000)	(6,000,000)
Lease liabilities— current and non-current	1,622,148	(1,729,858)	(670,225)	(423,295)	(636,338)
Notes and accounts payable	174,946,240	(174,946,240)	(174,946,240)	-	-
Other payables	16,438,653	(16,438,653)	(16,438,653)	-	-
Bonds payable	963,090	(1,000,000)	-	-	(1,000,000)
Derivative financial liabilities					
Forward exchange contracts:	950				
Outflow		(110,516)	(110,516)	-	-
Inflow		108,727	108,727	-	-
	<u>\$ 287,619,643</u>	<u>(287,765,102)</u>	<u>(276,736,563)</u>	<u>(3,362,670)</u>	<u>(7,665,869)</u>

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

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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

	September 30, 2020			December 31, 2019			September 30, 2019		
	Foreign currency	Exchange rate	TWD	Foreign Currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD to TWD	\$ 11,001,048	29.1	320,130,497	7,070,270	29.98	211,966,695	8,575,289	31.02	266,005,465
USD to CNY	15,669	6.8086	455,968	10,525	6.9667	315,540	11,010	7.1217	341,530
EUR to TWD	63,633	34.15	2,173,067	88,303	33.59	2,966,098	113,289	33.87	3,837,098
CNY to USD	3,320,783	0.1469	14,195,650	2,577,002	0.1435	11,086,598	2,288,920	0.1404	9,968,723
Non-monetary items									
THB to TWD	526,348	0.9242	486,451	446,859	1.0028	448,110	406,394	1.0142	412,165
Financial liabilities									
Monetary items									
USD to TWD	11,002,218	29.1	320,164,544	6,441,501	29.98	193,116,200	8,324,505	31.02	258,226,145
USD to CNY	3,995	6.8086	116,255	5,424	6.9667	162,612	6,266	7.1217	194,371
USD to BRL	99,301	5.6407	2,889,659	142,432	3.8322	4,270,111	144,411	3.8322	4,479,629
EUR to TWD	12,837	34.15	438,384	42,554	33.59	1,429,389	43,000	33.87	1,456,410
CNY to USD	3,214,701	0.1469	13,742,172	3,182,008	0.1435	13,689,412	2,535,574	0.1404	11,042,952

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 September 30, 2020 and 2019, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
USD (against the TWD)		
Strengthening 5%	\$ (1,702)	388,966
Weakening 5%	1,702	(388,966)
USD (against the CNY)		
Strengthening 5%	16,986	7,358
Weakening 5%	(16,986)	(7,358)
USD (against the BRL)		
Strengthening 5%	(144,483)	(223,891)
Weakening 5%	144,483	223,891

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	<u>September 30, 2020</u>	<u>September 30, 2019</u>
EUR (against the TWD)		
Strengthening 5%	86,734	119,034
Weakening 5%	(86,734)	(119,034)
CNY (against the USD)		
Strengthening 5%	22,674	(53,711)
Weakening 5%	(22,674)	53,711

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and nine months ended September 30, 2020 and 2019, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$123,432, \$196,038, \$911,584 and \$273,029, respectively.

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the nine months ended September 30, 2020 and 2019, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	For the nine months ended September 30,	
	<u>2020</u>	<u>2019</u>
Interest increased by 0.25%	\$ 11,424	(11,503)
Interest decreased by 0.25%	(11,424)	11,503

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Notes to Consolidated Financial Statements

(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.

	September 30, 2020				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 185,505	-	185,505	-	185,505
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>5,517,050</u>	-	5,333,670	183,380	5,517,050
Subtotal	<u>5,702,555</u>				
Derivative financial assets for hedging	<u>8,778</u>	-	8,778	-	8,778
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,701,936	1,701,936	-	-	1,701,936
Stocks listed on foreign markets	486,451	486,451	-	-	486,451
Stocks unlisted on domestic markets	2,022,760	-	-	2,022,760	2,022,760
Stocks unlisted on foreign markets	222,969	-	-	222,969	222,969
Accounts receivable	<u>27,516,157</u>	-	27,516,157	-	27,516,157
Subtotal	<u>31,950,273</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	85,505,998	-	-	-	-
Notes and accounts receivable, net	165,163,796	-	-	-	-
Notes and accounts receivable due from related parties, net	114,424	-	-	-	-
Other receivables	1,234,529	-	-	-	-
Refundable deposits	<u>502,380</u>	-	-	-	-
Subtotal	<u>252,521,127</u>				
Total	<u>\$ 290,182,733</u>				

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	September 30, 2020				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ 26,874	-	26,874	-	26,874
Derivative financial liabilities for hedging	23,069	-	23,069	-	23,069
Financial liabilities measured at amortized cost					
Short-term borrowings	77,205,342	-	-	-	-
Notes and accounts payable	190,131,940	-	-	-	-
Notes and accounts payable to related parties	2,043,079	-	-	-	-
Other payables	14,505,491	-	-	-	-
Bonds payable	976,769	-	-	-	-
Lease liabilities—current and non-current	2,286,288	-	-	-	-
Long-term borrowings current portion	9,200,175	-	-	-	-
Long-term borrowings	8,971,031	-	-	-	-
Deposits received	249,020	-	-	-	-
Subtotal	<u>305,569,135</u>				
Total	<u>\$ 305,619,078</u>				
December 31, 2019					
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		Total
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 15,921	-	15,921	-	15,921
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>1,445,817</u>	-	1,330,458	115,359	1,445,817
Subtotal	<u>1,461,738</u>				
Financial assets used for hedging	<u>61</u>	-	61	-	61
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,055,890	2,055,890	-	-	2,055,890
Stocks listed on foreign markets	448,110	448,110	-	-	448,110
Stocks unlisted on domestic markets	2,246,932	-	-	2,246,932	2,246,932
Stocks unlisted on foreign markets	177,121	-	-	177,121	177,121
Accounts receivable	<u>28,007,745</u>	-	28,007,745	-	28,007,745
Subtotal	<u>32,935,798</u>				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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	December 31, 2019				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	66,559,397	-	-	-	-
Notes and accounts receivable, net	163,684,407	-	-	-	-
Notes and accounts receivable due from related parties, net	44,512	-	-	-	-
Other receivables	2,006,113	-	-	-	-
Refundable deposits	<u>335,897</u>	-	-	-	-
Subtotal	<u>232,630,326</u>				
Total	<u>\$ 267,027,923</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	\$ <u>5,854</u>	-	5,854	-	5,854
Financial liabilities used for hedging	<u>4,932</u>	-	4,932	-	4,932
Financial liabilities measured at amortized cost					
Short-term borrowings	60,951,844	-	-	-	-
Notes and accounts payable	142,940,869	-	-	-	-
Notes and accounts payable to related parties	1,504,908	-	-	-	-
Other payables	15,414,717	-	-	-	-
Bonds payable	966,492	-	-	-	-
Lease liabilities— current and non-current	2,267,088	-	-	-	-
Long-term borrowings current portion	18,189,375	-	-	-	-
Long-term borrowings	7,559,063	-	-	-	-
Deposits received	<u>188,815</u>	-	-	-	-
Subtotal	<u>249,983,171</u>				
Total	<u>\$ 249,993,957</u>				
September 30, 2019					
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss—current and non-current					
Derivative financial assets for non-hedging	\$ 182,502	-	182,502	-	182,502
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>3,777,050</u>	-	3,656,014	121,036	3,777,050
Subtotal	<u>3,959,552</u>				

