



**COMPAL ELECTRONICS, INC.**

# **2021 Annual Report**

FROM VISION TO REALITY

Innovation Empowered

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In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

Company Website: <http://www.compal.com>

Printed on May 11, 2022

## **I. Spokesperson**

Spokesperson: Ching-Hsiung Lu/Vice President

Deputy Spokesperson: Cheng-Chiang Wang /Vice President of Accounting Dept.

Tel: 886-2-8797-8588

E-mail: [Investor@compal.com](mailto:Investor@compal.com)

## **II. Headquarters, Branches and Plant**

Headquarters

Address: No.581 and 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan

Tel: 886-2- 8797-8588

Manufacturing Site

Address: No. 8, South East Rd., Pingzhen City, Taoyuan City

Tel: 886-3-439-1707

## **III. Share Administration Agency**

Chinatrust Transfer Agent

Address: 5F, No. 83, Sec 1, Chung Ching Nan Road, Taipei, Taiwan

Tel: 886-2-6636-5566

Website: <https://www.ctbcbank.com>

## **IV. Auditors**

CPA Firm: KPMG Taiwan

Auditors: Kuo,Kuan Ying and Chien, Szu Chuan

Address: 68F, No. 7, Sec. 5, Xinyi Road, Taipei, Taiwan

Tel.: 886-2-8101-6666

Website: <http://www.kpmg.com.tw>

## **V. Overseas Securities Exchange**

Luxembourg Stock Exchange: <http://www.bourse.lu>

London Stock Exchange <http://www.londonstockexchange.com>

## **VI. Corporate Website**

<http://www.compal.com>

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II	Parent-Company-Only Financial Statements and Independent Auditors' Report

# I. Letter to Shareholders

## Dear Shareholders,

In 2021, the COVID-19 pandemic continued to affect the global economic activities and daily lives of the general public, and our industries also faced numerous different challenges. With regard to the positive aspect of the business, as the company benefits from the trends of work from home and learn from home, our notebook computer business has demonstrated remarkable growth in the past two years, and our shipping volume continues to reach new highs. However, on the other hand, due to the impacts of the insufficient workforce, component shortage and global logistics bottleneck, we also face challenges in our business operation. As the general economic environment is of great uncertainty and rapid change, Compal demonstrates its flexibility in corporate management and outstanding teamwork. Based on the long-term trust of customers and joint efforts of business partners, we can continue to achieve remarkable business outcomes. In the following, we provide further explanation on our 2021 business outcome and business outlook for 2022 to all shareholders:

### **Financial Performance**

Despite numerous external environmental challenges in 2021, Compal has successfully overcome all obstacles and achieved outstanding business growth. The consolidated revenue reaches NT\$ 1,235.682 billion, a growth of 18% from last year, and the overall 5C related electronic products total output volume reached the scale of 119 million units. The annual consolidated operating profit reaches NT\$13.349 billion, a growth of 16% from last year. The non-operating revenue is stable and in conjunction with the benefit contribution gained from the disposal of the real property of Kunshan facility in China; therefore, the consolidated income before tax is NT\$ 17.468 billion, and the net income after tax attributable to owners of parent reaches NT\$ 12.633 billion, a growth of 35%, and the earnings per share (EPS) is NT\$2.90, a record high in the last decade.

### **Business Development and Operation Planning**

In 2021, the notebook computer business of Compal demonstrated significant growth. While facing changes in different markets of commercial, consumer, education and gaming, we are able to satisfy customer demands promptly. For the post-pandemic era, we expect that notebook computer use will become more diverse, and it will require greater investment in product development services. For a long time, Compal has been committed to the investment of research, development, and innovation, such that we have been able to gain competitive advantages in the industry. In terms of the diverse business development, we have actively invested in several new businesses, including such as servers, auto electronics parts, 5G solutions, IOT application devices, smart medical and healthcare, etc. As the technology advances and along with the market development, Compal has made a stable contribution in the market, and we expect that these new businesses will become the source driving our business to reach new highs.

In 2021, Compal also did numerous new planning for the global business operation. With Taiwan as the R&D and innovation center, we have planned the regional production capacity to reduce the risk of overly concentrated production and provide the most suitable service and manufacturing solution to customers. In 2021, in addition to establishing the 5G AIOT application innovation base in the Asia New Bay Area at Kaohsiung Taiwan, we collaborated with Kaohsiung Medical University to construct the largest cell therapy laboratory in southern Taiwan. Furthermore,

we also participated in the investment of the Beitou Shilin Technology Park (BSTP) based on the five main themes of smart economy, smart health, smart transportation, smart environment and smart building, for the plan of the establishment of the Group's corporate headquarter, promoting smart and innovative settlement for the future. In terms of manufacturing, in 2021, Compal Vietnam Factory II was successfully constructed completely, and production collaboration with the Group's fellow subsidiary Kinpo Electronics in Thailand has also been successfully started. Moreover, we have also added a new production site in the State of Indiana, U.S.A., in order to accelerate the expansion of production capacity for auto electronics parts business.

## **Talents and Sustainability**

While facing a rapidly changing world, enterprises have greater demand for talents. Due to the unsecured environment caused by the pandemic outbreak, Compal focuses more on the establishment of a stable relationship between the company and employees and is committed to establishing a working environment based on the principle of the right person for the right place, allowing employees to develop their skills and talents, thereby achieving an organization with competitiveness and sustainable development. To cope with the environmental impact caused by climate change, we have incorporated the circular economy concept into our product design, such that for all stages from material selection to properly planning, recycling and disassembly processes, resources can be used more efficiently. For the production end, we actively promote production sites to implement waste reduction activity and increase the use of renewable energies to achieve the long-term environmental sustainability goal of net zero-emission sought by Compal.

In 2021, Compal has, once again, received the "Happy Enterprise Award" organized by the job bank and the recognition of the "Taiwan Corporate Sustainability Award" presented by the Taiwan Institute for Sustainable Energy. In addition, we have also been selected as the component stock for the "FTSE4Good Index" and "FTSE4Good TIP Taiwan ESG Index". Moreover, we are also ranked in the top 20% of the "Corporate Governance Evaluation" at TWSE. In the future, Compal will continue to uphold the business philosophy of people-oriented and sustainable development to actively promote and improve all sustainable activities.

## **Business Outlook**

Regarding the future overall planning and the deep rooting in the existing businesses, we will continue to expand the main directions developed in the past years to accelerate the expansion of new businesses. Particularly, for the biotechnology and medical field, with the improvement of the computation capability of computers, artificial intelligence, 5G telecommunication technology development of the ICT industry, we expect that smart medical technologies will be able to assist and overcome issues currently faced in the medical sector. Accordingly, in the future, relevant hardware facilities, software platforms, or even precision medical care of artificial intelligence development related to smart hospitals in the future will be the fields for active business development and expansion of Compal. Furthermore, as the human average life expectancy increases and aging society accelerates, Taiwan is expected to enter the aged society. Accordingly, the demand for long-term care services in medical care will also increase; therefore, Compal will invest greater resources in the healthcare field in the future. With the technical strength accumulated over the past years in the ICT industry of Taiwan, the next trillion-dollar industry will focus on the development biotechnology, medical care and long-term care fields in Taiwan, which is also related to the main business development strategy for Compal for the next five years.

Looking into 2022, despite that there will still be great challenges in the global economy and changes in the industry, we are still confidently ready to continue to excel further and to achieve further revenue growth continuously. In addition, we also view profit growth as an important business target. Although the issues of insufficient manpower, component shortage, and electricity shortage in the industry still exist, in addition to the trade conflict between the U.S. and China, Compal has actively promoted numerous new measures with customers. Moreover, as digitization, automation and teamwork continue to develop, we expect to move forward in 2022, making the cost and efficiency of our business operation competitive in order to overcome challenges in the environment and market. During the seeking of the economic value of the company, we continue to uphold the principle of fulfilling corporate social responsibilities as a corporate citizen to respond to the expectations of all shareholders, customers, employees, and stakeholders in the society on Compal.

We, again, sincerely appreciate your long-term support of Compal. We wish you:

Good Health and Prosperity!

Chairman: Sheng-Hsiung Hsu (Rock Hsu)

CEO: Chung-Pin Wong (Martin Wong)

Head of Accounting: Cheng-Chiang Wang (Jack Wang)

## II. Company Profile

**2.1 Date of Incorporation:** June 1, 1984

**2.2 Company History**

■ **Company history in the past two years:**

### **2020**

- Won 18 awards at the 2020 “iF Design Awards”, including third consecutive Gold Award. Ranked 11th in the iF Global Innovation Companies Ranking.
- Selected to take part in the CDP climate change program for six consecutive years (2014-2019) and received an overall CDP rating of B- at the Management Level for 2019.
- Ranked within top the 6%-20% TWSE-listed companies of the “6th Round of Corporate Governance Evaluations” by TWSE.
- Ranked 44th in Commonwealth Magazine’s “CSR Top 50”.
- Ranked 64th in Commonwealth Magazine’s “Top1000 in China, Taiwan and Hong Kong”, and Kinpo-Compal group was ranked 4th in Commonwealth Magazine’s “Taiwan Top 50”.
- Won the Platinum Medal of 2020 Taiwan Corporate Sustainability report Award of TCSA and the Silver Medal of 2020 English Report Award of TCSA.
- Selected into the FTSE4GOOD Index for five consecutive years and in the FTSE4GOOD TIP Taiwan ESG Index for the third consecutive year.
- Ranked 396th in the Fortune Global 500.
- Ranked 1558th in the Forbes Global 2000.
- The Company’s share capital reached TWD 44.1 billion in 2019.
- The Company earned TWD 1,048.9 billion in consolidated revenue in 2020.

### **2021**

- Selected to take part in the CDP climate change program for 7 consecutive years (2014-2020) and received an overall CDP rating of B- at the Management Level for 2020.
- Won 25 awards at the 2021 “iF Design Awards” and a fourth consecutive Gold Award. Ranked 6th in the iF Global Innovation Companies Ranking.
- Ranked among the top 6%-20% in the TWSE-listed companies in the 7th round of "Corporate Governance Evaluation “organized by Taiwan Stock Exchange and Taipei Exchange”.
- Ranked 5th in Commonwealth Magazine’s “Top-2000 Manufacturers”
- Ranked 64th in Commonwealth Magazine’s “Top-1000 in China, Taiwan and Hong Kong”
- Selected into the FTSE4GOOD Index and the FTSE4GOOD TIP Taiwan ESG Index.
- Selected as a constituent stock of “Taiwan High Salary 100 Index” and “Taiwan Employment 99 Index”
- Ranked 339th on the Fortune Global 500.

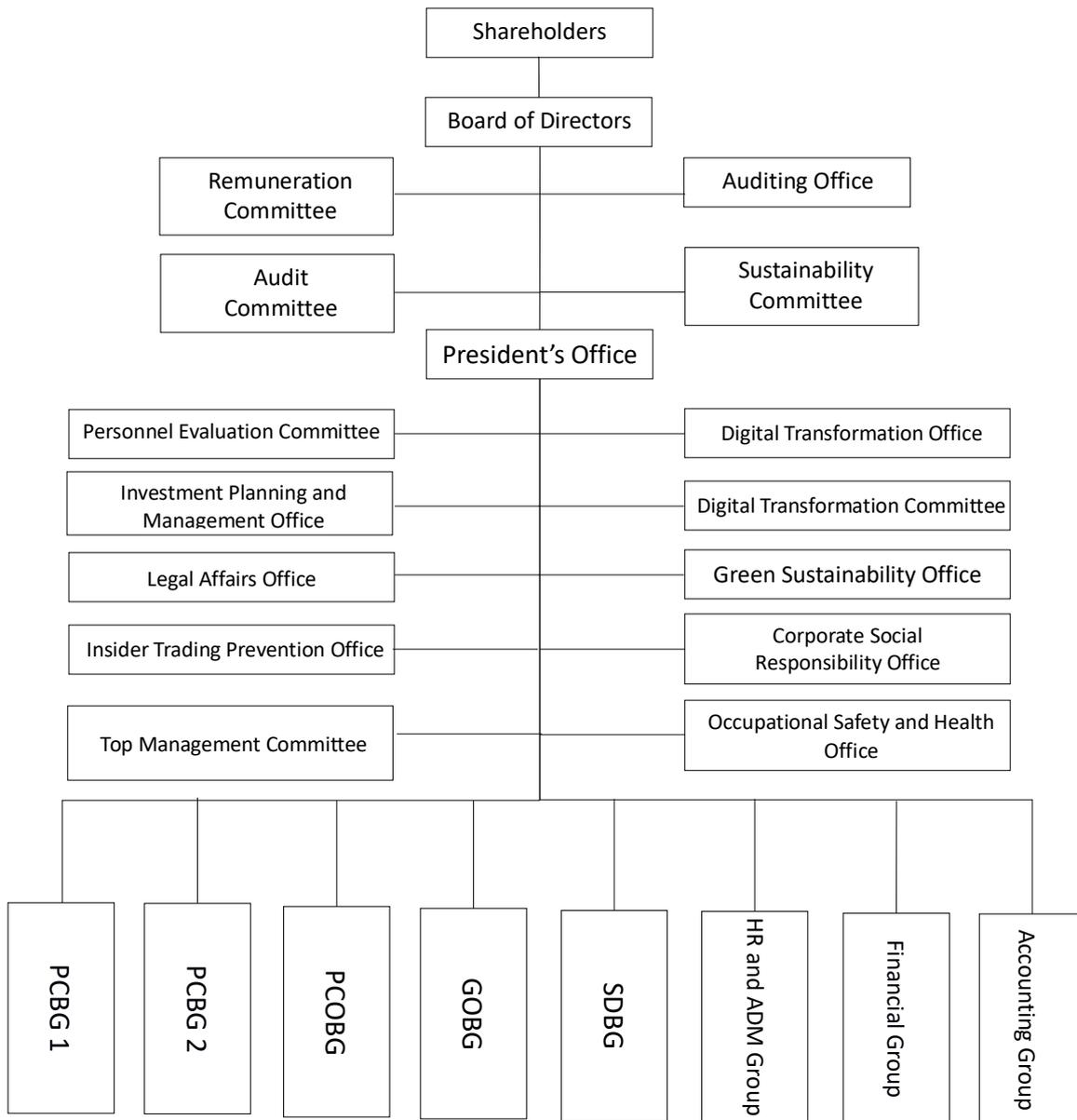
- Ranked 1314th on the Forbes Global 2000.
- The Company's share capital reached TWD 44.1 billion in 2021.
- The Company's consolidated revenue reached TWD 1,235.7 billion in 2021.

## **2022**

- Won 8 awards at the 2022 "iF Design Awards", ranked 10 in the iF Global Innovation Companies Ranking.
  - Selected into the "TIP Customized Environmental Sustainability Dividend +Index".
  - Selected to take part in the CDP climate change program for 8 consecutive years (2014-2021) and received an overall CDP rating of B- at the Management Level for 2021.
  - Ranked among the top 21%-35% in the TWSE-listed companies in the 8th round of "Corporate Governance Evaluation" organized by Taiwan Stock Exchange and Taipei Exchange.
  - Ranked 4th in CommonWealth Magazine's "Top-2000 Manufacturers"
- **Any changes to the management rights, significant changes of the management mode or business content, and other important matters that can affect shareholders' equity and their impact on the Company in the most recent year and up to the date of printing of the annual report: None.**

### 3.1 Organization

#### 3.1.1 Organizational Chart (As of March 15, 2022)



### 3.1.2 Major Corporate Functions

Department	Functions
President's Office	Responsible for the Company's operations
Investment Planning and Management Office	Responsible for investment-related activities
Auditing Office	Conducts internal audits
Sustainability Committee	Promotes and executes sustainability-related plans
Legal Affairs Office	Handles the Company's legal affairs
Digital Transformation Office	Promotes and executes digital transformation projects
Green Sustainability Office	Executes "Green Life" projects
Insider Trading Prevention Office	Implements preventive measures against insider trading
Corporate Social Responsibility Office	Promotes and executes CSR-related affairs
Occupational Safety and Health Office	Implementing a comprehensive occupational health and safety program
PCBG 1	Responsible for the R&D, production, quality control and the sale of PC products
PCBG 2	Responsible for the R&D, production, quality control and the sales of non-notebook products.
GOBG	Responsible for production, quality control, and worldwide operation affairs
SDBG	Responsible for the R&D, production, quality control, and the sale of smart devices
PCOBG	Responsible for production and quality control of notebook products
Accounting Group	Handles accounting, share administration, and funding affairs
Financial Group	Responsible for the Company's financial planning, capital scheduling, and payments controlling.
HR and Administration Group	Responsible for human resource, training, education, employee relations, general affairs, and building management

## 3.2 Directors and Management Team

### 3.2.1 Directors

April 26, 2022

Title	Name/ Nationality (Note 1, 2)	Gender/ age	Elected Date	Term	First Elected Date	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current Positions held concurrently in the Company and/or any other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
						Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Chairman	Sheng-Hsiung Hsu	Male 66-80	2021.8.27	3 years	1984.04.16	8,975,401	0.20%	8,975,401	0.20%	17,107,025	0.39%	0	0.00%	Honorary Doctorate, National Taiwan Normal University Chair of Kinpo Electronics, Inc.	(Note 6)	Director Director	Sheng-Chieh Hsu Chieh-Li Hsu	Brother's father and son
Vice-Chairman	Jui-Tsung Chen	Male 66-80	2021.8.27	3 years	1992.04.30	35,352,587	0.80%	35,352,587	0.80%	1,069,405	0.02%	0	0.00%	Honorary Doctorate, National Cheng Kung University Chair of Arcadyan Technology Corp.	(Note 6)	N/A	N/A	N/A
Director	Binpal Investment Co., Ltd.	-	2021.8.27	3 years	2018.6.22	5,000,000	0.11%	5,000,000	0.11%	-	-	0	0.00%	National Tao-Yuan Sr. Vocational Agricultural and Industrial School Director of BAOTEK, Inc.	(Note 6)	N/A	N/A	N/A
	Representative: Wen-Being Hsu	Male 81-90			1984.04.16	5,000,000	0.11%	5,000,000	0.11%	0	0.00%	0	0.00%					
Director	Kinpo Electronics, Inc.	-	2021.8.27	3 years	1990.06.22	151,628,692	3.44%	151,628,692	3.44%	-	-	0	0.00%	Master of International Business, Waseda University, Japan Chair and President of AcBel Polytech Inc.	(Note 6)	Chairman	Sheng-Hsiung Hsu	father and son
	Representative: Chieh-Li Hsu	Male 36-50			2020.07.21	4,117,569	0.09%	4,117,569	0.09%	631	0.00%	0	0.00%					
Director	Charng-Chyi Ko	Male 81-90	2021.8.27	3 years	1984.04.16	7,896,867	0.18%	7,896,867	0.18%	30,645	0.00%	0	0.00%	Bachelor of Business Dept., National Taiwan University PhD, Lincoln University, USA Chair of Taiwan Biotech Co., Ltd.	(Note 6)	N/A	N/A	N/A
Director	Sheng-Chieh Hsu	Male 66-80	2021.8.27	3 years	1997.05.29	9,204,201	0.21%	9,204,201	0.21%	8,152,928	0.18%	(Note 5)	(Note 5)	Bachelor of Architectural Dept., Tam- Kang University Director of Kinpo Electronics Inc.	(Note 6)	Chairman	Sheng-Hsiung Hsu	Brothers

Title	Name/ Nationality (Note 1, 2)	Gender/ age	Elected Date	Term	First Elected Date	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current Positions held concurrently in the Company and/or any other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
						Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Director	Yen-Chia Chou	Male 66-80	2021.8.27	3 years	1987.06.13	8,022,874	0.18%	8,022,874	0.18%	2,502,768	0.06%	0	0.00%	Bachelor of Geology Dept. National Taiwan University Director of Kinpo Electronics Inc.	(Note 6)	N/A	N/A	N/A
Director	Chung-Pin Wong	Male 51-65	2021.8.27	3 years	2007.06.15	6,618,618	0.15%	6,618,618	0.15%	1,398	0.00%	0	0.00%	Master of Management Science, National Chiao-Tung University Chair of Compal Broadband Networks, Inc.	(Note 6)	N/A	N/A	N/A
Director	Chiung-Chi Hsu	Male 51-65	2021.8.27	3 years	1994.04.23	2,117,731	0.05%	2,117,731	0.05%	30,000	0.00%	0	0.00%	Master of Golden Gate University, San Francisco, USA Director of I PAO Bearing Co., Ltd.	(Note 6)	N/A	N/A	N/A
Director	Ming-Chih Chang	Male 51-65	2021.8.27	3 years	2018.6.22	1,919,489	0.04%	1,919,489	0.04%	0	0.00%	0	0.00%	Electrical Engineering Dept., Ming Chi Institute of Technology Director of Mactech Co., Ltd.	(Note 6)	N/A	N/A	N/A
Director	Anthony Peter Bonadero	Male 51-65	2021.8.27	3 years	2018.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Texas A&M University Executive Vice-President of Auscom Engineering Inc.	(Note 6)	N/A	N/A	N/A
Director	Sheng-Hua Peng	Male 51-65	2021.8.27	3 years	2018.6.22	835,000	0.02%	835,000	0.02%	0	0.00%	0	0.00%	Master of Electronics Engineering, National Taiwan University Director of Arcadyan Technology Corp.	(Note 6)	N/A	N/A	N/A
Independent Director	Min-Chih Hsuan	Male 66-80	2021.8.27	3 years	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering Dept., National Chiao Tung University Chair and President of United Microelectronics Corp.	(Note 6)	N/A	N/A	N/A
Independent Director	Duei Tsai	Male 66-80	2021.8.27	3 years	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation	(Note 6)	N/A	N/A	N/A

Title	Name/ Nationality (Note 1, 2)	Gender/ age	Elected Date	Term	First Elected Date	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current Positions held concurrently in the Company and/or any other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
						Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Independent Director	Wen-Chung Shen	Male 66-80	2021.8.27	3 years	1998.4.8	2,836,000	0.06%	2,836,000	0.06%	2,315,000	0.05%	0	0.00%	Bachelor of Electrical Engineering Dept., National Taiwan University Director of Compal Electronics, Inc.	(Note 6)	N/A	N/A	N/A

Note: 1. Except for Director Anthony Peter Bonadero, who is a US citizen, the rest of the directors are ROC nationals.

2. The Chairman, Chief Strategy Officer and President of the Company are not the same person, spouses, or related to each other.

3. Independent Directors Duh-Kung Tsai Stepped down on August 27, 2021. Independent Director Wen-Chung Shen took office on August 27, 2021.

4. Wen-Chung Shen serviced as Director from April 22, 1998 to June 22, 2018.

5. Director Sheng-Chieh Hsu held 2,839,000 shares (0.06%) through proxies.

6. Selected Current Positions as below:

Title	Name	Selected Current Positions
Chairman	Sheng-Hsiung Hsu	<p>Chairman: Kinpo Electronics, Inc., Cal-Comp Electronics(Thailand) Public Company Limited, AcSacca Solar Energy Co., Ltd., Cal-Comp Electronics and communications Co., Ltd., QBit Semiconductor Ltd., Gempal Technology Corp., Panpal Technology Corp., Teleport Access Services, Inc., Kinpo Group Management Consultant Company, Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., NTNU Innovation Investment Holding Company, Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Kinpo Electronics (China) Co., Ltd., Cal-Comp Precision Holding Co., Ltd., QBit Semiconductor Holding, Ltd.</p> <p>Managing Director: Taiwan Biotech Co., Ltd.</p> <p>Director: Crownpo Technology Inc., Compal System Trading (Kunshan) Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., Ascendant Private Equity Investment Ltd., Billion Sea Holdings Ltd., Big Chance International Co., Ltd., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp Electronics de Mexico Co. S.A. de C.V., Cal-Comp Precision (Philippines), Inc., Cal-Comp Precision (Singapore) Limited, Cal-Comp USA (San Diego), Co., Inc., Center Mind International Co., Ltd., Compal Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal International Ltd., Compal International Holding (HK) Limited, Compal International Holding Co., Ltd., Compal Rayonnant Holdings Ltd., Confiar Land Corp., Core Profit Holdings Ltd., Flight Global Holding Inc., Fortune Way Technology Corp., Goal Reach Enterprises Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Kinpo Electronics (Philippines), Inc., Kinpo International (Singapore) Pte. Ltd., Kinpo International Ltd., Lipo Holding Co., Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Ranashe International Ltd., Smart International Trading Ltd.</p> <p>President: Kinpo Group Management Consultant Company</p> <p>Other: Honorary Chair of Chinese National Federation of Industries, Honorary Chair of Importers and Exporters Association of Taipei, Honorary Chair of The Third Wednesday Club, Policy Consultant of Taiwan Electrical and Electronic Manufacturers' Association., Chair of China Productivity Center, Deputy Chair of Straits Exchange Foundation, Vice-Chair of Sinocon Industrial Standards Foundation , Director of Taiwan Institute of Economic Research</p>
Vice Chairman	Jui-Tsung Chen	<p>Chairman: Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., Palcom International Corporation, General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., Compal System Trading (Kunshan) Co., Ltd.</p> <p>Director: Kinpo Electronics, Inc., Compal Broadband Networks, Inc., Mactech Co., Ltd., HengHao Technology Co. Ltd., UNICOM GLOBAL, INC., Kinpo Group Management Consultant Company, Phoenix Innovation Venture Capital Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Development &amp; Management (Vietnam) Co., Ltd., Ascendant Private Equity Investment Ltd., Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Billion Sea Holdings Ltd., Big Chance International Co., Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Display Holding (HK) Limited, Compal Electronics International Ltd., Compal Electronics (Holding) Ltd., Compal International Ltd., Compal</p>

Title	Name	Selected Current Positions
		<p>International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holdings Ltd., Compal USA (Indiana), Inc., Compalead Electronics B.V., Compal Wise Electronic (Vietnam) Co., Ltd., Core Profit Holdings Ltd., Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Ltd., Goal Reach Enterprises Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Smart International Trading Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd.</p> <p>Independent Director: Powertech Technology Inc.  Audit Committee Member: Powertech Technology Inc.  Chief Strategy Officer: Compal Electronics, Inc.  Other: Director of Chengdian Culture and Education Foundation</p>
Director	Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	Chairman: Binpal Investment Co., Ltd.
Director	Kinpo Electronics, Inc.	Director: AcBel Polytech Inc., CastleNet Technology Inc., Crownpo Technology Inc., iHELPER Inc., New Era AI Robotic Inc., Norm Pacific Automation Corp., Teleport Access Services, Inc., Cal-Comp Big Data, Inc., XYZprinting, Inc., Kinpo Group Management Consultant Company, Cal-Comp Asset Management, Inc., Prudence Venture Investment Corp., NTNU Innovation Investment Holding Company
	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu	<p>Chairman: AcBel Polytech Inc., AcBel Electronic (Dong Guan) Co., Ltd., AcBel Electronic (Wuhan) Co., Ltd., Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd., Acbel Polytech (Philippines) Inc.</p> <p>Vice-Chairman: Cal-Comp Electronics (Thailand) Public Company Limited</p> <p>Executive Director: Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd., Chongqing Kanghua Metal Product Co., Ltd.</p> <p>Director: Kinpo Electronics, Inc., CastleNet Technology Inc., The Eslite Spectrum Corporation, ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd., VesCir Ltd., QBit Semiconductor Ltd., New Era AI Robotic Inc., AcTel Power Co., Ltd., AcRay Energy Co., Ltd., AcTek Energy Co., Ltd., Cal-Comp Big Data, Inc., XYZprinting, Inc., Melvita Taiwan Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd., LIZ Electronics (Nantong) Co., Ltd., Cal-Comp Precision Holding Co., Ltd., Acbel (USA) Polytech Inc., Acbel Polytech (Ireland) Limited, AcBel Polytech (SAMOA) Investment Inc., Acbel Polytech (Singapore) Pte Ltd., Acbel Polytech (UK) Limited, Acbel Polytech Holdings Inc., AcBel Polytech International Inc., AcBel Polytech Japan Inc., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp Electronics de Mexico Co., S.A. de C.V., Cal-Comp Holding (Brasil) S.A., Cal-comp Industria De Semicondutores S.A., Cal-Comp Precision (Malaysia) SDN. BHD., Cal-Comp USA (San Diego), Co., Inc., CK Holdings Inc., CSA Holdings Inc., Power Station Holdings Ltd., QBit Semiconductor Holding, Ltd., Target Gain Corporation</p> <p>Supervisor: Teleport Access Services, Inc., Kinpo Group Management Consultant Company, Full Power Investment Co., Ltd</p> <p>Independent Director: Winbond Electronics Corporation, Nuvoton Technology Corporation</p> <p>Remuneration Committee Member: Winbond Electronics Corporation, Nuvoton Technology Corporation</p> <p>Audit Committee Member: Winbond Electronics Corporation, Nuvoton Technology Corporation</p> <p>Chief Strategy Officer: Cal-Comp Electronics and Communications Co., Ltd.</p> <p>President: AcBel Polytech Inc., Kinpo&amp;Compal Group Assets Development Corporation, Acbel (USA) Polytech Inc., Acbel Polytech (Philippines) Inc., Cal-comp Industria De Semicondutores S.A.</p> <p>Other: Vice-Chair of Taiwan Electrical and Electronic Manufacturers' Association, Director of Importers and Exporters Association of Taipei</p>

Title	Name	Selected Current Positions
Director	Charng-Chyi Ko	<p>Chairman: Taiwan Biotech Co., Ltd., All For Health Biotech Co., Ltd., Evergene Biotech Industrial Co., Ltd., Weck Tech Biotech Co., Ltd., Global BioParma Ltd., Genhealth Pharma Co., Ltd., Taiwan Veterans Pharmaceutical Co., Ltd., Aseptic Innovative Medicine Co., Ltd., Young &amp; Health Care Resorts Inc., Taiwan Venture Capital Co., Ltd., Long Yee Investment Co. Ltd., Yinfeng International, Inc., Taiwan Chariston AMC Corp., Ltd, Twin Luck Global Company Ltd.</p> <p>Director: Kinpo Electronics, Inc., Baotek Industrial Materials Ltd., Formosan Union Chemical Corp., Chang Yao Technology Inc., OmniHealth Group, Inc., Spiregene Biotech Co., Ltd., All Information Inc., Taiwan Carefor Home Pharmacy Co., Ltd., Minsheng Medical Holding Inc., Gold Precision Ltd., KKXC Intergrated Management Holding (CYPRUS) Ltd., Optics Lab Inc., Syn Pharm Inc.</p> <p>Supervisor: Teleport Access Services, Inc., Sunny Special Dyeing &amp; Finishing Co., Ltd.</p> <p>Other: Chair of Yang Bi Li Education Foundation of Management, Director of Health, Welfare &amp; Environment Foundation, Managing Supervisor of Cross-Strait Health Care and Leisure Activities Association</p>
Director	Sheng-Chieh Hsu	<p>Chairman: Integrate Investment Corp.</p> <p>Director: Kinpo Electronics, Inc., Cal-Comp Electronics (Thailand) Public Company Limited, Cal-Comp Electronics and communications Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Kinpo Electronics (China) Co., Ltd., Dongguan Kaipu Electronics Co., Ltd., Kinpo International Ltd.</p> <p>Supervisor: Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.</p>
Director	Yen-Chia Chou	<p>Chairman: Sceptre Industry Co., Ltd., Mega Industry Co., Ltd.</p> <p>Director: Kinpo Electronics, Inc., Micro Metal Electronics Co., Ltd.</p> <p>Supervisor: Full Power Investment Co., Ltd.</p> <p>President: Sceptre Industry Co., Ltd.</p>
Director	Chung-Pin Wong	<p>Chairman: Compal Broadband Networks, Inc., Poindus System Corp., Starmems Semiconductor Corp., HengHao Technology Co. Ltd., Rayonnant Technology Co., Ltd., HippoScreen Neurotech Corp., Shennona Co., Ltd., UNICOM GLOBAL, INC., Wah Yuen Technology Holding Ltd.</p> <p>Executive Director: Compower Global Service Co., Ltd.</p> <p>Director: Arcadyan Technology Corporation, Mactech Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Ripal Optotronics Co., Ltd., Infinno Technology Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Kinpo Group Management Consultant Company, Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Allied Power Holding Corp., Amexcom Electronics, Inc., Auscom Engineering Inc., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., Compal USA (Indiana), Inc., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Ltd., Shennona Corporation, Sirqul Inc.</p> <p>Supervisor: Hong Ya Technology Corporation</p> <p>President: Compal Electronics, Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.</p> <p>Sustainability committee member: Compal Electronics, Inc.</p>
Director	Chiung-Chi Hsu	<p>Chairman: Full Power Investment Co., Ltd.</p> <p>Director: E-Bow Bearing Co., Ltd., Juan Hsin Bao Hardware co., Ltd.</p>
Director	Ming-Chih Chang	<p>Director: Mactech Co., Ltd., Panpal Technology Corp., Kunshan Botai Electronics Co., Ltd., CGS Technology (Poland) Sp. z o. o. Compal Europe (Poland) Sp. z o. o.</p> <p>President: Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal</p>

Title	Name	Selected Current Positions
		<p>Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compower Global Service Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Management (Chengdu) Co., Ltd.</p> <p>Executive Vice-President: Compal Electronics, Inc.</p>
Director	Anthony Peter Bonadero	Executive Vice-President: Auscom Engineering Inc.
Director	Sheng-Hua Peng	<p>Chairman: Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.</p> <p>Director: Arcadyan Technology Corporation, Gempal Technology Corp., Palcom International Corporation, Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Amexcom Electronics, Inc., Bizcom Electronics, Inc.</p> <p>Supervisor: General Life Biotechnology Co., Ltd.</p> <p>President: Palcom International Corporation, Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd.</p> <p>Executive Vice-President: Compal Electronics, Inc.</p>
Independent Director	Min Chih Hsuan	<p>Chairman: Clientron Corp., Taiwan Memory Company, Fusionvax, Inc., TC-1 Culture Fund, Vital First Investment Corporation, Maxima Ventures II, Inc.</p> <p>Director: General Biologicals Corporation, SIPP, Inc., Meribank Biotech Co., Ltd., Meridigen Biotech Co., Ltd., Elevant Biopharma Co., Ltd., Allied Focus Holding Corporation (Seychelles), Angeluca Science Ltd. (Republic of Seychelles), Bohe Biopharma Global Corporation (Cayman), Moral Express Holding Corporation (Seychelles), Orilitia Biopharma Limited (Hokg Kong), Pacgen Biopharmaceuticals Corporation (Canada)</p> <p>Remuneration Committee Member: Compal Electronics, Inc.</p> <p>Audit Committee Member: Compal Electronics, Inc.</p>
Independent Director	Duei Tsai	<p>Independent Director: Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd.</p> <p>Independent Director for Public Welfare: Starlux Airlines Co., Ltd.</p> <p>Remuneration Committee Member: Compal Electronics, Inc., Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd.</p> <p>Audit Committee Member: Compal Electronics, Inc., Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd.</p> <p>Sustainability committee member: Compal Electronics, Inc., TTY Biopharm Company Ltd.</p>
Independent Director	Wen-Chung Shen	<p>Chairman: Her Tuo Co., Ltd.</p> <p>Remuneration Committee Member: Compal Electronics, Inc.</p> <p>Audit Committee Member: Compal Electronics, Inc.</p> <p>Sustainability committee member: Compal Electronics, Inc.</p>

**Major shareholders of the Company's corporate shareholders**

April 29, 2022

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.31%), Panpal Technology Corp. (4.65%), GEBO Limited (4.17%), Ho Bao Investment Co., Ltd. (2.94%), Lai-Shun Shen Tsai (2.80%), Chun-Chi Hsu (2.40%), Ruey Shinn Co., Ltd. (1.88%), Shih-Jung Shen (1.69%), Kun-Chao Shen (1.50%), Li Chu Tsai (1.45%)

Note: If the major shareholder is also a corporate entity, please refer to the following table.