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

	September 30, 2019				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	1,882,874	1,882,874	-	-	1,882,874
Stocks listed on foreign markets	412,165	412,165	-	-	412,165
Stocks unlisted on domestic markets	2,158,100	-	-	2,158,100	2,158,100
Stocks unlisted on foreign markets	184,206	-	-	184,206	184,206
Accounts receivable	<u>39,127,120</u>	-	39,127,120	-	39,127,120
Subtotal	<u>43,764,465</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	55,444,483	-	-	-	-
Notes and accounts receivable, net	165,524,781	-	-	-	-
Notes and accounts receivable due from related parties, net	104,454	-	-	-	-
Other receivables	1,799,346	-	-	-	-
Refundable deposits	<u>468,686</u>	-	-	-	-
Subtotal	<u>223,341,750</u>				
Total	<u>\$ 271,065,767</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	<u>\$ 950</u>	-	950	-	950
Financial liabilities measured at amortized cost					
Short-term borrowings	67,790,281	-	-	-	-
Notes and accounts payable	173,419,466	-	-	-	-
Notes and accounts payable to related parties	1,526,774	-	-	-	-
Other payables	16,438,653	-	-	-	-
Bonds payable	963,090	-	-	-	-
Lease liabilities—current and non-current	1,622,148	-	-	-	-
Long-term borrowings current portion	16,899,375	-	-	-	-
Long-term borrowings	8,968,906	-	-	-	-
Deposits received	<u>157,692</u>	-	-	-	-
Subtotal	<u>287,786,385</u>				
Total	<u>\$ 287,787,335</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 nine months ended September 30, 2020 and 2019.

5) Changes in level 3

The change in level 3 at fair value in the nine months ended September 30, 2020 and 2019, were as follow:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2020	\$ 115,359	2,424,053	2,539,412
Total gains and losses recognized:			
In profit or loss	8,021	-	8,021
In other comprehensive income	-	(143,188)	(143,188)
Purchased	60,000	25,013	85,013
Disposal	-	(52,105)	(52,105)
Proceeds of capital reduction of investment	-	(4,085)	(4,085)
Effect of changes in exchange rates	-	(3,959)	(3,959)
Balance on September 30, 2020	<u>\$ 183,380</u>	<u>2,245,729</u>	<u>2,429,109</u>
Balance on January 1, 2019	\$ 69,390	2,041,463	2,110,853
Total gains and losses recognized:			
In profit or loss	(3,950)	-	(3,950)
In other comprehensive income	-	100,525	100,525
Purchased	55,596	208,666	264,262
Disposal	-	(791)	(791)
Proceeds of capital reduction of investment	-	(7,377)	(7,377)
Effect of changes in exchange rates	-	(180)	(180)
Balance on September 30, 2019	<u>\$ 121,036</u>	<u>2,342,306</u>	<u>2,463,342</u>

For the nine months ended September 30, 2020 and 2019, total gains and losses that were included in “other gains and losses, net” and “other comprehensive income, before tax, equity instruments at fair value through other comprehensive income” were as follows:

	For the nine months ended	
	September 30,	
	2020	2019
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	<u>\$ 8,021</u>	<u>(3,950)</u>

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

	For the nine months ended	
	September 30,	
	2020	2019
In other comprehensive income (as “other comprehensive income, before tax, equity instruments at fair value through other comprehensive income”) \$	<u>(99,638)</u>	<u>99,734</u>

- 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 – equity instruments, financial assets at fair value through profit or loss – equity securities investment.

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

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.19~10.23, 1.4~5.64 and 1.5~5.74, respectively, on September 30, 2020, December 31 and September 30, 2019) Multiples of earnings 14.45, 3.12~16.6 and 3.02~14.95, respectively, on September 30, 2020, December 31 and September 30, 2019) Lack-of-Marketability discount rate (35%~85%, 35%~82% and 35%~82%, respectively, on September 30, 2020, December 31 and September 30, 2019)	The higher the multiple is, the higher the fair value will be. The higher the multiple is, the higher the fair value will be. The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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

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

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

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

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
September 30, 2020				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>34,517</u>	<u>34,507</u>
	Multiples of earnings	5%	\$ <u>5,913</u>	<u>5,441</u>
	Lack-of-Marketability discount rate	5%	\$ <u>3,942</u>	<u>3,942</u>
December 31, 2019				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>28,209</u>	<u>27,261</u>
	Multiples of earnings	5%	\$ <u>21,481</u>	<u>19,524</u>
	Lack-of-Marketability discount rate	5%	\$ <u>12,886</u>	<u>12,938</u>
September 30, 2019				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>43,542</u>	<u>42,427</u>
	Multiples of earnings	5%	\$ <u>21,454</u>	<u>20,442</u>
	Lack-of-Marketability discount rate	5%	\$ <u>946</u>	<u>790</u>

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

8) Offsetting financial assets and financial liabilities

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

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

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

September 30, 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	\$ 231,315,927	231,315,927	-	-	-	-
	(USD 7,948,980)	(USD 7,948,980)				

September 30, 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	\$ 231,315,927	231,315,927	-	-	-	-
	(USD 7,948,980)	(USD 7,948,980)				

December 31, 2019						
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	\$ 104,757,401	104,757,401	-	-	-	-
	(USD 3,494,243)	(USD 3,494,243)				

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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December 31, 2019						
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	\$ 104,757,401	104,757,401	-	-	-	-
	(USD 3,494,243)	(USD 3,494,243)				
September 30, 2019						
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	\$ 79,539,189	79,539,189	-	-	-	-
	(USD 2,564,126)	(USD 2,564,126)				
September 30, 2019						
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	\$ 79,539,189	79,539,189	-	-	-	-
	(USD 2,564,126)	(USD 2,564,126)				

(aa) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note (6)(ad) of the consolidated financial statements for the year ended December 31, 2019.