**Major shareholders of the Company's major corporate shareholders**

Name of corporate shareholder	Major shareholders of corporate shareholders
Panpal Technology Corporation	Compal Electronics, Inc. (100%)
GEBO Limited	Li-Chu Tsai (95.39%), Chieh-Li Hsu (1.77%), Chun-Chi Hsu (1.42%), Yung-Hsu Hsu (1.42%)
Ho Bao Investment Co., Ltd.	Chieh-Li Hsu (45.76%), Li-Chu Tsai (20.06%), Chun-Chi Hsu (17.09%), Yung-Hsu Hsu (17.09%)
Ruey Shinn Co., Ltd.	Hsin Chung Chen (33.34%), Hsin Tso Chen (33.33%), Hsin Yu Chen (33.33%)

■ Professional qualification of Directors and independence Information of Independent Directors:

Name	Conditions	Professional Qualification & Experience	Independence Status of Independent Directors	No. of concurrent Independent directorship of other public firm held
Chairman Sheng-Hsiung Hsu		Department of Chinese, Honorary Doctorate, National Taiwan Normal University Chairman of Kinpo Electronics Inc. and Cal-Comp Electronics (Thailand) Public Company Limited The Chairman possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Vice Chairman Jui-Tsung Chen		Department of Electrical Engineering, Honorary Doctorate, National Cheng Kung University Chairman of Arcadyan Technology Corp. and Compal Communication Inc., and Chief Strategy Officer of Compal The Vice Chairman possesses more than 40 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	1
Director Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu		National Tao-Yuan Sr. Vocational Agricultural and Industrial School Director of BAOTEK, Inc. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Representative of Kinpo Electronics Inc.: Chieh-Li Hsu		IMBA, Waseda Business School Chairman and President of AcBel Polytech Inc. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	2
Director Charng-Chyi Ko		Department of Business, National Taiwan University and Doctorate Degree, University of Lincoln Director of Kinpo Electronics Inc. and Chairman of Taiwan Biotech Co., Ltd. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	

Name	Conditions	Professional Qualification & Experience	Independence Status of Independent Directors	No. of concurrent Independent directorship of other public firm held
Director Sheng-Chieh Hsu		Department of Architecture, Tam-Kang University Director of Kinpo Electronics Inc. and Cal-Comp Electronics (Thailand) Public Company Limited The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Yen-Chia Chou		Department of Geosciences, National Taiwan University Director of Kinpo Electronics Inc. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Chung-Pin Wong		Master of Management Science, National Chiao Tung University Chairman of Compal Broadband Networks, Inc. and Poindus Systems Corp., and President of Compal The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Chiung-Chi Hsu		Master's Degree, Golden Gate University, San Francisco, USA Director of Eb-Bow-Bearing Co., Ltd. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Ming-Chih Chang		Department of Electrical Engineering, Ming Chi University of Technology Director of Mactech Co., Ltd., Executive Vice President of Compal and President of LCFC (HeFei) Electronics Technology Co., Ltd. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	

Name	Conditions	Professional Qualification & Experience	Independence Status of Independent Directors	No. of concurrent Independent directorship of other public firm held
Director Anthony Peter Bonadero	Texas A&M University Executive Vice President of Auscom Engineering Inc. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.		N/A	
Director Sheng-Hua Peng	Master of Science in Electrical Engineering, National Taiwan University Director of Arcadyan Technology Corp., Executive Vice President of Compal and Senior Vice President of Compal Communications, Inc. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.		N/A	
Director Min Chih Hsuan	Honorary Doctorate, Department of Electrical Engineering, National Chiao Tung University Chairman, Vice Chairman, CEO and President of United Microelectronics Corp. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	<ul style="list-style-type: none"> <li>• Compliance with independence criteria (note)</li> <li>• The person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.</li> </ul>		
Director Duei Tsai	PhD, Graduate Institute of Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation and TTY Biopharm Company Ltd. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	<ul style="list-style-type: none"> <li>• Compliance with independence criteria (note)</li> <li>• The person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.</li> </ul>	3	
Director Wen-Chung Shen	Department of Electrical Engineering, National Taiwan University Chairman of Her Tuo Co., Ltd., and Director and Executive Vice President of Compal The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	<ul style="list-style-type: none"> <li>• Compliance with independence criteria (note)</li> <li>• Number of shares of the Company and shareholding ratio of the person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others): 5,151,000 shares, 0.11%</li> </ul>		

Note: Independent Directors shall indicate the fulfilment of independence criteria.

- Including but not limited to, the Director or the Director's spouse or relatives within the second degree of kinship have not worked as directors, supervisors or employees of the Company or its affiliated enterprises;
- The Director has not assumed positions as a director, supervisor or employee of company (ies) in specified relationship with the Company (Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, Article 3, Paragraph 1, Sub-paragraphs 5 to 8).
- The Director has not received remuneration by providing business, legal, financial, accounting or other services to the Company or its affiliates in the last 2 years.
- Number of shares of the Company and shareholding ratio of the person him/herself or his/her spouse or relatives within the second degree of kinship (or in the name of others).

■ The Diversity & Independence of the Board of Directors: :

1. The Diversity of the Board of Directors:

(1) In accordance with the Company's Corporate Governance Best-Practice Principles, the composition of the board of directors shall be determined by taking diversity. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

(2) Status of board member diversification:

Core items for diversification	Operation management	Leadership and decision-making	Knowledge of the industry	International market perspective	Risk Management	Finance and accounting	Investment M&A	Communications and network	Architecture
Name of Director									
Sheng-Hsiung Hsu	√	√	√	√	√	√	√		
Jui-Tsung Chen	√	√	√	√	√	√	√		
Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	√	√			√				
Representative of Kinpo Electronics Inc.: Chieh-Li Hsu	√	√	√	√	√	√			
Charng-Chyi Ko	√	√	√	√	√	√	√		
Sheng-Chieh Hsu	√	√		√	√				√
Yen-Chia Chou	√	√	√	√	√	√			
Chung-Pin Wong	√	√	√	√	√	√	√		
Chiung-Chi Hsu	√	√	√	√	√	√			
Ming-Chih Chang	√	√	√	√	√	√			
Anthony Peter Bonadero	√	√	√	√	√	√			
Sheng-Hua Peng	√	√	√	√	√	√			
Min-Chih Hsuan	√	√	√	√	√	√	√		
Duei Tsai	√	√	√	√	√			√	
Wen-Chung Shen	√	√	√	√	√	√			

Item	Director		Independent Director		
	Number of people	%	Number of people	%	
Age	36 ~ 50 years old	1	7%	0	0%
	51~65 years old	5	33%	0	0%
	65 years or older	6	40%	3	20%
Gender	Male	12	80%	3	20%
	Female	0	0%	0	0%
Country of Citizenship	Republic of China	11	73%	3	20%
	U.S.A.	1	7%	0	0%
Employee Status	The company	4	27%	0	0%
	The companies' subsidiaries	2	13%	0	0%
Seniority of Independent Directors	Less than 1 year	-	-	1	33%
	More than 9 years	-	-	2	67%

The current Board of Directors is comprised of 15 Directors. The management goals and implementation status of the diversity policy of the Board are as follows:

Management goal	Implementation
The number of Directors holding concurrent positions as the Company Managers not exceeding one-third of the Board seats.	Implemented
At least four Directors possess expertise in the computer industry, sales and technology.	Implemented
At least two Directors possess expertise in law, finance, accounting and technology.	Implemented

Considering the diversity factor and gender equality of the Board members, in the future, appropriate and eligible female individuals shall be considered for the candidacy of directorship. Furthermore, the proportion of Independent Directors shall be increased.

**(II) Independence of the Board of Directors:**

The current Board of Directors comprises 15 Directors, including Independent Directors (constituting 20% of the Board members). The establishment of Independent Directors and their duty performance are compliant with the provisions of the Securities and Exchange Act, and “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

Apart from Sheng-Hsiun Hsu (Chairman), Sheng-Chieh Hsu (Director) and Chieh-Li Hsu (representative of juristic person Director, Kinpo Electronics Inc.) who are relatives within the second degree of kinship, the rest of the Directors do not have spousal or familial relationships within the second degree of kinship. As such, the Directors are not persons of conditions listed in Securities and Exchange Act, Article 26-3 and 26-4. In conclusion, the Board of Directors of the Company are deemed independent.

### 3.2.2 Management Team

April 26, 2022

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Chief Strategy Officer	Jui-Tsung Chen	2018.07.04	35,352,587	0.80%	1,069,405	0.02%	0	0.00%	Honorary Doctorate, National Cheng Kung University Chair of Arcadyan Technology Corp.	Refer to Page14-15	Vice- President Vice- President	Po-Tang Wang Hsin-Chung Chen	Relative by affinity father and son
President	Chung-Pin Wong	2018.07.04	6,618,618	0.15%	1,398	0.00%	0	0.00%	Master of Management Science, National Chiao-Tung University Chair of Compal Broadband Networks, Inc.	Refer to Page 16	N/A	N/A	N/A
Executive Vice- President	Ming-Chih Chang	2018.07.04	1,919,489	0.04%	0	0.00%	0	0.00%	Electrical Engineering Dept., Ming Chi University of Technology Director of Mactech Co., Ltd.	Refer to Page 16-17	N/A	N/A	N/A
Executive Vice- President	Sheng-Hua Peng	2018.07.04	835,000	0.02%	0	0.00%	0	0.00%	Master of Electronics Engineering, National Taiwan University Director of Arcadyan Technology Corp.	Refer to Page 17	N/A	N/A	N/A
Executive Vice- President	Chen-Chang Hsu	2011.08.31	0	0.00%	0	0.00%	0	0.00%	National Chiao Tung University EMBA Vice-Chair of HengHao Technology Co. Ltd.	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Chun-Te Shen	2007.01.01	2,953,700	0.07%	900,000	0.02%	0	0.00%	Master of Electrical Engineering, National Taiwan University Director of Kinpo Electronics Inc.	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Kuo-Chuan Chen	2007.01.01	685,823	0.02%	10,924	0.00%	0	0.00%	Bachelor of Physics Dept., Chung Yuan Christian University Senior Vice-President of Compal Communication Inc.	N/A	N/A	N/A	N/A
Senior Vice- President	Chyou-Jui Wei	2010.03.18	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration, University of Washington, USA Senior Vice-President of Toppoly Optoelectronics Corp.	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Wen-Da Hsu	2014.02.27	1,333,000	0.03%	0	0.00%	0	0.00%	Media Administration Dept., Shih Hsin University Senior Vice-President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Senior Vice-President	Shi-Kuan Chen	2009.05.01	0	0.00%	0	0.00%	0	0.00%	Master of Industrial Design, Cranbrook Academy of Art Director of Design and Customer Affairs, Philips (Hong Kong)	(Note 4)	N/A	N/A	N/A
Senior Vice-President	Chi-Wai Wan	2017.05.10	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering Dept., Fu Jen Catholic University Senior Vice-President of Inventec Corp.	N/A	N/A	N/A	N/A
Senior Vice-President	Min-Tung Weng	2018.12.01	623,786	0.01%	0	0.00%	0	0.00%	Master of Business Administration, Washington University, USA Deputy Manager of Sales, Kapok Computer Company	(Note 4)	N/A	N/A	N/A
Senior Vice-President	Lo-Chun Lee	2018.12.01	420,000	0.01%	0	0.00%	0	0.00%	Electronic Engineering Dept., Lee-Ming Institute of Technology Chair's Special Assistant, Mag Technology Co., Ltd.	N/A	N/A	N/A	N/A
Senior Vice-President	Sheng-Hung Li	2019.11.11	495,574	0.01%	0	0.00%	0	0.00%	Electronics Dept., National Taiwan University of Science and Technology	N/A	N/A	N/A	N/A
Senior Vice-President	Bor-Heng Chen	2020.05.13	280,010	0.01%	0	0.00%	0	0.00%	Master of Industrial Engineering and Operations Management, Columbia University	N/A	N/A	N/A	N/A
Senior Vice-President	Chung-Hsing Tan	2020.08.12	0	0.00%	5,320	0.00%	0	0.00%	Master of Electrical Engineering, Tatung University Vice-President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Senior Vice-President	Ta-Chun Wang	2016.06.29	204,200	0.00%	4,119	0.00%	0	0.00%	Tamkang University PhD of Finance Managing Vice-President of Shanghai Real Industrial Co., Ltd.	N/A	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice-President	Chih-Chuan Cheng	2003.01.01	2,103,786	0.05%	51,194	0.00%	0	0.00%	Department of Electronic Engineering, Lunghwa University of Science and Technology Deputy Manager of Research and Development, Top Information Technologies Co., Ltd.	N/A	N/A	N/A	N/A
Vice-President	Ching-Hsiung Lu	2003.01.01	7,337,007	0.17%	750,000	0.02%	0	0.00%	Bachelor of Accounting Dept., Feng Chia University Director Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Chief Information Security Officer and Vice- President	Po-Tang Wang	2007.07.10	559,548	0.01%	486	0.00%	0	0.00%	Bachelor of Computer Science and Information Engineering Dept., National Taiwan University President of Vibo Telecom Inc.	(Note 4)	Chief Strategy Officer	Jui-Tsung Chen	Relative by affinity
Vice-President	Tzong-Ming Wang	2009.07.16	283,184	0.01%	0	0.00%	0	0.00%	National Taipei Institute of Technology Head of Research and Development, CLEVO Company	N/A	N/A	N/A	N/A
Vice-President	Fu-Chuan Chang	2009.07.16	170,662	0.00%	0	0.00%	0	0.00%	National Chin-Yi University of Technology Production Manager, ADI Corp	(Note 4)	N/A	N/A	N/A
Vice-President	Yong-Ho Su	2011.07.01	446,401	0.01%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei Institute of Technology Vice-President of Arima Photovoltaic and Optical Corp.	N/A	N/A	N/A	N/A
Vice-President	Jyh-Shyan Liang	2011.10.31	80,000	0.00%	0	0.00%	0	0.00%	Master of Digital Communication, University of Colorado Boulder, USA Vice-President of Wireless Communication, Altek Corporation	N/A	N/A	N/A	N/A
Vice-President	Yi-Yun Chang	2014.08.13	140,246	0.00%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Taiwan University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice-President	Hsin-Kung Mao	2014.11.13	500,714	0.01%	0	0.00%	0	0.00%	Master of Business Administration, University of Lincoln Director of Avalue Technology Inc.	(Note 4)	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice-President	Shih-Hong Huang	2016.02.24	280,000	0.01%	0	0.00%	0	0.00%	Master in Control Engineering, National Chiao Tung University Director of Coretronic Corporation	N/A	N/A	N/A	N/A
Vice-President	Yi-Chiang Chiu	2016.02.24	280,000	0.01%	0	0.00%	0	0.00%	Master of Earth Sciences, National Central University	N/A	N/A	N/A	N/A
Vice-President	Jui-Chun Shyur	2016.05.11	0	0.00%	0	0.00%	0	0.00%	Ph.D., Electrical Engineering, National Taiwan University President of Photonics Industries International, Inc.	N/A	N/A	N/A	N/A
Vice-President	Jen-Liang Lin	2018.03.06	50,500	0.00%	0	0.00%	0	0.00%	Bachelor of Industrial Engineering Dept., Feng Chia University Director of Operations Division, Compal Fab No. 2	N/A	N/A	N/A	N/A
Chief Legal Officer and Vice-President	Peng-Hong Chan	2018.05.09.	0	0.00%	0	0.00%	0	0.00%	Master of Cornell University Law School, USA CSO, Pou Chen Group	N/A	N/A	N/A	N/A
Corporate Governance & Accounting Officer and Vice-President	Cheng-Chiang Wang	2018.07.04 2019.05.13	955,808	0.02%	30	0.00%	0	0.00%	Bachelor of Accounting Dept., Fu Jen Catholic University Financial officer of Allied Circuit Co., Ltd.	(Note 4)	N/A	N/A	N/A
Vice-President	Cheng-Hui Su	2018.12.01	105,000	0.00%	0	0.00%	0	0.00%	Master of Business Administration, Tulane University	N/A	N/A	N/A	N/A
Vice-President	Tu-Chuan Tu	2018.12.01	593,081	0.01%	62,105	0.00%	0	0.00%	Vanung University, Vanung University	N/A	N/A	N/A	N/A
Vice-President	Chang-Chieh Tien	2018.12.01	403	0.00%	0	0.00%	0	0.00%	Bachelor of Transportation Management Dept., National Chiao Tung University	N/A	N/A	N/A	N/A
Financial Officer and Vice-President	Guo-Dung Yu	2020.08.12	60,000	0.00%	0	0.00%	0	0.00%	Master of Accounting, George Washington University Financial officer of Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A
Vice-President	Peng Kuee Lau	2020.08.12	0	0.00%	0	0.00%	0	0.00%	Bachelor of Science and Technology Dept., IOWA State University	(Note 4)	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice-President	Yau-De Chiou	2021.02.25	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration, Columbia Southern University, Alabama President of Lien Chang Electronic Enterprise Co., Ltd.	(Note 4)	N/A	N/A	N/A
Vice-President	Hou-Chun Liu	2021.11.11	0	0.00%	0	0.00%	0	0.00%	Mechanical Engineering, National Kaohsiung University of Applied Sciences COO of SuperAlloy Industrial Co., LTD	N/A	N/A	N/A	N/A
Vice-President	Wu-Ching Chi	2022.02.10	0	0.00%	0	0.00%	0	0.00%	Master of Computer Engineering, NCTU	N/A	N/A	N/A	N/A
Vice-President	Hsin-Chung Chen	2022.02.10	10,662,383	0.24%	10,000	0.00%	0	0.00%	Master of Electrical Engineering, Columbia University, NY Director of Raypal Biomedical Co., Ltd.	(Note 4)	Chief Strategy Officer	Jui-Tsung Chen	father and son
Vice-President	Jue-Teng Chang	2022.02.10	0	0.00%	0	0.00%	0	0.00%	Master of EMBA, National Central University	N/A	N/A	N/A	N/A
Vice-President	Choo-Tain Chiu	2022.02.10	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration, Nanyang Technological University, Singapore	N/A	N/A	N/A	N/A
Internal Audit Officer	Chenyi Li	2021.08.27	0	0.00%	0	0.00%	0	0.00%	Master of Technology Management, National Tsing Hua University Internal Control Director of Tingyi (Cayman Islands) Holding Corp.	N/A	N/A	N/A	N/A

Note: 1. Except for Senior Vice-President Peng Kuee Lau, an Malaysian national, all other managers are ROC nationals; except for Senior Vice-President Chyou-Jui Wei, all other managers are male.

2. The Chairman, Chief Strategy Officer, and President of the Company are not the same person, spouses, or related to each other.

3. Vice-Presidents Yung-Nan Chang and Hsin-Hsiung Huang resigned in 2021, Vice-Presidents Chiao-Lie Huang and Wei-Chia Wang resigned in 2022.

4. Concurrent positions in other companies

Title	Name	Selected Current Positions
Executive Vice-President	Chen-Chang Hsu	Chairman: HengHong Optoelectronics Technology (Kunshan) Co., Ltd., LUCOM Display Technology (KunShan) Ltd. Vice-Chairman: HengHao Technology Co. Ltd. Director: Mactech Co., Ltd. President: HengHao Technology Co. Ltd., HengHong Optoelectronics Technology (Kunshan) Co., Ltd., LUCOM Display Technology (KunShan) Ltd.
Senior Vice-President	Chun-Te Shen	Director: HippoScreen Neurotech Corp., Auscom Engineering Inc., Shennona Corporation
Senior Vice-President	Chyou-Jui Wei	Director: Taiwan Star Telecom Co., Ltd., Chenfeng Optronics Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., IIH Biomedical Venture Fund I Co., Hua Vi Venture Capital Corporation, Hua VII Venture Capital Corporation, Cdib & Partners Investment Holding Corp., Changbo Electronic Technology (Chongqing) Co., Ltd., ZhengYing Electronics(Chongqing) Co., Ltd., Compal Precision Module(Jiangsu) Co., Ltd., ShengBao Precision Electronics (Taicang) Ltd., Rayonnant Technology (HK) Holdings Limited Supervisor: HengHao Technology Co. Ltd., Rayonnant Technology Co., Ltd., Mactech Co., Ltd., Taiwan Intelligent Robotics Company, Ltd., Infinno Technology Corp., Ripal Optotronics Co., Ltd., UNICOM GLOBAL, INC., Aco Healthcare Co., Ltd., Ray-Kwong Medical Management Consulting Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd. Independent Director: SYNergy ScienTech Corp., Visco Vision Inc. Remuneration Committee Member: SYNergy ScienTech Corp., Visco Vision Inc. Audit Committee Member: SYNergy ScienTech Corp., Visco Vision Inc.
Senior Vice-President	Wen-Da Hsu	Director: HANHELT Communications (Nanjing) Co., Ltd.
Senior Vice-President	Shi-Kuan Chen	Director: Rayonnant Technology Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd.
Senior Vice-President	Min-Tung Weng	Director: Auscom Engineering Inc. President: Auscom Engineering Inc.
Senior Vice-President	Chung-Hsing Tan	Director: Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.
Senior Vice-President	Ta-Chun Wang	Director: Compal USA (Indiana), Inc. President: Compal USA (Indiana), Inc.
Vice-President	Ching-Hsiung Lu	Director: Zhi-Bao Technology Corporation, Arcadyan Technology (Shanghai) Corp. Supervisor: Kinpo&Compal Group Assets Development Corporation, Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd.

Title	Name	Selected Current Positions
		Independent Director: Galaxy Software Services Corporation Remuneration Committee Member: Galaxy Software Services Corporation Audit Committee Member: Galaxy Software Services Corporation Member of Information Security Committee: Galaxy Software Services Corporation
CISO and Vice-President	Po-Tang Wang	Director: Bizcom Electronics, Inc., CGS Technology (Poland) Sp. z o. o., Compal Europe (Poland) Sp. z o. o.
Vice-President	Fu-Chuan Chang	President: Compal Optoelectronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd.
Vice-President	Jyh-Shyan Liang	Supervisor: HANHELT Communications (Nanjing) Co., Ltd.
Vice-President	Hsin-Kung Mao	Vice-Chairman: Poindus System Corp. Director: Avalue Technology Inc., UNICOM GLOBAL, INC., Amexcom Electronics, Inc., Compalead Electronics B.V., Mexcom Electronics, LLC, Mexcom Technologies, LLC President: Amexcom Electronics, Inc.
Corporate Governance & Accounting Officer and Vice-President	Cheng-Chiang Wang	Director: Allied Circuit Co., Ltd., Poindus System Corp., Zhi-Bao Technology Corporation, HengHao Technology Co. Ltd., Palcom International Corporation, Infinno Technology Corp., Phoenix Innovation Venture Capital Co., Ltd., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd., Compal Electronics India Private Limited Supervisor: HippoScreen Neurotech Corp., Compal System Trading (Kunshan) Co., Ltd., Compower Global Service Co., Ltd., HengHong Optoelectronics Technology (Kunshan) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd.
Financial Officer and Vice-President	Guo-Dung Yu	Chairman: Compal Electronics India Private Limited Supervisor: Palcom International Corporation, ARCE Therapeutics, Inc., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd. President: Compal Electronics India Private Limited
Vice-President	Hsin-Chung Chen	Chairman: Ruey Shinn Industrial Co., Ltd. Director: Raypal Biomedical Co., Ltd.

### 3.2.3 Remuneration of Directors, Independent Directors, President and Vice-Presidents

#### 1. Remuneration of Directors and Independent Directors

Unit: TWD 1,000; Thousand shares; %

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profits		Remuneration as an employee								Remuneration from ventures other than subsidiaries or from the parent company (H)		
		Remuneration (A)		Pension (B)		Remuneration from earnings appropriation (C)		Business department implementation Fees for services rendered (D)				Salaries, bonuses, special allowances, etc (E)		Retirement pension (F)		Share of profits as an employee (G)					The sum of A, B, C, D, E, F, and G as a percentage of after-tax profits	
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements			The Company	All companies included in the financial statements
Chairman	Sheng-Hsiung Hsu																					
Vice-Chairman	Jui-Tsung Chen																					
Director	Representative of Binpal Investment Co., Ltd. Wen-Being Hsu																					
Director	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu,																					
Director	Chang-Chyi Ko	0	0	0	0	71,390	71,390	2,284	3,044	0.5832%	0.5892%	75,339	118,202	766	766	46,000	0	46,000	0	1.5498%	1.8951%	44,841
Director	Sheng-Chieh Hsu																					
Director	Yen-Chia Chou																					
Director	Chung-Pin Wong																					
Director	Chiung-Chi Hsu																					
Director	Ming-Chih Chang																					
Director	Anthony Peter Bonadero																					
Director	Sheng-Hua Peng																					
Independent Director	Min-Chih Hsuan																					
Independent Director	Duei Tsai	7,200	7,200	0	0	0	0	475	475	0.0608%	0.0608%	0	0	0	0	0	0	0	0	0.0608%	0.0608%	0
Independent Director	Wen-Chung Shen																					
Independent Director	Duh-Kung Tsai																					

1. Please state the remuneration payment policy, system, standard and structure of Independent Directors, and the relationship between factors such as the responsibilities, risks and time devoted, and the amount of remuneration:

The remuneration of Independent Directors shall be submitted by the remuneration committee to the Board of Directors and decided by the Board of Directors, which depended on personal partake-in, contribution to the Company's business and benchmarks in the same industry according to the "Articles of Association".

2. Remuneration collected by Directors for their services (i.e. acting as advisor for non-employees) as disclosed in the Financial Report in the most recent year not shown in the table: 0

Note: 1. Independent Directors Duh-Kung Tsai Stepped down on August 27, 2021. Independent Director Wen-Chung Shen took office on August 27, 2021.

2. In 2021, the Company made pension contributions totaling TWD 766,000 (including TWD 324,000 under the new system and TWD 442,000 under the old system) for Directors who also assumed managerial roles as employees; Meanwhile, all companies reported in the financial statements had made pension contributions totaling TWD 766,000 (including TWD 324,000 under the new system and TWD 442,000 under the old system).

3. The distribution of directors' remuneration, was approved by the Board of Directors meeting on March 15, 2022. The remuneration amount of the Directors aforementioned is not determined fully until the meeting of the Board of Directors decides otherwise.

### ■ Table of Remuneration Ranges

Range of Remuneration	Number of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G+H)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under TWD 1,000,000	3 (Note 1)	3 (Note 7)	3 (Note 13)	2 (Note 21)
TWD 1,000,000 - TWD 2,000,000 (exclusive)	1 (Note 2)	1 (Note 8)	1 (Note 14)	1 (Note 22)
TWD 2,000,000 - TWD 3,500,000 (exclusive)	2 (Note 3)	2 (Note 9)	2 (Note 15)	2 (Note 23)
TWD 3,500,000 - TWD 5,000,000 (exclusive)	1 (Note 4)	1 (Note 10)	1 (Note 16)	
TWD 5,000,000 - TWD 10,000,000 (exclusive)	10 (Note 5)	10 (Note 11)	6 (Note 17)	6 (Note 24)
TWD 10,000,000 - TWD 15,000,000 (exclusive)	1 (Note 6)	1 (Note 12)	1 (Note 18)	
TWD 15,000,000 - TWD 30,000,000 (exclusive)			2 (Note 19)	3 (Note 25)
TWD 30,000,000- TWD 50,000,000 (exclusive)			2 (Note 20)	4 (Note 26)
TWD 50,000,000 - TWD 100,000,000 (exclusive)				
Over TWD 100,000,000 (inclusive)				
Total	18	18	18	18

Note:

1. Wen Being Hsu, Chieh-Li Hsu, Wen-Chung Shen-3 positions
2. Duh-Kung Tsai-1 position
3. Min-Chih Hsuan, Duei Tsai-2 positions
4. Kinpo Electronics, Inc.-1 position
5. Jui-Tsung Chen, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Sheng-Hua Peng, Anthony Peter Bonadero, Binpal Investment Co., Ltd.-10 positions
6. Sheng-Hsiung Hsu-1 position
7. Wen Being Hsu, Chieh-Li Hsu, Wen-Chung Shen-3 positions
8. Duh-Kung Tsai-1 position
9. Min-Chih Hsuan, Duei Tsai-2 positions

10. Kinpo Electronics, Inc.-1 position
11. Jui-Tsung Chen, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Sheng-Hua Peng, Anthony Peter Bonadero, Binpal Investment Co., Ltd.-10 positions
12. Sheng-Hsiung Hsu-1 position
13. Wen Being Hsu, Chieh-Li Hsu, Wen-Chung Shen-3 positions
14. Duh-Kung Tsai -1 position
15. Min-Chih Hsuan, Duei Tsai-2 positions
16. Kinpo Electronics, Inc.-1 position
17. Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chiung-Chi Hsu, Anthony Peter Bonadero, Binpal Investment Co., Ltd.-6 positions
18. Sheng-Hsiung Hsu-1 position
19. Ming-Chih Chang, Sheng-Hua Peng-2 positions
20. Jui-Tsung Chen, Chung-Pin Wong-2 positions
21. Wen Being Hsu, Wen-Chung Shen-2 positions
22. Duh-Kung Tsai-1 position
23. Min-Chih Hsuan, Duei Tsai-2 positions
24. Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chiung-Chi Hsu, Binpal Investment Co., Ltd., Kinpo Electronics, Inc.-6 positions
25. Chieh-Li Hsu, Ming-Chih Chang, Sheng-Hua Peng-3 positions
26. Sheng-Hsiung Hsu, Jui-Tsung Chen, Chung-Pin Wong, Anthony Peter Bonadero-4 positions

**2. Remuneration of Supervisors: Not Applicable (The Company adopts an Audit Committee system)**

### 3. Remuneration of the President and Vice-Presidents

Unit: TWD 1,000; Thousand shares; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Share of profits as an employee (D)				Sum of A, B, C and D as a percentage of after-tax profits (%)		Remuneration from ventures other than subsidiaries or from the parent company (E)
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
47 employees including CSO Jui-Tsung Chen (Note1)		121,367	126,968	5,643	5,643	238,093	238,594	157,586	0	157,586	0	4.1376 %	4.18591%	439

Note: 1. Managers' titles and names

- Chief Strategy Officer: Jui-Tsung Chen - 1 position
  - President: Chung-Pin Wong - 1 position
  - Executive Vice-Presidents: Ming-Chih Chang, Shen-Hua Peng, and Chen-Chang Hsu - 3 positions
  - Senior Vice-Presidents: Chun-Te Shen, Kuo-Chuan Chen, Chyou-Jui Wei, Wen-Da Hsu, Shi-Kuan Chen, Chi-Wai Wan, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, Bor-Heng Chen, Chung-Hsing Tan, and Ta-Chun Wang - 12 positions
  - Vice-Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Po-Tang Wang, Tzong-Ming Wang, Fu-Chuan Chang, Yong-Ho Su, Jyh-Shyan Liang, Yi-Yun Chang, Hsin-Kung Mao, Shih-Hong Huang, Yi-Chiang, Jui-Chun Shyur, Liang-Jen Lin, Peng-Hong Chan, Cheng-Chiang Wang, Cheng-Hui Su, Tu-Chuan Tu, Chang-Chieh Tien, Guo-Dung Yu, Peng Kuee Lau, Yau-De Chiou, Hou-Chun Liu, Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, Choo-Tain Chiu, Yung-Nan Chang, Hsin-Hsiung Huang, Chiao-Lie Huang, and Wei-Chia Wang - 30 positions
2. In 2021, the Company made pension contributions totaling TWD 5,643,000 (including TWD 3,999,000 under the new system and TWD 1,644,000 under the old system). While all companies reported in the financial statements made pension contributions totaling TWD 5,643,000 (including TWD 3,999,000 under the new system and TWD 1,644,000 under the old system).
3. Employees' compensation appropriation was approved by the Board of Directors at the meeting on March 15, 2022. The compensations of the aforementioned managers were not yet final and will be reviewed based on the list of the date of distribution.