(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, 2019. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2019. Please refer to note (6)(ae) of the consolidated financial statements for the year ended December 31, 2019.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(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 nine months ended September 30, 2020 and 2019 were acquisition of right-of-use assets by leasing, please refer to note (6)(k).

Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2020	Cash flow	Other non-cash changes	September 30, 2020
Short-term borrowings	\$ 60,951,844	16,253,498	-	77,205,342
Proceeds from issuance of convertible bonds	966,492	-	10,277	976,769
Long-term borrowings	25,748,438	(7,577,232)	-	18,171,206
Lease liabilities	2,267,088	(650,642)	669,842	2,286,288
Guarantee deposits and others	246,038	56,422	648	303,108
Total liabilities from financing activities	\$ 90,179,900	8,082,046	680,767	98,942,713
	January 1, 2019	Cash flow	Other non-cash changes	September 30, 2019
Short-term borrowings	\$ 72,350,197	(4,559,916)	-	67,790,281
Proceeds from issuance of convertible bonds	-	1,007,240	(44,150)	963,090
Long-term borrowings	28,534,063	(2,673,832)	(1,950)	25,858,281
Lease liabilities	2,089,950	(584,470)	116,668	1,622,148
Guarantee deposits and others	238,324	(47,723)	40,645	231,246
Total liabilities from financing activities	\$ 103,212,534	(6,858,701)	111,213	96,465,046

(7) Related-party transactions:

(a) Name and relationship with related parties

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

Name of related party	Relationship with the Group
Compal Precision Module (Jiangsu) Co., Ltd. ("CPM")	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. ("Changbao")	An associate
Avalue Technology Inc. ("Avalue")	An associate
Crownpo Technology Inc. ("Crownpo")	An associate
Allied Circuit Co., Ltd. ("Allied Circuit")	An associate

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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<u>Name of related party</u>	<u>Relationship with the Group</u>
Kinpo Group Management Consultant Company ("Kinpo Group Management")	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
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 (Thailand) Public Co., Ltd.	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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 178,687	145,967	490,069	451,495
Post-employment benefits	2,012	2,046	6,286	6,158
Share-based payments	2,429	7,569	16,269	22,707
	<u>\$ 183,128</u>	<u>155,582</u>	<u>512,624</u>	<u>480,360</u>

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:

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Associates	\$ 62,184	116,058	186,710	221,257
Other related parties	90,416	-	90,825	5
Joint venture	221	-	221	-
	<u>\$ 152,821</u>	<u>116,058</u>	<u>277,756</u>	<u>221,262</u>

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

(ii) Purchase of goods from related parties

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

	<u>For the three months ended</u> <u>September 30,</u>		<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Associates	\$ 1,113,225	855,747	3,061,860	2,816,289
Other related parties	526,911	402,133	1,568,446	1,130,758
Joint venture	-	(350)	-	31,494
	<u>\$ 1,640,136</u>	<u>1,257,530</u>	<u>4,630,306</u>	<u>3,978,541</u>

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:

<u>Account</u>	<u>Related party</u> <u>categories</u>	<u>September</u> <u>30, 2020</u>	<u>December 31,</u> <u>2019</u>	<u>September</u> <u>30, 2019</u>
Notes and accounts receivable	Associates	\$ 25,643	44,493	104,454
Notes and accounts receivable	Other related parties	88,781	19	-
Other receivables	Other related parties	88	62	-
Other receivables	Joint venture	-	-	342
		<u>\$ 114,512</u>	<u>44,574</u>	<u>104,796</u>

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(iv) Payables to related parties

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

<u>Account</u>	<u>Related party categories</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes and accounts payable	Associates	\$ 1,249,810	764,129	865,143
Notes and accounts payable	Other related parties	793,269	740,742	661,105
Notes and accounts payable	Joint venture	-	37	526
Other payables	Associates	201	-	1,701
		<u>\$ 2,043,280</u>	<u>1,504,908</u>	<u>1,528,475</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</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) (note)	491,646	249,445	241,697
Other non-current assets	Guarantee of post-release duty payment to the customs and guarantee of the customs	500	500	500
		<u>\$ 533,236</u>	<u>291,035</u>	<u>283,287</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 Prosecutors Office against the Group concerning its former employees who joined the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter. Currently, the case is still in progress; 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.

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- (c) As of September 30, 2020, December 31 and September 30, 2019, the Group's signed commitments to purchase property, plant and equipment amounted to \$462,092, \$548,202 and \$771,719, respectively.

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By function By item	Three months ended September 30, 2020			Three months ended September 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	4,842,885	3,336,268	8,179,153	5,049,419	3,119,505	8,168,924
Labor and health insurance	254,453	191,575	446,028	241,593	196,461	438,054
Pension	313,372	130,647	444,019	335,701	124,825	460,526
Others	517,109	149,390	666,499	441,410	139,465	580,875
Depreciation	1,081,035	430,926	1,511,961	1,266,623	234,017	1,500,640
Amortization	9,379	106,677	116,056	26,586	96,875	123,461

By function By item	Nine months ended September 30, 2020			Nine months ended September 30, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	12,954,033	9,465,685	22,419,718	13,767,820	9,039,405	22,807,225
Labor and health insurance	595,917	606,313	1,202,230	671,915	595,696	1,267,611
Pension	613,793	365,820	979,613	918,999	376,606	1,295,605
Others	1,545,129	453,710	1,998,839	1,401,316	448,489	1,849,805
Depreciation	3,284,570	945,504	4,230,074	3,723,387	695,120	4,418,507
Amortization	27,614	328,774	356,388	58,511	273,854	332,365

- (b) Seasonality of operations

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

(Continued)

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

(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 nine month ended September 30, 2020:

- (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 September 30, 2020 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
 - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
 - (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
 - (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)
 - (x) Business relationships and significant intercompany transactions: Please refer to Table 8
- (b) Information on investees: Please refer to Table 9
- (c) Information on investment in mainland China: Please refer to Table 10
- (d) Major shareholders: There were no shareholders holding more than 5% shares.