■ Table of Remuneration Ranges

Range of Remuneration	Number of President and Vice-Presidents	
	Total of (A+B+C+D)	Total of (A+B+C+D+E)
	The Company	Companies in the consolidated financial statements
Under TWD 1,000,000		
TWD 1,000,000 - TWD 2,000,000 (exclusive)	4 (Note 1)	3 (Note 8)
TWD 2,000,000 - TWD 3,500,000 (exclusive)	4 (Note 2)	5 (Note 9)
TWD 3,500,000 - TWD 5,000,000 (exclusive)	3 (Note 3)	2 (Note 10)
TWD 5,000,000 - TWD 10,000,000 (exclusive)	15 (Note 4)	16 (Note 11)
TWD 10,000,000 - TWD 15,000,000 (exclusive)	11 (Note 5)	11 (Note 12)
TWD 15,000,000 - TWD 30,000,000 (exclusive)	8 (Note 6)	8 (Note 13)
TWD 30,000,000- TWD 50,000,000 (exclusive)	2 (Note 7)	2 (Note 14)
TWD 50,000,000 - TWD 100,000,000 (exclusive)		
Over TWD 100,000,000 (inclusive)		
Total	47	47

Note:

- Hou-Chun Liu, Choo-Tain Chiu, Yung-Nan Chang, and Chiao-Lie Huang -4 positions
- Hsin-Chung Chen, Wu-Ching Chi, Jue-Teng Chang, and Hsin-Hsiung Huang -4 positions
- Ching-Hsiung Lu, Fu-Chuan Chang, and Wei-Chia Wang -3 positions
- Kuo-Chuan Chen, Chih-Chuan Cheng, Po-Tang Wang, Tzong-Ming Wang, Jyh-Shyan Liang, Yi-Yun Chang, Hsin-Kung Mao, Jui-Chun Shyur, Liang-Jen Lin, Peng-Hong Chan, Cheng- Chiang Wang, Tu-Chuan Tu, Chang-Chieh Tien, Peng Kuee Lau, Yau-De Chiou-15 positions
- Chun-Te Shen, Chyou-Jui Wei, Wen-Da Hsu, Shi-Kuan Chen, Chung-Hsing Tan, Ta-Chun Wang, Yong-Ho Su, Shih-Hong Huang, Yi-Chiang Chiu, Cheng-Hui Su, and Guo-Dung Yu -11 positions
- Ming-Chih Chang, Shen-Hua Peng, Chen-Chang Hsu, Chi-Wai Wan, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, and Bor-Heng Chen -8 positions
- Jui-Tsung Chen and Chung-Pin Wong -2 positions
- Hou-Chun Liu, Choo-Tain Chiu, and Chiao-Lie Huang -3 positions
- Hsin-Chung Chen, Wu-Ching Chi, Jue-Teng Chang, Yung-Nan Chang, and Hsin-Hsiung Huang -5 positions
- Ching-Hsiung Lu and Wei-Chia Wang -2 positions
- Kuo-Chuan Chen, Chih-Chuan Cheng, Po-Tang Wang, Tzong-Ming Wang, Fu-Chuan Chang, Jyh-Shyan Liang, Yi-Yun Chang, Hsin-Kung Mao, Jui-Chun Shyur, Liang-Jen Lin, Peng-Hong Chan, Cheng- Chiang Wang, Tu-Chuan Tu, Chang-Chieh Tien, Peng Kuee Lau, and Yau-De Chiou -16 positions
- Chun-Te Shen, Chyou-Jui Wei, Wen-Da Hsu, Shi-Kuan Chen, Chung-Hsing Tan, Ta-Chun Wang, Yong-Ho Su, Shih-Hong Huang, Yi-Chiang Chiu, Cheng-Hui Su, and Guo-Dung Yu -11 positions
- Ming-Chih Chang, Shen-Hua Peng, Chen-Chang Hsu, Chi-Wai Wan, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, and Bor-Heng Chen -8 positions
- Jui-Tsung Chen and Chung-Pin Wong -2 positions

■ Employee profits sharing granted to the management team

Unit: TWD 1,000

Title	Name	Stock dividends	Cash dividends	Total	Total as a percentage of after-tax profits (%)
43 employees including CSO Jui-Tsung Chen (Note 1)		0	157,586	157,586	1.2474%

Note: 1. Managers' titles and names

·Chief Strategy Officer: Jui-Tsung Chen - 1 position

·President: Chung-Pin Wong - 1 position

·Executive Vice-Presidents: Ming-Chih Chang, Shen-Hua Peng, and Chen-Chang Hsu – 3 positions

·Senior Vice-Presidents: Chun-Te Shen, Kuo-Chuan Chen, Chyou-Jui Wei, Wen-Da Hsu, Shi-Kuan Chen, Chi-Wai Wan, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, Bor-Heng Chen, Chung-Hsing Tan, and Ta-Chun Wang – 12 positions.

·Vice-Presidents: : Chih-Chuan Cheng, Ching-Hsiung Lu, Po-Tang Wang, Tzong-Ming Wang, Fu-Chuan Chang, Yong-Ho Su, Jyh-Shyan Liang, Yi-Yun Chang, Hsin-Kung Mao, Shih-Hong Huang, Yi-Chiang, Jui-Chun Shyur, Liang-Jen Lin, Peng-Hong Chan, Cheng- Chiang Wang, Cheng-Hui Su, Tu-Chuan Tu, Chang-Chieh Tien, Guo-Dung Yu, Peng Kuee Lau, Yau-De Chiou, Hou-Chun Liu, Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, and Choo-Tain Chiu – 26 positions

2. Vice-Presidents Yung-Nan Chang, Hsin-Hsiung Huang resigned in 2021, Vice-Presidents Chiao-Lie Huang, Wei-Chia Wang resigned in 2022.

3. Employees' compensation appropriation was approved by the Board of Directors at the March 15, 2022 meeting. The compensations of the aforementioned managers have not been finalized and will be reviewed based on the list upon the date of distribution.

### 3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice-Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents, and Vice-Presidents

- The percentage of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to Directors, supervisors, presidents, and vice presidents of the Company, relative to net income.

Unit: TWD 1,000

Analysis	2021		2020 (Note)		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Directors	652,917	5.17%	584,112	6.24%	68,805	11.78%
CSO, Presidents, and Vice-Presidents						
Net Income	12,632,667		9,361,893		3,270,774	

Note: 2020 is the actual amount.

- The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and correlation with business performance.
  - Remuneration paid by the Company to Directors has been made in accordance with the Articles of Association. When the Company profits makes a profit in a year, no more than 2% of the Company's pre-tax profits (not including remuneration for employees and Directors) shall be paid to Directors as remuneration along with reasonable compensation based on other factors such as the Company's operational performance and the individual Director's contribution to the Company's performance taken into consideration.
  - The Company's directors and independent directors receive a transportation allowance. Independent directors receive fixed remuneration and do not participate in the distribution of directors' remuneration, and the remaining directors do not receive fixed remuneration, but participate in the distribution of directors' remuneration. Based on the analysis of performance evaluation results, the Remuneration Committee will report the Board of Directors and make extra recommendations, which will serve as a reference for the remuneration of individual directors.
  - The Company's remuneration policy for Managers has been established based on various factors, including the Company's wage policy, the average wage offered by competitors for the same position, education/experience, professional ability, the duties and responsibilities for the position in question, and the Manager's actual contribution to the Company's operational objectives. The remuneration ratio is calculated after comprehensive consideration of the target achievement rate, P&L, operating efficiency, and contribution to come out a reasonable remuneration, moreover the remuneration system of directors and managers is reviewed timely in accordance with the actual operating conditions, relevant laws and regulations.
  - The Company's procedure for determining remuneration not only takes into account the Company's overall operational performance but is also based on financial indicators (individual performance achievement rate and contribution to the Company's profits), non-financial indicators (such as leading specific projects or subordinate departments have major deficiencies in legal compliance and operational risk matters). And the third factor is one's actions in response to climate change (such as using recycled raw materials for products and other environmental protection measures, reducing carbon emissions per unit). Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will also be keeping a close eye on the latest developments in the global economy, international financial environment, and state of the industry in order to predict its operational development, profits status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby striving for an ideal balance between the Company's sustainable operation and relevant risk control.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

- The term of the 13<sup>th</sup> committee ran from June 22, 2018 to August 27, 2021.
- The term of the 14<sup>th</sup> committee ran from August 27, 2021 to August 26, 2024.
- There were seven Board meetings during 2021 (A). Director's attendance records are as shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Sheng-Hsiung Hsu	7	0	100%	
Vice-Chairman	Jui-Tsung Chen	7	0	100%	
Director	Binpal Investment Co., Ltd. Representative: Wen-Being Hsu	7	0	100%	
Director	Kinpo Electronics, Inc. Representative: Chieh-Li Hsu,	7	0	100%	
Director	Charng-Chyi Ko	6	1	86%	
Director	Sheng-Chieh Hsu	7	0	100%	
Director	Yen-Chia Chou	6	1	86%	
Director	Chung-Pin Wong	7	0	100%	
Director	Chiung-Chi Hsu	7	0	100%	
Director	Ming-Chih Chang	7	0	100%	
Director	Anthony Peter Bonadero	6	1	86%	
Director	Sheng-Hua Peng	7	0	100%	
Independent Director	Min-Chih Hsuan	6	1	86%	
Independent Director	Duei Tsai	7	0	100%	
Independent Director	Wen-Chung Shen	2	0	100%	Took office on August 27, 2021
Independent Director	Duh-Kung Tsai	5	0	100%	Left office on August 27, 2021

- In 2021, Independent Director's attendance records are as shown below:

Title	Name	1 <sup>st</sup> Meeting	2 <sup>nd</sup> Meeting	3 <sup>rd</sup> Meeting	4 <sup>th</sup> Meeting	5 <sup>th</sup> Meeting	6 <sup>th</sup> Meeting	7 <sup>th</sup> Meeting
Independent Director	Min-Chih Hsuan	★	●	●	●	●	●	●
Independent Director	Duei Tsai	●	●	●	●	●	●	●
Independent Director	Wen-Chung Shen						●	●
Independent Director	Duh-Kung Tsai	●	●	●	●	●		

Note: ●: Attendance in Person; ★: By Proxy; ◎: Absent

#### ■ Other notes:

1. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed topics, Independent Directors' opinions, and how the Company has responded to such opinions:
  - (1) Conditions described in Article 14-3 of the Securities and Exchange Act: Not applicable (the Company has an Audit Committee rather than supervisors)
  - (2) Any other documented objections or qualified opinions raised by Independent Directors against board resolutions in relation to matters other than those described above: None.

2. Disclosure regarding avoidance of interest-conflicting agendas, including the names of Directors concerned, the agendas, the nature of conflicting interests, and the voting outcome:

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
<p>18<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.3.26</p>	<ul style="list-style-type: none"> <li>• Approved the proposal of donation to the Hsu Chauing Social Welfare &amp; Charity Foundation “Hsu Chauing Foundation” Chair Sheng-Hsiung Hsu asked Independent Director Min Chih Hsuan to act as a Deputy Chair to preside at this meeting for discussion and voting on this proposal. To avoid conflict of interest, Directors Sheng-Hsiung Hsu and Chieh-Li Hsu, who are the spouse and the son to Chair Li-Chu Tsai of Hsu Chauing Foundation, recuse and exclude themselves from discussion and voting on this proposal in accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the Deputy Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present</li> <li>• Approved the first mid-year employees’ bonus of the year 2021 In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, if an interested party relationship exists between any Directors and any agenda proposals, such Directors should recuse themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang, and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, no objection was raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>
<p>19<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.5.12</p>	<ul style="list-style-type: none"> <li>• Approved the release of non-competition restrictions for the managers A conflict-of-interest relationship between multiple parties exists among Directors Jui-Tsung Chen, Chung-Pin Wong. In order to avoid conflict of interest, these Directors recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair of the meeting, no objection was raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>• Approved employees’ salary adjustment of the year 2021 In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, if an interested party relationship exists between any Directors and any agenda proposals, such Directors should recuse themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang, and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, no objection was raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
<p>21<sup>st</sup> Meeting (13<sup>th</sup> Term) 2021.8.12</p>	<ul style="list-style-type: none"> <li>Approved the Directors' Remuneration for the year 2020 Chair Sheng-Hsiung Hsu asked the Independent Director Min-Chih Hsuan to act as a Deputy Chair to preside over this meeting for discussion and voting on this proposal. Since an interested party relationship existed, the Directors (i.e., Sheng-Hsiung Hsu, Jui-Tsung Chen, Wen Being Hsu, Chieh-Li Hsu, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Anthony Peter Bonadero and Sheng-Hua Peng) recused and excluded themselves from discussion and voting on this proposal to avoid conflict of interest. Upon solicitation of comments by the Deputy Chair, no objection was raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>Approved the second mid-year employees' bonus for the year 2021 In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists among any Directors and any agenda proposals, such Directors shall recuse and exclude themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>
<p>1<sup>st</sup> Meeting (14<sup>th</sup> Term) 2021.8.27</p>	<ul style="list-style-type: none"> <li>Approved the appointment of Chief Strategy Officer An interested party relationship existed in Director Jui-Tsung Chen. In order to avoid conflict of interest, the Director excused himself from discussion and voting on this proposal. Upon solicitation of comments by the Chair of the meeting, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>Approved the appointment of President An interested party relationship existed in Director Chung-Pin Wong. In order to avoid conflict of interest, the Director excused himself from discussion and voting on this proposal. Upon solicitation of comments by the Chair of the meeting, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>Approved the appointment of the term 5th remuneration committee members An interested party relationship exists in Independent Directors Min Chih Hsuan, Duei Tsai and Wen-Chung Shen. In order to avoid conflict of interest, these Independent Directors rerecused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair of the meeting, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>
<p>2<sup>nd</sup> Meeting (14<sup>th</sup> Term) 2021.11.11</p>	<ul style="list-style-type: none"> <li>Approved the compensation of Employee bonuses in cash of the year 2020 In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, if an interested party relationship exists between any Directors and any agenda proposals, such Directors shall recuse themselves from discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, no objection was raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
	<ul style="list-style-type: none"> <li>Approved the proposal for 2021 year-end employees' bonus In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, if an interested party relationship exists between any Directors and any agenda proposals, such Directors shall recuse themselves from discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, no objection was raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>

### 3. Self-Evaluation of the Board of Directors:

Evaluation cycles	Once a year
Evaluation periods	From June 1, 2020 to May 31, 2021
Scope of evaluation	Board of Directors, Functional Committees (Including Audit Committee, Remuneration Committee), individual Directors
Method of evaluation	Internal self-evaluation of Board of Directors and Functional Committees (Including Audit Committee, Remuneration Committee), Self-evaluation of individual Directors
Content of evaluation	<ul style="list-style-type: none"> <li>◆Criteria for evaluating the performance of the Board of Directors, which should cover the following five aspects: <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company;</li> <li>2. Improvement of the quality of the Board of Directors' decision making;</li> <li>3. Composition and structure of the Board of Directors;</li> <li>4. Election and continuing education of the Directors; and</li> <li>5. Internal control.</li> </ol> </li> <li>◆Criteria for evaluating the performance of the Functional Committees, which should cover the following five aspects: <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company;</li> <li>2. Awareness of the duties of the Functional Committee;</li> <li>3. Improvement of quality of decisions made by the Functional Committee;</li> <li>4. Makeup of the Functional Committee and election of its members; and</li> <li>5. Internal control.</li> </ol> </li> <li>◆Criteria for evaluating the performance of the individual Directors, which should cover the following five aspects: <ol style="list-style-type: none"> <li>1. Alignment with the goals and mission of the Company;</li> <li>2. Awareness of the duties of a Director;</li> <li>3. Participation in the operation of the Company;</li> <li>4. Management of internal relationship and communication;</li> <li>5. The Director's professionalism and continuing education; and</li> <li>6. Internal control.</li> </ol> </li> </ul>

4. Enhance the valuation regarding the target achievement and execution by the Board of Directors in the current and most recent year:

- The Company established a “Remuneration Committee” in 2011. During the election of the 11th Board of Directors and Supervisors at the 2012 annual shareholders’ meeting, three (3) Independent Directors were elected and appointed as committee members of the Remuneration Committee.
- Supervisor positions were replaced with the Audit Committee after the 12th Board of Directors was elected at the 2015 annual shareholders’ meeting.
- In 2019, the “Rules and Procedures for Board of Directors Meetings” was amended in accordance with the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers” and “Company Act,” and the Company shall appoint a chief corporate governance officer to execute corporate governance matters.
- In 2020, to implement corporate governance, enhance the Board of Directors function and set up the performance targets, the “Rules of Self-Evaluation of the Board of Directors and Functional Committees Performance” were adopted to strengthen their operation efficiency. The performance of evaluation results for the year 2021, submitted to the Remuneration Committee for analytical review and reported to the Board of Directors for discussion and improvement, shall be used as reference in determining individual Director’s compensation and their nomination for a next office term. The performance evaluation results have been published on the Company's website.

### 3.3.2 Audit Committee

- The Company's Audit Committee is composed of three independent directors.
- The term of the 2<sup>nd</sup> committee ran from June 22, 2018 to August 27, 2021.
- The term of the 3<sup>rd</sup> committee ran from August 27, 2021 to August 26, 2024.
- There were five Audit Committee meetings during 2021 (A). The attendance records of the Independent Directors are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Min-Chih Hsuan	5	0	100%	-
Committee Member	Duei Tsai	5	0	100%	-
Committee Member	Wen-Chung Shen	2	0	100%	Took office on August 27, 2021
Committee Member	Duh Kung Tsai	3	0	100%	Left office on August 27, 2021

#### ■ Duties of the Audit Committee

The Audit Committee exists as an enhancement to the Company's supervisory and management function. It assists the Board of Directors in various decisions such as review of financial statements, internal control policies, internal audits, accounting policies and procedures, major asset transactions, appointment/dismissal/independence/suitability of certified public accountants, appointment/dismissal of the chief accountant and chief auditor, etc., thereby ensuring that the Company operates in compliance with the competent authority's instructions and relevant laws.

#### ■ The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
4. Matters in which a Director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual financial reports which are signed or sealed by the Chairman, managerial officer, and accounting officer.
11. Business Report, proposal for distribution of profits or covering of losses.
12. Other material matters as may be required by this Corporation or by the competent authority.