(Continued)

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

(14) Segment information:

	<u>Three months ended September 30, 2020</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ <u>259,689,835</u>	<u>9,551,788</u>	<u>269,241,623</u>
Reportable segment profit	\$ <u>2,483,024</u>	<u>729,007</u>	<u>3,212,031</u>
	<u>Three months ended September 30, 2019</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ <u>242,216,057</u>	<u>7,707,340</u>	<u>249,923,397</u>
Reportable segment profit	\$ <u>2,108,520</u>	<u>398,846</u>	<u>2,507,366</u>
	<u>Nine months ended September 30, 2020</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ <u>690,298,892</u>	<u>24,643,281</u>	<u>714,942,173</u>
Reportable segment profit	\$ <u>5,485,248</u>	<u>1,660,596</u>	<u>7,145,844</u>
	<u>Nine months ended September 30, 2019</u>		
	<u>Information technology product segment</u>	<u>Strategically integrated product segment</u>	<u>Total</u>
Revenue			
Revenue from external customers	\$ <u>687,751,045</u>	<u>25,167,976</u>	<u>712,919,021</u>
Reportable segment profit	\$ <u>5,852,725</u>	<u>1,386,976</u>	<u>7,239,701</u>

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:
(September 30, 2020)

(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	CVC	Other receivables	Y	302,500	-	-	3.20%	Short-term financing	-	Operating demand	-	-	-	20,600,106	41,200,212	(Note 1)
0	The Company	UCGI	Other receivables	Y	500,000	250,000	220,000	1.08%~1.20%	Short-term financing	-	Operating demand	-	-	-	20,600,106	41,200,212	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	400,000	200,000	1.08%~1.20%	Short-term financing	-	Operating demand	-	-	-	20,600,106	41,200,212	(Note 1)
0	The Company	CEB	Other receivables	Y	3,013,500	1,455,000	1,455,000	2.05%~3.50%	Short-term financing	-	Operating demand	-	-	-	20,600,106	41,200,212	(Note 1)
1	CIH	CEP	Other receivables	Y	105,875	101,850	42,195	3.50%	Short-term financing	-	Operating demand	-	-	-	34,545,521	34,545,521	(Note 2)
2	CPC	CDE	Other receivables	Y	2,587,200	1,280,700	1,280,700	2.20%	Short-term financing	-	Operating demand	-	-	-	2,096,417	2,096,417	(Note 3)
2	CPC	CIC	Other receivables	Y	432,400	426,900	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,096,417	2,096,417	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	4,154,500	3,826,650	1,789,650	2.00%~2.76%	Short-term financing	-	Operating demand	-	-	-	20,539,992	20,539,992	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	64,860	64,035	64,035	4.35%	Short-term financing	-	Operating demand	-	-	-	20,539,992	20,539,992	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,642,410	1,018,500	1,018,500	2.00%~4.35%	Short-term financing	-	Operating demand	-	-	-	2,777,160	2,777,160	(Note 5)
4	CPO	CIT	Other receivables	Y	648,600	640,350	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,777,160	2,777,160	(Note 5)
5	CET	BT	Other receivables	Y	259,440	256,140	64,035	2.20%	Short-term financing	-	Operating demand	-	-	-	4,625,117	4,625,117	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	582,000	582,000	582,000	2.00%	Short-term financing	-	Operating demand	-	-	-	7,523,587	7,523,587	(Note 7)
7	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	1.08%~1.2%	Short-term financing	-	Operating demand	-	-	-	2,358,662	2,358,662	(Note 8)
8	Arcadyan	Arcadyan Brasil	Other receivables	Y	58,240	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,223,362	4,446,724	(Note 9)
8	Arcadyan	Arcadyan Brasil	Other receivables	Y	58,240	58,240	37,856	1.00%	Short-term financing	-	Operating financing	-	-	-	2,223,362	4,446,724	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	203,840	-	-	1.00%	Transaction for business between two parties	4,368,000	-	-	-	-	2,223,362	4,446,724	(Note 9)
8	Arcadyan	Arcadyan UK	Other receivables	Y	291,200	291,200	-	1.00%	Transaction for business between two parties	4,576,295	-	-	-	-	2,223,362	4,446,724	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	262,080	-	-	1.00%	Transaction for business between two parties	582,400	-	-	-	-	465,920	4,446,724	(Note 9)
8	Arcadyan	Arcadyan Vietnam	Other receivables	Y	262,080	262,080	-	1.00%	Transaction for business between two parties	5,654,725	-	-	-	-	2,223,362	4,446,724	(Note 9)
8	Arcadyan	Arcadyan Russia	Other receivables	Y	58,240	58,240	-	1.00%	Transaction for business between two parties	174,625	-	-	-	-	139,700	4,446,724	(Note 9)
9	Zhi-pal	Arcadyan Brasil	Other receivables	Y	32,032	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	41,642	166,568	(Note 10)
10	Arcadyan Holding	CNC	Other receivables	Y	495,040	495,040	495,040	1.00%	Short-term financing	-	Operating financing	-	-	-	2,034,843	2,034,843	(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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(September 30, 2020)

- Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9: According to 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: The total amount of loans to others shall not exceed 40% of the net worth of Zhi-pal. To borrowers having business relationship with Zhi-pal, 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 Zhi-pal. When a short-term financing facility is necessary, the borrower should be Zhi-pal's investee, and the total amount for lending the borrower shall not exceed 10% of the net worth of the borrower.
- Note 11: 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 12: The transactions had been eliminated in the consolidated financial statements.