- The major audit items of the Audit Committee in 2021 were as follows:
  1. 2020 Financial Statement, Business Report, Proposal for distribution of profits.
  2. To change of independent auditor.
  3. To evaluate the CPAs' independence and competence for performing the financial report audit.
  4. Election of the Committee convener and Chair of the 3rd Audit Committee
  5. Appointment of the Chief Strategy Officer, President, Accounting Officer, Financial Officer and Internal Audit Officer.
  6. A matter bearing on the personal interest of the Director and Manager.
  7. A material monetary loan and providing of Corporate Guarantee Letter.
  8. A material asset transaction.
  9. Assessment of the design and operation effectiveness of the internal control system.
  10. The defects, irregularities, and the status of corrections in the internal control system.
  11. Annual audit plan for the year 2022.
  12. Compliance with the relevant laws and regulations by the Corporation.

■ Other notes:

1. The Company should record the date of the Board of Directors' meeting, the term, content of discussion, the result of the Audit Committee's decision and the actions the Company has taken in response should any of the following situations arise in the operation of the Audit Committee:

(1) Matters listed in Item 5, Article 14 of the Securities and Exchange Act:

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Securities and Exchange Act	Not approved by the Audit Committee but receiving the consent of more than two-thirds of all directors.	
18 <sup>th</sup> Meeting (13 <sup>th</sup> Term) 2021.3.26	1. To approve 2020 Audited Consolidated Financial Statements and Parent Company Only Financial Statements	V	No	
	2. To approve the Business Report for the year 2020	V	No	
	3. To approve the proposal for Distribution of Earnings for the year 2020	V	No	
	4. To approve the change of independent auditor	V	No	
	5. To evaluate CPAs' independence and competence of performing financial report audit.	V	No	
	6. To approve the proposal of donation to the Hsu Chauing Social Welfare & Charity Foundation	V	No	
	7. To approve the proposal for providing Corporate Guarantee Letter to Quanta Computer Inc.	V	No	
	8. To approve the Internal Control System Statement for the year 2020	V	No	
	▲ Resolution adopted by the Audit Committee (2021.3.26): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.			
	▲ Action taken by the Company in response to the opinion of the Audit Committee: • Except for motion 6 Upon solicitation of comments by the Chair, there was no objection raised and the			

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Securities and Exchange Act	Not approved by the Audit Committee but receiving the consent of more than two-thirds of all directors.
	<p>resolution was adopted unanimously by the Directors present.</p> <ul style="list-style-type: none"> <li>• Motion 6 Chair Sheng-Hsiung Hsu asked Independent Director Min Chih Hsuan to act as a Deputy Chair to preside at this meeting for discussion and voting on this proposal. To avoid conflict of interest, Directors Sheng-Hsiung Hsu, and Chieh-Li Hsu, who are the spouse and the son to Chair Li-Chu Tsai of Hsu Chauing Foundation, recuse and exclude themselves from discussion and voting on this proposal in accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the Deputy Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>		
19 <sup>th</sup> Meeting (13 <sup>th</sup> Term) 2021.5.12	1.To approve the release of non-competition restrictions for the managers	V	No
	2.To approve a fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	V	No
	3.To approve fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.	V	No
	<p>▲ Resolution adopted by the Audit Committee (2021.5.12): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.</p>		
	<p>▲ Action taken by the Company in response to the opinion of the Audit Committee:</p> <ul style="list-style-type: none"> <li>• Motion 1 An interested party relationship existed between Directors Jui-Tsung Chen, Chung-Pin Wong. In order to avoid conflict of interest, these Directors recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair of the meeting, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>• Motion 2 and 3 Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Directors present.</li> </ul>		
21 <sup>th</sup> Meeting (13 <sup>th</sup> Term) 2021.8.12	1.To approve loan to Henghao Technology Co. Ltd.	V	No
	2.To approve loan to Unicom Global, Inc.	V	No
	3.Proposal for providing a Corporate Guarantee Letter for Henghao Optoelectronics Technology (KunShan) Co., Ltd., a sub-subsidiary of the Company, to Huawei Device Co., Ltd., to be resolved.	V	No
	<p>▲ Resolution adopted by the Audit Committee (2021.8.12): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.</p>		
	<p>▲ Action taken by the Company in response to opinion of the Audit Committee: Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Directors present.</p>		

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Securities and Exchange Act	Not approved by the Audit Committee but receiving the consent of more than two-thirds of all directors.
1 <sup>st</sup> Meeting (14 <sup>th</sup> Term) 2021.8.27	1. Election of the Committee convener and the Chair of the 3 <sup>rd</sup> Audit Committee	V	No
	2. To approve the appointment of Chief Strategy Officer	V	No
	3. To approve the appointment of President	V	No
	4. To approve the appointment of Accounting Officer	V	No
	5. To approve the appointment of Financial Officer	V	No
	6. To approve the appointment of Internal Audit Officer	V	No
	<p>▲ Resolution adopted by the Audit Committee (2021.8.27):</p> <ul style="list-style-type: none"> <li>• Motion 1: Min-Chih Hsuan is elected by all members as the convener and Chair of the Audit Committee.</li> <li>• Except for motion 1 Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.</li> </ul>		
<p>▲ Action taken by the Company in response to the opinion of the Audit Committee:</p> <ul style="list-style-type: none"> <li>• Motion 1: Not applicable (No request of the consent of the Board of Directors)</li> <li>• Motion 2 and 3 An interested party relationship existed in Directors Jui-Tsung Chen and Chung-Pin Wong. In order to avoid conflict of interest, the Director excused himself from discussion and voting on this proposal. Upon solicitation of comments by the Chair of the meeting, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>• Except for motion 2 and 3 Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Directors present.</li> </ul>			
2 <sup>nd</sup> Meeting (14 <sup>th</sup> Term) 2021.11.11	1. Proposal for providing Corporate Guarantee Letter to Lenovo PC HK Limited	V	No
	2. To approve the proposal of application for open tender	V	No
	3. To propose for approval of annual audit plan for the year 2022	V	No
	<p>▲ Resolution adopted by the Audit Committee (2021.11.11): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.</p>		
	<p>▲ Action taken by the Company in response to opinion of the Audit Committee: Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Directors present.</p>		

(2) With the exception of the aforementioned matters, other matters not approved by the Audit Committee but receiving the consent of more than two-thirds of all Directors: None.

2. Actions of the Independent Directors with respect to the avoidance of conflict of interest should be disclosed including the name of the Independent Director, the matter, and the reasons for the avoidance, and the voting and attendance status: None.

3. Status of communication between Independent Directors, Internal Audit Officer, and CPA:

(1) Method of communication between Independent Directors, the Internal Audit Officer, and CPA:

- After the Internal Audit Officer has submitted an audit report and follow-up report, he/she should provide the completed audited items to the Independent Directors for their review by the end of the following month. Should the Independent Directors require clarification of the audit and follow-up, they should contact the internal audit supervisor. The internal auditor shall report the audit results to the Audit Committee on a quarterly basis and discuss the relevant matters in person with the committee.
- The Independent Directors must communicate with the CPA on a yearly basis through the Audit Committee or Board of Directors' Meeting. The CPA shall report to the Independent Directors on the results of the financial statement audit and other pertinent legal requirements while the Audit Committee shall also evaluate the selection, independence, and fitness of the CPA engaged by the Company.

(2) Summary of the communications between Independent Directors and Internal Audit Officer:

Audit Committees Meeting	Content of discussion	Results
13 <sup>rd</sup> Meeting (2 <sup>nd</sup> Term) 2021.3.26	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
	2.To approve the Internal Control System Statement for the year 2020	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
14 <sup>th</sup> Meeting (2 <sup>nd</sup> Term) 2021.5.12	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
15 <sup>th</sup> Meeting (2 <sup>nd</sup> Term) 2021.8.12	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
2 <sup>nd</sup> Meeting (3 <sup>rd</sup> Term) 2021.11.11	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
	2. To propose for approval of annual audit plan for the year 2022	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
4 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.3.15	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
	2.To approve the Internal Control System Statement for the year 2021	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors

Audit Committees Meeting	Content of discussion	Results
5 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.5.11	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.

(3) Summary of the communications between the Independent Directors and CPA:

Audit Committees Meeting	Content of discussion	Results
13 <sup>rd</sup> Meeting (2 <sup>nd</sup> Term) 2021.3.26	1. To approve the 2020 Audited Consolidated Financial Statements and Parent Company Only Financial Statements <ul style="list-style-type: none"> <li>• Explanation of key audit items</li> <li>• Explanation of statements and major accounting items</li> </ul>	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
4 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.3.15	1. To approve the 2021 Audited Consolidated Financial Statements and Parent Company Only Financial Statements <ul style="list-style-type: none"> <li>• Explanation of key audit items</li> <li>• Explanation of statements and major accounting items</li> </ul>	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors

### 3.3.3 Corporate Governance Implementation and Deviations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?”	Yes		The Company’s corporate governance principles were approved by the Board of Directors on May 13, 2020, and have been disclosed on its official website and MOPS.	No deviations were found
II. Shareholding structure and shareholders’ interests				
1. Has the Company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes, and litigation?	Yes		The Company has a spokesperson and acting spokesperson that represent the interests of the shareholders and a unit that specializes in addressing shareholders’ suggestions, queries, disputes, and litigation.	No deviations were found
2. Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	Yes		The Company keeps track of the identities of its ultimate beneficiaries by monitoring insider shareholding positions (including Directors, supervisors, managers, and shareholders with more than 10% ownership interest), with the shareholder registry held by the share administration agency.	No deviations were found
3. Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	Yes		The Company has an “Internal Control Policy - Non-trade Activities - Supervision and Management of Subsidiaries,” “Internal Control Policy - Trade Activities – Investment Management,” and “Guidelines on Financial and Business Dealings Between Affiliated Enterprises” to set up and execute firewalls and risk controls over related parties.	No deviations were found
4. Has the Company established internal policies that prevent insiders from trading securities against non-public information?	Yes		To prevent insider trading, the “CO10 Insider Trading Prevention Management” and “Insider Trading Prevention Procedures” have been included as part of the internal control of the Company and details are published on the intranet and linked to the TWSE website to which employees have access. Both policies have been included as part of the compulsory e-Learning courses for departmental heads, and eCSA questionnaires are issued on a yearly basis to facilitate self-assessment. Insiders such as Directors, supervisors, and managers are given a copy of the TWSE “Insider Share Trading Manual” when they come aboard to make them aware of the company	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			insider rules.	
III. Assembly and obligations of the Board of Directors				
1. Has the board devised and implemented policies to ensure the diversity of its members?	Yes		The Company has rules in place such as the “Corporate Governance Guidelines” and “Rules for Director Elections” to ensure a diversified board member composition in addition to drafting suitable guidelines for diversification based on the Board’s operation, the Company’s operating format, and its needs and developments. As such, board members are required to possess the required knowledge, skills, and character in order to accomplish the goal of ideal corporate governance. For more information on the diversification of board members, please refer to page 23.	No deviations were found
2. Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	Yes		Apart from the Remuneration and Audit Committees, the Company also has a Sustainability Committee headed by President and CEO Chung-Pin Wong, who in turn reports to the Board of Directors regarding the operating status and results of the committee on a yearly basis.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation															
	Yes	No	Summary description																
3. Has the Company established performance evaluation measures and methods for the Board of Directors, conducted performance evaluation annually and regularly, reported the results of performance evaluation to the Board of Directors and applied them to the reference of salary and remuneration of individual Directors and nomination and renewal? )	Yes		<p>The Board of Directors adopted the “Rules of Self-Evaluation of the Board of Directors and Functional Committees Performance” on March 30, 2020. The performance evaluation scope covers the evaluation of the Board as a whole, individual Directors and Functional Committees. Methods of evaluations included the Self-Evaluation of the Board of Directors and Functional Committees, self-evaluation by individual board members, or other appropriate methods. The evaluation results, being submitted to the Remuneration Committee for analytical review and reported to the Board of Directors for discussion and improvement, shall be used as reference in determining individual Director’s compensation and their nomination for the next office term.</p> <p>■ The performance of evaluation results in 2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Total average</th> <th>Evaluation level</th> </tr> </thead> <tbody> <tr> <td>Individual board members</td> <td>4.60</td> <td>Good</td> </tr> <tr> <td>Board of Directors</td> <td>4.80</td> <td>Good</td> </tr> <tr> <td>Audit Committee</td> <td>5.00</td> <td>Excellent</td> </tr> <tr> <td>Remuneration Committee</td> <td>4.68</td> <td>Good</td> </tr> </tbody> </table>	Items	Total average	Evaluation level	Individual board members	4.60	Good	Board of Directors	4.80	Good	Audit Committee	5.00	Excellent	Remuneration Committee	4.68	Good	No deviations were found
Items	Total average	Evaluation level																	
Individual board members	4.60	Good																	
Board of Directors	4.80	Good																	
Audit Committee	5.00	Excellent																	
Remuneration Committee	4.68	Good																	
4. Is the independence of external auditors assessed on a regular basis?	Yes		<p>The CPA issues an “Independent Auditor’s Report” on an annual basis and is required to decline engagement should he/she be involved in any direct or indirect material interest. The Company evaluates the independence and suitability of the CPA at least once a year, in accordance with Article 47 of the CPA Act and Bulletin 10 of the Norms of Ethics for Certified Public Accountants. The CPA cannot be a Director, supervisor, or shareholder of the Company and may not be on the payroll or be a related party to the Company. The Company then submits the “CPA Independence and Fitness Evaluation Form” along with the “Independent Auditor’s Report” to the Audit Committee for review before it is submitted to the Board of Directors for examination and discussion. The same principles apply to whenever there is an internal rotation within the accounting firm.</p>	No deviations were found															

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
IV. Is the listed or OTC Company equipped with competent and sufficient corporate governance personnel and is its designated corporate governance Director responsible for corporate governance related matters (including but not limited to providing information required by Directors and supervisors to carry out business, assisting Directors and supervisors to comply with laws and regulations, managing related matters of the Board of Directors' meeting and shareholders' meeting in accordance with laws, taking minutes of the Board of Directors' meeting and shareholders' meeting, etc.)	Yes		<p>Vice-President Cheng-Chiang Wang was appointed to lead and supervise affairs pertaining to corporate governance in accordance with the Company's "Corporate Governance Guidelines," while the Board of Directors secretariat was assigned as the Company's responsible unit to handle corporate governance affairs.</p> <p>Vice-President Cheng-Chiang Wang and the designated personnel responsible for corporate governance have more than 25 years of experience in stock affairs and meeting-related management for publicly traded companies. They are primarily responsible for handling corporate governance affairs, such as handling matters relating to board meetings and shareholders meetings according to the laws, producing minutes of board meetings and shareholders meetings, assisting in onboarding and continuous development of Directors, furnishing information required for duty execution by Directors and members of the audit committee, ensuring legal compliance and taking other matters set out in the articles or corporation or contracts, periodically examining and revising the Company's corporate governance guidelines and relevant procedures, improving disclosure transparency, safeguarding shareholder rights and promoting better corporate governance. For more information on the status of Compal's corporate governance operations for 2021, refer to page 57.</p>	No deviations were found
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers, and	Yes		The Company addresses its stakeholder relations on its corporate website, Sustainability report, and CSR Sustainability website. Separate contact persons, phone numbers, and e-mail addresses have been provided for each type of stakeholder relation to ensure that queries are directed to the relevant departments. In addition, an online "Material Aspects" questionnaire was also created for stakeholders to identify issues that are of significant concern. The Company will address stakeholders' responses properly and take their suggestions as part of the Company's goals.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
suppliers)?				
VI. Does the Company engage a share administration agency to handle shareholder meeting affairs?	Yes		The Chinatrust Commercial Bank – Securities Trust has been appointed as the share administration agency responsible for handling shareholder affairs and meetings and for providing share administration services.	No deviations were found
VII. Information disclosure				
1. Has the Company established a website that discloses financial, business and corporate governance-related information?	Yes		The Company website at (www.compal.com) is regularly updated with information such as financial performance, corporate governance and shareholder meetings	No deviations were found
2. Has the Company adopted other means to disclose information (e.g. an English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the Company website)?	Yes		<ul style="list-style-type: none"> <li>The Company website has both Chinese and English pages. The information is gathered and disclosed by a dedicated department.</li> <li>The Company also has a spokesperson and an acting spokesperson.</li> <li>Investor conferences are held regularly and whenever deemed necessary. The proceedings are posted on the Company's website and also broadcast on the TWSE platform (at <a href="https://www.compal.com/investor-relations/financial-release/">https://www.compal.com/investor-relations/financial-release/</a>).</li> <li>The Company's CSR to publicly disclose the Company's ESG actions. (URL: <a href="https://www.facebook.com/compalCSR">https://www.facebook.com/compalCSR</a>).</li> </ul>	No deviations were found
3. Does the Company announce and declare an annual financial report within two months after the end of the fiscal year and announce and declare the first, second, and third quarter financial reports and the operation of each month ahead of the required time limit?		No	The Company's financial reports were not able to be announced and filed within two months after the end of the fiscal year. However, the date of the Company's announcing and filing financial reports for the year and the first, second and third quarters, as well as business operational results for each month were earlier than required by statute.	The Company will carefully assess the probability of announcing and filing annual financial reports within two months after the end of the fiscal year.