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

Table 2 Guarantees and endorsements for other parties:

(September 30, 2020)

(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)	25,750,132	60,500	58,200	58,200	-	0.06%	51,500,265	Y	-	-
0	The Company	CEP	(Note 2)	25,750,132	190,295	165,178	165,178	-	0.16%	51,500,265	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 September 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):
(September 30, 2020)

(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	652,009	2%	652,009	
	Kinpo Electronics, Inc. ("Kinpo")	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,302,460	8%	1,302,460	
	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	486,451	5%	486,451	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	22,157	10%	22,157	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	18,966	11%	18,966	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	84,680	3%	84,680	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	39,641	10%	39,641	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	663	4,991	3%	4,991	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	2,500	23,725	8%	23,725	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	73,800	19%	73,800	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		90,804			
	Total				<u>2,799,684</u>			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	602,896	1%	602,896	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	23,172	243,311	2%	243,311	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	777,600	5%	777,600	
	AcBel	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	135,956	1%	135,956	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	5,769	113,301	3%	113,301	
	Others		Financial assets at fair value through other comprehensive income-non-current		169,785			
	Total				<u>2,042,849</u>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	349,936	-	349,936	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	145,142	6%	145,142	

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

Table 3 Securities held as of September 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):
(September 30, 2020)

(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		2,297			
	Total				<u>497,375</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%	-	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	(Note 2)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	(Note 2)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	(Note 2)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	42,139	7%	42,139	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	49,500	9%	49,500	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	8%	-	(Note 2)
	Total				<u>91,639</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>7,830</u>	-	7,830	
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>130,950</u>	-	130,950	
CPC	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>215,429</u>	-	215,429	
CIT	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>1,252,999</u>	-	1,252,999	
CIT	Structured deposits–SPD Bank Yield Plus Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>643,162</u>	-	643,162	
CIT	Structured deposits–Win-win Interest Rate Structure RMB Structural Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>642,027</u>	-	642,027	
CEC	Structured deposits–Win-win Interest Rate Structure RMB Structural Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>529,376</u>	-	529,376	
CPO	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>517,029</u>	-	517,029	
CPO	Structured deposits–Win-win Interest Rate Structure RMB Structural Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>213,718</u>	-	213,718	

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

Table 3 Securities held as of September 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):
 (September 30, 2020)

(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–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>548,755</u>	-	548,755
CET	Structured deposits–Agricultural Bank of China "HuiLiFeng" customization RMB Structured Deposit	-	Financial assets at fair value through profit or loss-current	-	<u>386,482</u>	-	386,482
CET	Structured deposits–Win-win Interest Rate Structure RMB Structural Deposits	-	Financial assets at fair value through profit or loss-current	-	<u>384,693</u>	-	384,693

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 nine months ended September 30, 2020)

(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
CPC	Structured deposits-SPD Bank Yield Plus Structured Deposit	Financial assets at fair value through profit or loss-current	Shanghai Pudong Development Bank	-	-	394,013	-	383,555	-	781,343	767,110	14,233 (Note 2)	-	3,775 (Note 1)	-	-
CIT	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	2,094,635	-	868,716	852,344	16,372 (Note 2)	-	27,080 (Note 1)	-	1,252,999
CIT	Structured deposits-SPD Bank Yield Plus Structured Deposit	Financial assets at fair value through profit or loss-current	Shanghai Pudong Development Bank	-	-	-	-	852,344	-	214,904	213,086	1,818 (Note 2)	-	5,722 (Note 1)	-	643,162
CIT	Structured deposits-Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	639,258	-	-	-	- (Note 2)	-	2,769 (Note 1)	-	642,027
CEC	Structured deposits-Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	1,039,859	-	524,848	515,668	9,180 (Note 2)	-	14,365 (Note 1)	-	529,376
CPO	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	937,578	-	434,358	426,172	8,186 (Note 2)	-	13,809 (Note 1)	-	517,029
CPO	Structured deposits-Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	340,938	-	129,974	127,852	2,122 (Note 2)	-	2,754 (Note 1)	-	213,718
CIC	Structured deposits-Bank of Communications Yun Tong Cai Fu Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of Communications	-	-	-	-	426,172	-	434,252	426,172	8,080 (Note 2)	-	8,080 (Note 1)	-	-
CIC	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	545,500	-	-	-	- (Note 2)	-	3,255 (Note 1)	-	548,755
CET	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	383,555	-	-	-	- (Note 2)	-	2,927 (Note 1)	-	386,482
CET	Structured deposits-The RMB "Open on schedule" Financial Product	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	852,344	-	863,595	852,344	11,251 (Note 2)	-	11,251 (Note 1)	-	-
CET	Structured deposits-SPD Bank Yield Plus Structured Deposit	Financial assets at fair value through profit or loss-current	Shanghai Pudong Development Bank	-	-	437,840	-	426,172	-	868,207	852,344	15,863 (Note 2)	-	4,195 (Note 1)	-	-
CET	Structured deposits-Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	1,193,282	-	819,674	809,727	9,947 (Note 2)	-	11,085 (Note 1)	-	384,693

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

(Continued)

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

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:
(September 30, 2020)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
CVC	Plant	September, 2020	The maximum limit of the overall project is 100 million US dollars.	Depending on progress in construction	L&K Engineering Vietnam, LLC., and Vietnam JiuH Jiang Long, LLC.	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Price negotiation	Operating purpose	None
Arcadyan Vietnam	Plant and mechanical and electrical equipment	July 28, 2020 (Note 1)	Estimated 794,885 (Note 2)	31,289	Giza E&C etc.	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Price comparison and price negotiation	Manufacturing purpose	None

Note 1: On July 28, 2020, the Board of Directors of Arcadyan Vietnam made a resolution to build plant by lease. The total contract amount is estimated to be 794,885 thousand (VND 691,204,153 thousand).

Note 2: As of September 30, 2020, the mechanical and electrical equipment contract has not been signed and completed.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(For the nine months ended September 30, 2020)

(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	(132,564)	-	120 days	Similar to non-related parties	There is no significant difference	80,574	-	(Note 2)
	CBN	The Company's subsidiaries	Sale	(469,931)	(0.1)%	90 days	Similar to non-related parties	There is no significant difference	308,891	0.2%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Purchase	162,853	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	292,462,236	44.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(44,819,279)	(25.9)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	90,454,589	13.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,390,365)	(1.4)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	12,175,747	1.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(7,298,540)	(4.2)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	79,589,190	12.0%	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	(7,226,514)	(4.2)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	21,317,365	3.2%	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	(3,288,237)	(1.9)%	(Note 2)
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(90,926,546)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,390,365	90.0%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(293,333,154)	(98.4)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	44,819,279	96.7%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(102,158)	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	42,230	-	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(1,436,947)	(0.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	526,872	0.6%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	407,717	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(42,736)	-	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,903,254)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,930,297	2.1%	(Note 2)
CBN	Compal Electronic, Inc.	Parent company	Purchase	468,185	34.0%	Net 90 days from delivery	-	There is no significant difference	(309,104)	(45.0)%	(Note 2)
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(80,008,787)	(97.4)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	7,226,514	88.0%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(408,972)	(0.5)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	42,736	0.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,396,844	7.0%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(526,872)	(1.5)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(579,023)	(0.7)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,225,438	6.9%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(798,166)	(1.0)%	120 days	According to markup pricing	There is no significant difference	1,438,027	4.4%	(Note 2)

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(For the nine months ended September 30, 2020)

(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)	
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	799,903	12.7%	120 days	Similar to non-related parties	There is no significant difference	(1,438,027)	(57.7)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	102,330	1.6%	120 days	Similar to non-related parties	There is no significant difference	(42,230)	(2.6)%	(Note 2)
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(21,325,097)	(99.6)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	3,288,237	97.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	188,982	1.1%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(188,993)	(3.1)%	(Note 2)
UCGI	Compal Electronic, Inc.	Parent company	Purchase	138,018	71.5%	120 days	Similar to non-related parties	There is no significant difference	(80,574)	(96.6)%	(Note 2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(177,775)	(99.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(12,127,248)	(98.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	7,298,540	97.2%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	1,748,349	14.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,930,297)	(13.2)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	555,618	4.7%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,225,438)	(16.7)%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(193,681)	(1.6)%	90 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	188,993	2.4%	(Note 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(686,334)	(3.0)%	Net 150 days from delivery	-	-	253,413	4.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(3,422,185)	(16.0)%	Net 120 days from delivery	-	-	1,145,026	17.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(1,280,915)	(6.0)%	Net 60 days from the end of the month of delivery	-	-	218,276	3.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	7,503,752	26.0%	Net 120 days from delivery	According to markup pricing	-	(3,842,526)	(44.0)%	(Note 1 - 2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	711,892	2.0%	Net 90 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 - 2)
CNC	Arcadyan	With the same ultimate parent company	Sale	(7,503,752)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	3,842,526	99.0%	(Note 1 - 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(711,892)	(100.0)%	Net 90 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 - 2)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	686,334	100.0%	Net 150 days from delivery	-	-	(253,413)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	3,422,185	100.0%	Net 120 days from delivery	-	-	(1,145,026)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,280,915	100.0%	Net 60 days from the end of the month of delivery	-	-	(218,276)	(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 September 30, 2020 is 405,391 thousand dollars.

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

Table 7 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:
(September 30, 2020)

(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	308,891	1.96	-	-	135,235 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	2,390,365	26.39	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	44,819,279	8.16	-	-	38,157,550 (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	526,872	6.90	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,930,297	2.54	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	7,226,514	14.53	-	-	7,226,514 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,225,438	0.39	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,438,027	0.96	-	-	75,768 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	3,288,237	6.19	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	7,298,540	3.34	-	-	4,049,716 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	188,993	2.73	-	-	- (Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	253,413	2.83	-	-	63,430 (Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	1,145,026	2.38	-	-	614,430 (Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	218,276	4.01	-	-	200,375 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	405,391 (Note 4)	(Note 4)	-	-	507,961 (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	3,842,526 (Note 5)	2.87	-	-	1,038,197 (Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	100,766 (Note 6)	-	14,317	Enhanced the collection	44,033 (Note 3)	-

Note 1: Balance as of November 3, 2020.

Note 2: Balance as of October 29, 2020.

Note 3: Balance as of November 10, 2020.

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

Note 5: Accounts receivables due to processing raw material.

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

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the nine months ended September 30, 2020)

(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	469,931	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 Sales Revenue	308,891 132,564	"	0.1% -
1	JUST and its subsidiaries	The Company	2	Accounts Receivable Sales Revenue	80,574 90,926,546	"	- 12.7%
2	CIH and its subsidiaries	The Company	2	Accounts Receivable Sales Revenue	2,390,365 293,333,154	"	0.6% 41.0%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable Sales Revenue	44,819,279 1,436,947	"	10.3% 0.2%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable Sales Revenue	526,872 1,903,254	"	0.1% 0.3%
2	CIH and its subsidiaries	CEB	3	Accounts Receivable Sales Revenue	1,930,297 102,158	"	0.4% -
3	BCI and its subsidiaries	The Company	2	Accounts Receivable Sales Revenue	42,230 80,008,787	"	- 11.2%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable Sales Revenue	7,226,514 408,972	"	1.7% 0.1%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable Sales Revenue	42,736 579,023	"	- 0.1%
3	BCI and its subsidiaries	CEB	3	Accounts Receivable Sales Revenue	2,225,438 798,166	"	0.5% 0.1%
4	Etrade and its subsidiaries	The Company	2	Accounts Receivable Sales Revenue	1,438,027 21,325,097	"	0.3% 3.0%
5	CEP	The Company	2	Accounts Receivable Sales Revenue	3,288,237 177,775	"	0.8% -

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the nine months ended September 30, 2020)

(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	
6	HSI and its subsidiaries	The Company	2	Sales Revenue	12,127,248	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	1.7%
6	HSI and its subsidiaries	Etrade and its subsidiaries	3	Accounts Receivable Sales Revenue	7,298,540 193,681	" There is no significant difference of price to non-related parties. The credit period is net 90 days, and will be adjusted if necessary.	1.7% -
7	Arcadyan	Arcadyan Germany	3	Accounts Receivable Sales Revenue	188,993 686,334	" There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	- 0.1%
7	Arcadyan	Arcadyan USA	3	Accounts Receivable Sales Revenue	253,413 3,422,185	" There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	0.1% 0.5%
7	Arcadyan	Arcadyan AU	3	Accounts Receivable Sales Revenue	1,145,026 1,280,915	" There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	0.3% 0.2%
7	Arcadyan	Arcadyan Vietnam	3	Accounts Receivable Other Receivable	218,276 405,391	" The credit period is net 90 days from the end of the month of invoice date and depended on funding demand.	0.1% 0.1%
8	CNC	Arcadyan	3	Processing Revenue	7,503,752	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.0%
9	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable Processing Revenue	3,842,526 711,892	" The credit period is net 90 days from the end of the month of invoice date and depended on funding demand.	0.9% 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 9 The information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):
(September 30, 2020)