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
VIII. Does the Company offer other vital information (including but not limited to employee rights, employee care, investor relationships, supplier relationships, stakeholders' interests, continuing education of Directors/supervisors, risk management policies, risk assessment standard implementation status, implementation status of customer policies, insuring against liabilities of Company Directors and supervisors) that would enable a better understanding of the Company's corporate governance practices?	Yes		<ul style="list-style-type: none"> <li>• Employee rights and care for employees (page 58)</li> <li>• Code of Conduct for Directors, managers, and employees (page 58)</li> <li>• Investor relations (page 59)</li> <li>• Supplier relations and execution of customer policy (page 59)</li> <li>• Stakeholders' interests (page 59)</li> <li>• Risk management practice and framework (page 59-62), Risk analysis (page 195-198)</li> <li>• Purchasing liability coverage for the Company's Directors, supervisors, and managers (page 63)</li> <li>• Continuing education for Directors and managers (page 63-66)</li> <li>• Succession plan for Board members and key Management team (page 67)</li> <li>• Certificate and qualification acquisition status for personnel (page 67-68)</li> </ul>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
<p>IX. State the improvements that have been made with regard to the results of the latest Corporate Governance Evaluation conducted by TWSE in the most recent year. For items that have yet to be improved upon, state the Company's priorities and measures for improvement.</p> <ul style="list-style-type: none"> <li>• With regard to the further education of Directors (including Independent Directors), Compal has encouraged its Directors to take part in courses on the pertinent regulations offered by subsidiary Kinpo Group Management Consultant Company or training provided by external professional organizations. In 2021, members of the Board of Directors completed a total of 108 hours of training.</li> <li>• In 2021, the amendment to the "Audit Committee Charter", "Rules Governing the Scope of Powers of Independent Directors", "Remuneration Committee Charter", "Procedures for Ethical Management and Guidelines for Conduct", "Rules Governing Financial and Business Matters Between this Company and its Affiliated Enterprises" and "Rules for Elections of Directors" were proposed to accommodate the business needs and the requirements of applicable laws and regulations.</li> <li>• In 2022, establish a Sustainability Committee, the enactment to the "Sustainability Committee Charter", "Risk management policy of Compal Group", the amendment "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" were proposed to accommodate the business needs and the requirements of applicable laws and regulations.</li> <li>• In 2022, the amendment to the "Articles of Incorporation", "Procedures for Acquisition or Disposal of Assets", "Procedures for Lending Funds to Other Parties", and "Rules and Procedures of Shareholders Meeting" were proposed to accommodate the business needs and the requirements of applicable laws and regulations.</li> <li>• In the "8<sup>th</sup> Round of Corporate Governance Evaluations" by TWSE, Compal was placed in the top 21%-35% of listed companies.</li> <li>• We uploaded the Annual Report 18 days before the shareholders' meeting.</li> </ul>				

■ **The results of Compal’s corporate governance unit operations for 2021 is as follows:**

- Compiled and prepared relevant documents in need for the Audit Committee and the Board of Directors’ Meetings in accordance with pertinent regulations and operational/financial request; and be responsible for coordination with proposal making relevant units.
- The amendment to the “Audit Committee Charter”, “Rules Governing the Scope of Powers of Independent Directors”, “Remuneration Committee Charter”, “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises”, “Procedures for Ethical Management and Guidelines for Conduct”, “Rules for Elections of Directors” are completed to accommodate the business needs and the requirements of applicable laws and regulations, all of which have been submitted to the Board of Directors and shareholders’ meeting for approval.
- The performance evaluation of directors and independent directors, the Board of Directors, the audit committee, and the remuneration committee are submitted to the Board of Directors.
- Planned the communication meeting between Independent Directors, Internal Audit Supervisors and CPA to have the Audit Committee determine the independence and fitness of the CPA engaged by the Company, as well as to ensure sound corporate governance.
- Pursuant to “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”, Compal has encouraged its Directors to take part in the courses on pertinent regulations offered by subsidiary Kinpo Group Management Consultant Company or by external professional organizations.
- The Company disclosed and announced important financial and operational information in conjunction with the events of the Board of Directors Meetings, Shareholders Meetings. In addition, the Company has also held financial result announcement conferences at least twice every year, and was invited to participate in domestic/foreign brokers’ investor forums on a quarterly basis, to help investors understand the Company’s financial and operational results.
- Registered the date for Shareholders Meetings as required by law; prepared meeting notifications within the scheduled deadline, meeting handbook and meeting minutes and filing; coordinated relevant units, agents for stock affairs, CPA, attorneys and so forth.
- Edit contents on the chapter for corporate governance of Annual Report– responsible for the collection of data, compilation of stock affairs data, and coordination of different units and editing.
- Corporate governance evaluation – responsible for the collection of data, plan setting, compilation of stock affairs data, coordination of different units and website maintenance.
- The Company has offered liability coverage for directors, supervisors and managers. The amount for their liability insurance in 2021 came to USD 50,000 thousand, which was roughly equivalent to TWD 1,390,000 thousand. Vital information relating to their liability insurance was reported to the Board of Directors on the latest meeting of the Board of Directors.
- The Corporate Governance Officer took 21 hours of continuing education. For the exact education program, please see page 65-66.

## X. Other vital information on the operating status of corporate governance:

### ■ **Employees' rights and care for employees**

Compal respects employees' rights and tends to their needs. Internal policies are updated constantly to reflect the latest labor regulations, and published to ensure understanding and compliance from employees. Compal's subsidiaries in the USA, China, Brazil, Vietnam, and India have all established employment guidelines in accordance with local labor regulations, and all terms of employment are compliant with the laws of the local countries and regions.

The Company's support for equal work opportunities and respect for employees' freedom of association have led to the assembly of a union at the Kunshan Factory. Employees are offered equal compensation for equal work, whereas salary details are approved based on the nature of work involved and individual performance. The Company has nursery rooms available throughout the organization. It actively prevents and resolves workplace unlawful infringement incidents, grants workers the breaks and overtime pay they deserve, purchases social insurance coverage, and contributes to employees' pension funds.

Compal is committed to creating communication platforms where employees may exchange opinions and information. A "Sunshine Group" and hotlines have been set up at all plant sites and are run by compassionate people who promptly respond to employees' thoughts. By providing employees with the means to express feelings and complaints, the Company is able to help employees resolve difficulties in a timely manner. In an attempt to create a joyful work environment where talents are assigned to suitable positions, Compal publishes recruitment information internally and offers employees the freedom to choose or transfer to positions they consider suitable, and thereby assures satisfaction across the work force and protects employees' interests.

Compal provides employees with the following health-related facilities and services outside of work:

- Common dining: Employee dining facilities have been made available to serve nutritious and healthy foods.
- Recreation centers: Places where employees may hold club activities, exercise, and socialize.
- Spiritual, health, and arts seminars: The Company organizes health seminars, spiritual seminars, musical performances, and art exhibitions from time to time, and uses them as a means of stress relief to cater to employees' physical and mental health.
- Infirmary and stationed physicians: Employees may consult physicians and access timely medical assistance for them and their family members.
- Employee assistance services are available. Employees can consult with consultants on work, family, relationships, physical and mental health, mental illness, finance, legal, and management issues through a dedicated line or E-mail.

### ■ **Code of conduct for Directors, managers, and employees**

Compal has established an ethics policy as described below to enforce business integrity and to guide employees toward complying with laws and ethics for the protection of Compal's and stakeholders' assets, interests, and reputation:

- Comply with government regulations.
- Protect the interests of employees, customers, shareholders, suppliers, communities, and relevant organizations.
- Uphold business integrity and the principles of fair trade, fair advertising, and fair competition. Refrain from making illicit gains. Make information transparent to stakeholders while at the same time respecting intellectual property rights, privacy, and identity protection. Prohibit retaliation and make responsible purchase of minerals.
- Continually improve, execute, and convey the Company's ethics policy to relevant organizations.

In addition to implementing an ethics policy, Compal has also established a Human Resource Management Policy, Director and Manager Code of Conduct, and Employee Code of Conduct not only in the employees' best interest, but also to communicate with stakeholders about the moral standards and behavioral guidelines that employees are bound to obey when carrying out their duties. All employees are required to sign a "Confidentiality Pledge" when coming on board, which is a declaration to abide by the Company's rules, the Human Resources Management Policy and to maintain confidentiality of the Company's business secrets.

## ■ Investor relations

The Company has an Investor Relations Department which handles shareholders' recommendations. The department bridges communication between the Company and its investors. In addition to hosting investor seminars on a regular and ad-hoc basis, the department has also created an Investor Relations section on the Company's website to facilitate complete and fair disclosure of Compal's latest progress, and thereby provide investors with full understanding of the Company's business performance and long-term goals.

In 2021, Compal proactively participated in online investor forums and investor conference calls, hosted by either local or foreign brokers every quarter, 13 events in total, to regularly update its financial results and business progress to shareholders and investors, which to enhance investors understanding for the Company operation and increase the communication and engagements.

## ■ Supplier relations and execution of customer policy

The Company signs contracts with all suppliers and customers not only to protect the interests of both parties, but also to maintain a strong working relationship.

With respect to green products and parts, the Company coordinates closely and systematically with supply partners, and follows a robust review and certification process to ensure effective communication, tracking, management, and elimination of parts that contain prohibited chemical substances. Every supplier and business partner is able to inquire about the latest "Compal Environmental Management Standard for Parts and Materials" through the SDCP (Supplier Design Cooperation Portal: [sdcp.compal.com](http://sdcp.compal.com))/GPMS (Green Product Management System). They are also required to provide assurance that all raw materials supplied are free of substances that may harm the environment.

The Company's R&D, production and quality assurance departments and all major customers are able to learn information concerning chemical composition and content of green products through the use of this system, and take measures such as sample testing and on-site inspection as deemed necessary.

The Company operates throughout Europe, America, and Asia, and has service centers at main business locations to provide customers with safe and high-quality products, as well as complete and correct product information. The Company addresses customer complaints actively and immediately. It accepts customers' audit requests, participates in customers' activities, and handles critical correspondences in a confidential manner. The Company has always been protective of customers' secrets. It has firewalls in place to block exchange of confidential information between customers, teams, office areas, and factories. A specialized team monitors the security of network information from time to time for the protection of customers' interests. Meanwhile, all employees are required to sign a confidentiality agreement that prohibits them from openly discussing customers' details. It is the organization's goal to provide customers with the most comprehensive service network and the best protection anywhere in the world. There has been no violation of law concerning the offering and use of products or services.

## ■ Stakeholders' interests

Stakeholders are able to communicate with and make suggestions to the Company for the protection of their interests. The Company provides safe and high-quality products along with complete and accurate product information to customers. Customers' complaints are addressed immediately.

## ■ Risk management

### 1. Risk management practice

The Company has established the risk management policy, which was approved by the Board of Directors on March 15, 2022. The core values of the policy are complying with the laws and regulations of the place where it operates, and setting up the risk control procedures in accordance with the international standard systems. The Company expect that the policy can identify the operation risk in advance. Therefore, the Company can adopt appropriate assessment and actions to transform, reduce or prevent the risks.

(1) The Company has its own financial, sales, and accounting system, and a system for monitoring financial and business information of its subsidiaries in accordance with "Regulations Governing the Establishment of

Internal Control Systems by Public Companies". The Company has also guidelines in place for supplier management, customer relations, R&D, human resources, financial affairs, credit/endorsement/ guarantee arrangements with affiliated businesses, and acquisition/disposal of key assets. These policies, risk assessment standards, and procedures serve as a guideline by which employees may abide for risk assessment and management. Dedicated personnel have been appointed in every department to manage, control, minimize, and prevent Company risks. Follow the local policies and regulations of important production bases. For example: the relevant guidelines of the "The Basic Norms of Enterprise Internal Control" issued by the Ministry of Finance of the People's Republic of China in conjunction with the China Securities Regulatory Commission, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission.

(2) Establish the risk control procedures in accordance with the international standard systems.

In accordance with the methodology of ISO 31000, the Company perform the identification, analysis, and evaluation processes to confirm the risk issues, then compile the risk issues in five major areas: strategy, finance, operations, legal compliance, and environment. Finally, the Company uses the "Risk Analysis Matrix" to prioritize risk management by considering the Company's resources.

The Internal Control System has developed by the Company to consider the organization structures, authorization and the control points of operation procedure, and it has been distinguished between the Overall Level and Operation Level. Five elements (Control Environment, Risk Assessment, Control Operation, Information and Communication, Supervision) have been incorporated into each transaction cycle at the operation level. The Company achieve the goal of implementing internal control through the internal control self-assessment and performance assessment.

Besides, the company has refer to the Three Lines of Defense (TLD) model for risk management issued by the IIA and the company operate practice to set up organization and procedures of risk management.

(3) From the implementation perspective, all the divisions of the Company evaluate various business risks to make contingency plans, while preparing annual budget and work plan. At the same time, the internal audit office drafts the annual audit plans for the coming year based on the risk assessment of operating activities. The annual audit plan is implemented after approval by the Board of Directors, and the execution status is also reported to the Board of Directors. Given the Company's role as an ODM for 5C electronics, we review and assess business risks on an annual basis, and reflect our findings in the financial statements under accounts such as allowance for doubtful debts, warranty reserves, and royalties. All provisioning policies are submitted to the CPA for review whenever adjustments are made. This is to ensure that financial reports present a fair view of the Company's operations. Furthermore, the Company has dedicated personnel appointed to monitor and control exchange rate risks, and take hedging measures as necessary (please refer to page 195).

(4) If an important operating activity is identified with a potential urgent risk, it can be reported to the supervisor immediately for proper prevention. Extremely important matters, such as investments or engineering project bidding, will be jointly reviewed by relevant departments. Audits will be performed on a regular or irregular basis.

(5) The future plan of risk management in the following five years.

a. Continue to manage the "new type of risk" refer to the GRPS research report issued by WEF.

According to the Global Risks Perception Survey carried out by the World Economic Forum every year, we evaluates key issues such as economy, geopolitics, environment, society and technology, from the

"likelihood" and "impact" of the event, and we also take new types of risks into management scope such as climate change or contagious disease.

b. Digital transformation to enhance corporate governance

As business models become more complex, manual post-check become outdated. We use the information system continuously to save labor cost, enhance the effectiveness of the Three Lines of Defense (TLD) model through the IT techniques and most importantly to achieve the goal of warning in advance.

c. The future plan for the personnel of Three Lines of Defense (TLD) in the following five years.

The number of international professional certificates related to risk management is expected to increase from 2 in 2021 to 12 in 2022. At the same time, the professional certificate holders of CPA/CIA/CISA aim to increase from 36% to more than 70% after five years.

## 2. Risk management framework

Key risk areas	Front line unit (Business organizer) (Level 1)	Risk review and control (Executive management meeting) (Level 2)	Board of Directors, Audit Committee, Auditing Office (Level 3)
<ul style="list-style-type: none"> <li>Interest rate, exchange rate, inflation and financial risks</li> <li>High-risk or highly leveraged investment, loan to third party, endorsement, guarantee, trading of derivatives and treasury investment</li> </ul>	<ul style="list-style-type: none"> <li>Finance Department</li> </ul>	<ul style="list-style-type: none"> <li>Operation Team</li> </ul>	<ul style="list-style-type: none"> <li>Auditing Office: Risk inspection, evaluation, supervision, improvement and reporting</li> </ul>
<ul style="list-style-type: none"> <li>R&amp;D planning</li> <li>Changes in policy and law</li> <li>Changes in technology and industry</li> <li>Changes in corporate image</li> <li>Investment, subsidiary and M&amp;A benefits</li> </ul>	<ul style="list-style-type: none"> <li>Business departments/centers (Note 1)</li> <li>Common departments (Note 3)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate investment review</li> <li>Executive management meeting</li> <li>Subsidiaries monitoring and management report</li> </ul>	<ul style="list-style-type: none"> <li>Board of Directors, Audit Committee: Decision-making and ultimate control over risk evaluation</li> </ul>
<ul style="list-style-type: none"> <li>Expansion of factory, production site and equipment</li> <li>Centralized purchase or sale</li> </ul>	<ul style="list-style-type: none"> <li>Business departments/centers (Note 1)</li> <li>Common departments (Note 3)</li> </ul>	<ul style="list-style-type: none"> <li>Monthly operating meeting</li> <li>Production and marketing meeting</li> </ul>	
<ul style="list-style-type: none"> <li>Equity transfer involving Directors, supervisors, and major shareholders</li> <li>Change of management</li> </ul>	<ul style="list-style-type: none"> <li>Share administration affairs</li> <li>Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Share administration affairs</li> <li>Head of Finance/Accounting</li> </ul>	
<ul style="list-style-type: none"> <li>Litigation and non-contentious cases</li> <li>Handling of product safety incidents</li> <li>Other operational affairs</li> </ul>	<ul style="list-style-type: none"> <li>Product risk management</li> <li>Managers of all levels</li> </ul>	<ul style="list-style-type: none"> <li>Legal affairs</li> <li>Business groups/centers (Note 2)</li> </ul>	
<ul style="list-style-type: none"> <li>Personnel behavior, ethics, and conduct</li> </ul>	<ul style="list-style-type: none"> <li>Managers of all levels</li> <li>HR and Administration</li> </ul>	<ul style="list-style-type: none"> <li>Personnel Evaluation Committee</li> </ul>	
<ul style="list-style-type: none"> <li>Rules (including SOPs), internal control system and compliance with regulations</li> </ul>	<ul style="list-style-type: none"> <li>Managers of all levels</li> </ul>	<ul style="list-style-type: none"> <li>Legal Affairs Office</li> <li>Investment Planning and Management Office</li> <li>Finance</li> <li>Accounting</li> <li>HR and Administration</li> <li>IT</li> </ul>	
<ul style="list-style-type: none"> <li>Board of Directors Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Share administration affairs</li> <li>Secretary of the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Legal Affairs Office</li> </ul>	
<ul style="list-style-type: none"> <li>Prevention of insider trading</li> </ul>	<ul style="list-style-type: none"> <li>Managers of all levels</li> </ul>	<ul style="list-style-type: none"> <li>Insider Trading Prevention Office</li> </ul>	
<ul style="list-style-type: none"> <li>Information security management</li> </ul>	<ul style="list-style-type: none"> <li>Managers of all levels</li> </ul>	<ul style="list-style-type: none"> <li>Information Security (ISMS) Committee</li> <li>Information Security Team</li> </ul>	

Notes: 1. Business departments/centers: America/Europe, Asia Pacific, Operations, Enterprise Products, Auto Electronics, Creativity, Quality Assurance, Procurement, R&D, Manufacturing, and Sales, etc.