(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
				September 30, 2020	December 31, 2019	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%	436,544	3,534	3,534	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	7,862,165	71,681	71,681	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	34,870,311	1,358,842	1,358,842	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,644,307 (Note 1)	(134,738)	(172,715)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,674,036 (Note 1)	107,140	85,097	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,023	1,054	395	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	80,340	9,106	3,707	(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%	129,710	(15,870)	(15,954)	(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%	3,429,591	-	-	(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%	7,897	3,785	3,605	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	371,639	437,331	89,282	
	Maxima Ventures I, Inc. ("Maxima")	Taipei City	Investment	1,260	1,260	126	23%	5,749	8,430	750	
	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%	73,315	(24,334)	(12,663)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	545,149	83,013	40,676	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	804,721	5,598	5,598	(Note 2)
	ATK	Hsinchu City	Design, research & development, and selling of DVD, Combo, CD-RW Drives	-	-	-	-	-	29	8	(Note 2)
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	57,108	5,419	1,801	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,121,146	88,066	88,066	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	340,686	26,376	26,383	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	230,843	8,733	5,092	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	125,837	2,927	2,927	(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%	2,291,257	1,185,648	234,905	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,628,598	134,413	134,413	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,263	(70)	(70)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	486,347	(67,930)	(39,969)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	19,359	2,754	2,558	(Note 2)

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

Table 9 The information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):
(September 30, 2020)

(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
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
The Company	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management&Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	42,000	42,000	2,100	70%	22,850	(17,657)	(12,019)	(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%	13,820	(12,422)	(3,379)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,529,757	5,529,757	20,015	100%	(319,835)	(36,322)	(37,771)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	6,375,099	384,807	384,807	(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%	706,647	30,431	13,221	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	117,519	56,368	58,621	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	171,805	45,063	45,063	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	988,599	62,262	21,619	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(704,490)	(29,561)	(115,366)	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	506,360	(8,719)	(8,719)	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,378,206	(33,316)	(33,316)	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	100,000	100,000	10,000	100%	(504,178)	(44,882)	(44,882)	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	113,248	7,625	7,625	(Note 2)
	Avalue Technology, Inc.	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	559,189	14,924	21%	618,447	174,892	38,640	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,508,756	67,275	67,275	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	327,123	42,471	21,136	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	37	-	-	100%	37	-	-	(Note 2)
	Raypal Biomedical Co.,Ltd.	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	-	3,446	30%	155,076	-	-	
								81,718,030		2,320,504	
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%	499,205	1,185,648	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%	107,091	437,331	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%	109,823 590,452	1,185,648	Investment gain(losses) recognized by Gempal	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	117,800	437,331	Investment gain(losses) recognized by Gempal	
	Others							2,007			

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

Table 9 The information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):
(September 30, 2020)

(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
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Hong Ji	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%	590,452	1,185,648	Investment gain(losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	12,274	851	2%	26,262	437,331	Investment gain(losses) recognized by Hong Ji	(Note 2)
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%	278,288	1,185,648	Investment gain(losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,812,857	1,812,857	62,298	100%	5,514,931	56,927	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	269,030	269,030	9,245	100%	245,245	(82)	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	14,550	14,550	500	100%	870,012	8,391	Investment gain(losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	29	29	1	100%	372	(1)	Investment gain(losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	29,100	29,100	1,000	100%	46,351	(266)	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	239,609	239,609	-	100%	198,532	185	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	2,176,753	2,176,753	74,803	100%	33,226,862	1,453,303	Investment gain(losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	213,885	213,885	7,350	100%	103,215	1,138	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	29	29	1	100%	441,550	19,728	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	433,590	433,590	14,900	100%	434,077	51	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	148,410	148,410	5,100	51%	25,885	(325)	Investment gain(losses) recognized by CIH	(Note 2)
HSI	IUE	British Virgin Islands	Investment	1,949,700	1,949,700	67,000	100%	1,257,863	(89,587)	Investment gain(losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	369,570	369,570	12,700	100%	305,184	(57,587)	Investment gain(losses) recognized by HSI	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 9 The information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):
(September 30, 2020)

(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
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,949,700	1,949,700	67,000	100%	1,257,863	(89,587)	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	369,570	369,570	12,700	100%	306,746	(57,587)	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,351,862	2,351,862	80,820	100%	3,964,957	227,656	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	291,000	291,000	10,000	100%	2,410,142	157,152	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,277,700	4,277,700	147,000	100%	7,508,756	67,275	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	145,500	145,500	-	99%	139,979	(2,369)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,076,700	1,076,700	37,000	46%	1,076,700	(67,930)	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	58,200	-	-	100%	23,637	(35,420)	Investment gain(losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	727,500	727,500	25,000	35%	(206,390)	(29,561)	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	25,500	25,500	1,275	51%	14,720	(5,796)	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,359,732	2,064,032	69,780	100%	1,987,649	(208,805)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	112,278	53,668	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%	72,609	3,469	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	10,170	3,400	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-Pal	Taipei City	Investment	48,000	48,000	34,980	100%	420,916	6,476	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%	534,502	(135,894)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	34,025	(4,161)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	3,297	282	Investment gain(losses) recognized by Arcadyan	(Note 2)

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 9 The information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):
(September 30, 2020)

(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
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	43,685	9,485	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	13,078	30,431	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	2,492	-	-	100%	2,066	(217)	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-pal	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(18,457)	(15,084)	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	554,736	263,536	19,050	100%	414,086	(61,721)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	320,640	320,640	35	100%	667,955	(181,258)	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	34,944	34,944	1,200	100%	30,564	(64,195)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	4,130	4,130	0.3	100%	701	(1,321)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	34,070	34,070	1,170	100%	15,870	(64,196)	Investment gain(losses) recognized by Quest	(Note 2)
AcBel Telecom	Leading Images	British Virgin Islands	Investment	1,456	1,456	50	100%	1,170	(4,222)	Investment gain(losses) recognized by AcBel Telecom	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	553,280	262,080	-	100%	409,806	(61,721)	Investment gain(losses) recognized by Sinoprime	(Note 2)
Leading Images	Astoria GmbH	Germany	Sales of wireless network products	850	850	25	100%	786	(835)	Investment gain(losses) recognized by Leading Images	(Note 2)
Zhi-Pal	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	20%	322,261	30,431	Investment gain(losses) recognized by Zhi-Pal	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	113,197	65,965	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	363,750	363,750	12,500	59%	171,805	65,965	Investment gain(losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	91,694	91,694	3,151	100%	39,086	4,187	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	523,800	523,800	18,000	100%	238,192	61,778	Investment gain(losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(116,205)	(92,172)	Investment gain(losses) recognized by HHT	(Note 2)

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

Table 9 The information on investees for the nine months ended September 30, 2020 (excluding information on investees in Mainland China):
(September 30, 2020)

(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
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
HHA	HHB	British Virgin Islands	Investment	1,364,267	1,364,267	46,882	100%	(116,146)	(92,172)	Investment gain(losses) recognized by HHA	(Note 2)
HHB	HengHao Trading Co., Ltd.	British Virgin Islands	Investment	291	291	10	100%	486	5	Investment gain(losses) recognized by HHB	(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%	6,239	(168)	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%	6,788	(12)	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,611,885	2,611,885	95,862	37%	4,460,373	155,259	Investment gain(losses) recognized by FGH	
GLB	Rapha	New Taipei City	Detectors and test strip	6,500	6,500	1,275	100%	209	(89)	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	20%	30,979	(28,284)	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.

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 10 Information on investment in Mainland China:

(September 30, 2020)

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	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	1,076,700	(Note 1)	1,076,700	-	-	1,076,700	177,419	100%	177,419	2,216,056	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	582,000	(Note 2)	582,000	-	-	582,000	(91,560)	100%	(91,560)	18,911	-
CET	Manufacturing of notebook PCs	349,200	(Note 2)	349,200	-	-	349,200	238,820	100%	238,820	4,730,088	-
CSD	Manufacturing of notebook PCs	256,440	(Note 2)	(Note 3)	-	-	-	191,732	100%	191,732	(1,313)	-
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	67,427	(Note 2)	(Note 3)	-	-	-	(1,823)	51%	(930)	(42,367)	-
BT	Maintenance and warranty service of notebook PCs	29,100	(Note 2)	29,100	-	-	29,100	15,271	100%	15,271	(219,244)	-
CGS	Production and processing chipresistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	8,548	(Note 2)	(Note 3)	-	-	-	(10,657)	100%	(10,657)	(37,751)	-
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	931,200	(Note 1)	387,903	-	-	387,903	64,946	43%	28,044	407,284	-
LIZ Electronics (Nantong) Co., Ltd.	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	582,000	(Note 1)	42,777	-	-	42,777	87,808	48%	41,797	432,164	-
CIC	Manufacturing of notebook PCs	349,200	(Note 2)	349,200	-	-	349,200	495,210	100%	495,210	7,785,973	-
CPO	Manufacturing and sales of LCD TVs	352,110	(Note 1)	352,110	-	-	352,110	29,764	100%	29,764	2,788,096	-
CIT	Manufacturing of notebook PCs	698,400	(Note 2)	698,400	-	-	698,400	844,399	100%	844,395	20,761,045	-

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COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Table 10 Information on investment in Mainland China:

(September 30, 2020)

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	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	40,740	(Note 2)	40,740	-	-	40,740	1,255	100%	1,255	47,261	-
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	291,000	(Note 2)	148,410	-	-	148,410	(2,098)	51%	(1,070)	29,772	-
CIJ	Investment and consulting services	453,960	(Note 2)	453,960	-	-	453,960	(200,346)	100%	(200,346)	612,916	-
CDE	Manufacturing and sales of LCD TVs	436,500	(Note 2)	(Note 3)	-	-	-	(200,912)	100%	(200,912)	579,742	-
CIS	Outward investment and consulting services	2,351,862	(Note 1)	2,351,862	-	-	2,351,862	227,656	100%	227,656	3,964,957	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,328,000	(Note 2)	(Note 3)	-	-	-	226,727	100%	226,727	3,934,781	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	23,280	(Note 2)	(Note 3)	-	-	-	900	100%	900	24,012	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	291,000	(Note 1)	291,000	-	-	291,000	157,152	100%	157,152	2,410,142	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,222,000	(Note 2)	2,404,446	-	-	2,404,446	346,563	37%	126,911	5,791,655	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,746,000	(Note 2)	333,370	-	-	333,370	(107,219)	37%	(39,264)	839,422	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	523,800	(Note 2)	363,750	-	-	363,750	61,778	100%	61,778	238,760	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	640,200	(Note 1)	640,200	-	-	640,200	(42,853)	100%	(42,853)	(974,890)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	168,780	(Note 1)	168,780	-	-	168,780	1,435	100%	1,435	84,477	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,425,900	(Note 1)	552,900	-	-	552,900	12,465	100%	12,465	265,887	-

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(September 30, 2020)

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2020	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	58,200	(Note 1)	58,200	-	-	58,200	(30)	100%	(30)	2,939	-
Arcadyan SVA Arcadyan	R&D and sales of wireless network products	381,472	(Note 1)	536,390 (Note 7)	-	-	536,390	31,278	100%	31,278	157,860	-
CNC	Manufacturing and wireless network products	362,544	(Note 1)	320,640 (Note 8)	-	-	320,640	(181,258)	100%	(181,258)	667,955	-
THAC	Manufacturing of household electronics products	97,552	(Note 1 - 10)	33,488	-	-	33,488	(64,196)	100%	(64,196)	15,375	-
HengHao HengHao Optoelectronic Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	1,164,000	(Note 1)	1,158,267	-	-	1,158,267	(93,582)	100%	(93,582)	(246,498)	-
Lucom Display Technology (Kunshan) Limited("Lucom")	Manufacturing of notebook PCs and related modules	436,500	(Note 2)	189,122 (Note 12)	-	-	189,122	1,391	100%	1,391	130,114	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of September 30, 2020	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	15,787,827 (US\$542,537) (Note 5)	22,018,573 (US\$756,652)	(Note 6)
Arcadyan	890,519 (US\$30,581)	890,519 (US\$30,581)	6,670,086
HengHao	1,363,975 (US\$46,872)	1,363,975 (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 from merging with Compal Communication Co., Ltd.

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

Note 7: Arcadyan paid US\$18,420 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 September 30, 2020.

(iii) Significant transactions:

For the nine months ended September 30, 2020, 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".