2. Business groups/centers: PCBG 1, PCBG 2, PCOBG, GOBG, SDBG, etc.

3. Common departments: Finance, Accounting, HR and Administration, Investment Planning and Management Office, Legal Affairs Office, etc.

■ **Purchasing liability coverage for the Company’s Directors, supervisors, and managers**

Since 2002, the Company has purchased liability insurance for its Directors, supervisors, and managers. The summary of the insurance policies purchased in 2021 are listed as follows:

Insured Individuals	Insured amount	Insured Period	Date of submission to the Board of Directors
Directors, Supervisors and Managers	USD 50,000,000 (Equivalent to TWD 1,390,000,000)	From:2021.11.21 To: 2022.11.21	2022.2.10

■ **Continuing education for Directors and managers**

All Directors and managers possess relevant professional knowledge and skills. In addition to offering relevant information both on a regular and intermittent basis to Directors and managers, the Company would also organize seminars and workshops when deemed necessary. Training completed by Directors and managers in 2021 include:

■ **Continuing education for directors:**

Title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Sheng-Hsiung Hsu	2021/05/14	Securities and Futures Institute	Strategy and Management of Business Model Upgrade and Transformation	3
		2021/11/12	Securities and Futures Institute	Risks and opportunities of climate change and net zero emission policies to business operations	3
Vice-Chairman	Jui-Tsung Chen	2021/04/09	Compal Electronics, Inc.	Global economy, market, and foreign exchange market outlook	1
		2021/05/14	Securities and Futures Institute	Strategy and Management of Business Model Upgrade and Transformation	3
		2021/11/12	Securities and Futures Institute	Risks and opportunities of climate change and net zero emission policies to business operations	3
		2021/11/17	Taiwan Securities Association	Corporate Governance 3.0-Blueprint for Sustainable Development	3
		2021/12/17	Compal Electronics, Inc.	Seminar on "Global Economic and Market Outlook for the year 2022"	1
Director	Chieh-Li Hsu	2021/01/19	Kinpo Group Management Consultant Company	Seminar on "Global Economic and Financial Market Outlook for the year 2021"	2
		2021/05/14	Securities and Futures Institute	Strategy and Management of Business Model Upgrade and Transformation	3
		2021/11/12	Securities and Futures Institute	Risks and opportunities of climate change and net zero emission policies to business operations	3
Director	Charng-Chyi Ko	2021/05/14	Securities and Futures Institute	Strategy and Management of Business Model Upgrade and Transformation	3
		2021/11/12	Securities and Futures Institute	Risks and opportunities of climate change and net zero emission policies to business operations	3
Director	Sheng-Chieh Hsu	2021/05/14	Securities and Futures Institute	Strategy and Management of Business Model Upgrade and Transformation	3
		2021/11/12	Securities and Futures Institute	Risks and opportunities of climate change and net zero emission policies to business operations	3
		2021/11/19	Taiwan Corporate Governance Association	New venture company (funding) regulations- on the requirements,	3

Title	Name	Date of training	Organized by	Course title	Hours of training
				operation and development of close companies	
Director	Yen-Chia Chou	2021/05/14	Securities and Futures Institute	Strategy and Management of Business Model Upgrade and Transformation	3
		2021/11/12	Securities and Futures Institute	Risks and opportunities of climate change and net zero emission policies to business operations	3
Director	Chung-Pin Wong	2021/04/09	Compal Electronics, Inc.	Global economy, market, and foreign exchange market outlook	1
		2021/07/29	Taiwan Institute for Sustainable Energy	Implement ESG to build the first brand of sustainable finance	1
		2021/07/29	Taiwan Institute for Sustainable Energy	Build an ESG platform and implement sustainability for finance	1
		2021/10/28	Taiwan Institute for Sustainable Energy	Construction and Prospect of Circular Economy of China Steel Group	1
		2021/10/28	Taiwan Institute for Sustainable Energy	Zero-carbon and Circular Economy from Technology Innovation	1
		2021/11/26	Taiwan Corporate Governance Association	An important subject of corporate mergers and acquisitions- The topic of the prevention and exemption of insider trading liabilities.	3
		2021/12/17	Compal Electronics, Inc.	Seminar on "Global Economic and Market Outlook for the year 2022"	1
Director	Ming-Chih Chang	2021/04/09	Compal Electronics, Inc.	Global economy, market, and foreign exchange market outlook	1
		2021/12/17	Compal Electronics, Inc.	Seminar on "Global Economic and Market Outlook for the year 2022"	1
Director	Sheng-Hua Peng	2021/04/09	Compal Electronics, Inc.	Global economy, market, and foreign exchange market outlook	1
		2021/12/07	Taiwan Stock Exchange Corporation	2021 Cathay Sustainable Finance and Climate Change Summit Forum	6
		2021/12/17	Compal Electronics, Inc.	Seminar on "Global Economic and Market Outlook for the year 2022"	1
Independent Director	Min Chih Hsuan	2021/03/24	Taiwan Corporate Governance Association	The directors and supervisors how to supervise the Company work well in crisis and risk management.	3
		2021/09/27	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
Independent Director	Duei Tsai	2021/04/14	Securities and Futures Institute	Corporate Governance for Green Energy Innovation Business Model and Green Finance New Trends	3
		2021/08/04	Securities and Futures Institute	Digital transformation of traditional industries	3
		2021/08/31	Taipei Exchange	Decoding the Sustainability DNA of SMEs - 2021 OTC Upgrade Sustainability Online Forum	2
		2021/09/01	Taipei Exchange	Investment for Sustainability Fully Launched - 2021 OTC Upgrade Sustainability Online Forum	2
		2021/09/01	Securities and Futures Institute	The 13th Taipei Corporate Governance Forum	3
		2021/09/17	Taiwan Corporate Governance Association	Introduction of Company management disputes case and Commercial event trial law	3

Title	Name	Date of training	Organized by	Course title	Hours of training
		2021/10/14	Taiwan Corporate Governance Association	The business strategy and corporate governance in response to the world's unsustainable risks, on the perspective of Covid-19	3
		2021/11/19	Taiwan Corporate Governance Association	New venture company (funding) regulations- on the requirements, operation and development of close companies	3
		2021/11/26	Taiwan Corporate Governance Association	An important subject of corporate mergers and acquisitions- The topic of the prevention and exemption of insider trading liabilities.	3
Independent Director	Wen-Chung Shen	2021/10/08	Taiwan Securities Association	Model of Wealth Inheritance: : A case study on Transfer in Ownership of Securities and Real Estate	3
		2021/11/19	Taiwan Corporate Governance Association	New venture company (funding) regulations- on the requirements, operation and development of close companies	3
		2021/11/26	Taiwan Corporate Governance Association	An important subject of corporate mergers and acquisitions- The topic of the prevention and exemption of insider trading liabilities.	3
		2021/12/08	Taiwan Securities Association	New Development in ESG: Evidence from Sustainable Management Strategy of Securities / Financial Industry	3

#### ■ Continuing education for managers

Title	Name	Date of training	Organized by	Course title	Hours of training
Vice-President	Guo-Dung Yu	2021/04/09	Compal Electronics, Inc.	Global economy, market, and foreign exchange market outlook	1
		2021/12/17	Compal Electronics, Inc.	Seminar on "Global Economic and Market Outlook for the year 2022"	1
Vice-President	Hou-Chun Liu	2021/12/31	Compal Electronics, Inc.	Management for the prevention of insider trading (for senior managers)	0.58
Vice-President	Cheng-Chiang Wang	2021/04/09	Compal Electronics, Inc.	Global economy, market, and foreign exchange market outlook	1
		2021/12/17	Compal Electronics, Inc.	Seminar on "Global Economic and Market Outlook for the year 2022"	1
Corporate Governance Officer	Cheng-Chiang Wang	2021/04/23	Taiwan Corporate Governance Association	The Operation and Merger & Acquisition Strategy: A Taiwanese Enterprises view on the Global Politics and Economics	3
		2021/09/07	Taiwan Securities Association	Legal Liabilities & Case Study for Financial Statement Fraud & Insider Trading	3
		2021/10/08	Taiwan Securities Association	Model of Wealth Inheritance: : A case study on Transfer in Ownership of Securities and Real Estate	3
		2021/11/19	Taiwan Corporate Governance Association	New venture company (funding) regulations- on the requirements, operation and development of close companies	3

Title	Name	Date of training	Organized by	Course title	Hours of training
		2021/11/26	Taiwan Corporate Governance Association	An important subject of corporate mergers and acquisitions- The topic of the prevention and exemption of insider trading liabilities.	3
		2021/12/08	Taiwan Securities Association	New Development in ESG: Evidence from Sustainable Management Strategy of Securities / Financial Industry	3
		2021/12/10	Accounting Research and Development Foundation	New trends and new thinking in evaluating corporate's ESG sustainable performance	3
Accounting Officer	Cheng-Chiang Wang	2021/12/09-2021/12/10	Accounting Research and Development Foundation	"Training program for the new Accounting Officer" The class for the new Accounting Officer, requested due to the Company share exchange/transaction on public place.	12
Internal Audit Officer	Chenyi Li	2022/11/03-2022/11/05	Securities and Futures Institute	Pre-employment Training Course for Corporate Internal Auditors	18

## ■ Succession plan for Board members and key Management team

Compal launched the succession plan for Board members and the key management team in 2018. The former President Jui-Tsung Chen was promoted to the position of Vice-Chairman and Chief Strategy Officer of the Company, responsible for the Company's long-term strategy development and implementation. The President's position was taken by Executive Vice-President Chung-Pin Wong, who joined Compal in 1989 and has over 30 years' experience in various positions, such as marketing, procurement, sales, etc. In addition, Anthony Peter Bonadero, Sheng-Hua Peng, and Ming-Chih Chang were promoted from Senior Vice-President to Executive Vice-President Positions and were appointed to lead the three business groups: PCBG, SDBG, and GOBG, respectively. They were also elected to serve on the 13<sup>th</sup> Board of Directors in 2018. By this, Compal has successfully completed the succession of its Board members and key management team that symbolizes the transition to a new generation. The abovementioned top management of the Company were re-elected as the 14<sup>th</sup> term of Board of Directors at the 2021 Annual General Shareholders Meeting.

In response to the future growth, the Company will continue to invest in the talents and promote the key management team's experience sharing and inheritance, through the arrangement of the regular "Group General Managers Meetings" and "Executive Management Meetings." This plan and mechanism will enable the Company to achieve its long-term sustainability goals.

## ■ Certificate and qualification acquisition status for personnel involved in financial information transparency

Name of certificate	No. of persons
CPA qualification	5 persons
USCPA qualification	2 persons
ASEANCPA qualification	1 person
Senior Securities Specialist	8 persons
Securities Specialist	4 persons
Futures Specialist	3 persons
Securities Investment Trust and Consulting Professional	3 persons
Certified Basic Proficiency for foreign exchange personnel	1 person
Certified Basic Proficiency for credit officer	1 person
Certified Product insurance salesman	1 person
Chartered Financial Analyst	1 person
Certified Internal Auditor - Taiwan	3 persons
Certified Internal Auditor	3 persons
Certified Information Systems Auditor	1 person
Business Continuity Management Lead Auditor	1 person
Information Security Management Lead Auditor	2 persons
Information Technology Service Lead Auditor	1 person
Greenhouse gas emissions Auditor	1 person

Name of certificate	No. of persons
Personal Information Management Lead Auditor	1 person
Environmental management systems Auditor	1 person
Occupational health and safety management Lead Auditor	1 person
Lean Six Sigma Black Belt	1 person
Project Management Professional	1 person
Certified SCM Master	1 person

### 3.3.4 Composition, Responsibilities, and Operations of the Remuneration Committee

#### 1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

May 11, 2022

Identity	Name	Conditions  Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Convener Independent Director	Wen-Chung Shen	Bachelor of Electrical Engineering Dept., National Taiwan University Chair of Hetuo Investment Co., Ltd. Director & Executive Vice-President of Compal Electronics, Inc. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	<ul style="list-style-type: none"> <li>· Compliance with independence requirement (note)</li> <li>· The person him/herself or his/her spouse or relatives within the second degree (or in the name of others) hold 5,151,000 shares of the Company at a ratio of 0.11%.</li> </ul>	0
Independent Director	Min Chih Hsuan	Honorary Doctorate, National Chiao Tung University Bachelor of Electrical Engineering Dept., National Chiao Tung University Chair, Vice-Chair, President and CEO of United Microelectronics Corp. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	<ul style="list-style-type: none"> <li>· Compliance with independence requirement (note)</li> <li>· The person him/herself or his/her spouse or relatives within the second degree (or in the name of others) hold 0 shares of the Company at a ratio of 0%.</li> </ul>	0
Independent Director	Duei Tsai	Ph.D., Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation & TTY Biopharm Company Ltd. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	<ul style="list-style-type: none"> <li>· Compliance with independence requirement (note)</li> <li>· The person him/herself or his/her spouse or relatives within the second degree (or in the name of others) hold 0 shares of the Company at a ratio of 0%.</li> </ul>	2

Note: Compliance with independence requirement: State whether the members of the Remuneration Committee meet the independence requirement.

- Including but not limited to that the person him/herself or his/her spouse or relatives within the second degree have not worked as the directors, supervisors or employees of the Company or its affiliated enterprises;
- Have not worked as a director, supervisor or employee of a company that has a specific relationship (per the provisions of

subparagraphs 5~8, paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) with the Company;

- Have not received remuneration by providing business, legal, financial, accounting and other services to the Company or its affiliates in the last 2 years;
- Number of shares of the Company and shareholding ratio of the person him/herself or his/her spouse or relatives within the second degree (or in the name of others).

## 2. Responsibility of the Remuneration Committee

- Formulate and regularly review the policies, systems, standards and results for the performance evaluation and remuneration of directors (including independent directors) and managers.
- Regularly evaluate and determine the remuneration of directors (including independent directors) and managers.

The salary and remuneration mentioned above include cash remuneration, stock options, dividends, retirement benefits or severance payments, various allowances and other measures with substantial incentives.

## 3. Attendance of Members at Remuneration Committee Meetings

- The Company's Remuneration Committee is composed of three Independent Directors.
- The term of the 4<sup>th</sup> committee ran from July 4, 2018 to August 27, 2021.
- The term of the 5<sup>th</sup> committee ran from August 27, 2021 to August 26, 2024.
- There were five Remuneration Committee meetings during 2021(A) and the committee member qualifications and attendance records are as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Wen-Chung Shen	2	0	100%	Took office on August 27, 2021
Committee Member	Min-Chih Hsuan	5	0	100%	
Committee Member	Duei Tsai	5	0	100%	
Committee Member	Duh-Kung Tsai	3	0	100%	Left office on August 27, 2021

- The discussion of the Remuneration Committee and the resolution, as well as the actions the Company has taken in response to any opinions arisen from the Remuneration Committee.

Board of Directors Meeting	Resolution Adopted by the Remuneration Committee
18 <sup>th</sup> Meeting (13 <sup>th</sup> Term) 2021.3.26	1. To approve the proposal of the distribution of compensation to employees and directors for the year 2020
	2. To approve the first mid-year employees' bonus of the year 2021
	▲ Resolution Adopted by the Remuneration Committee (2021.3.26): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.
	▲ Action taken by the Company in Response to the opinion of the Remuneration Committee: • Motion 1: Upon solicitation of comments by the Chair, there was no objection raised and the

Board of Directors Meeting	Resolution Adopted by the Remuneration Committee
	<p>resolution was adopted unanimously by the Directors present.</p> <ul style="list-style-type: none"> <li>• Motion 2: In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>
<p>19<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.5.12</p>	<p>1.To approve the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2021</p>
	<p>2.To approve employees’ salary adjustment of the year 2021</p>
	<p>▲ Resolution Adopted by the Remuneration Committee (2021.5.12): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.</p>
	<p>▲ Action taken by the Company in Response to the opinion of the Remuneration Committee:</p> <ul style="list-style-type: none"> <li>• Motion 1: Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Directors present.</li> <li>• Motion 2: In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>
<p>21<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.8.12</p>	<p>1.To approve the Directors’ Remuneration for the year 2020</p>
	<p>2.To approve 2nd mid-year employees’ bonus for the year 2021</p>
	<p>▲ Resolution Adopted by the Remuneration Committee (2021.8.12): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.</p>
	<p>▲ Action taken by the Company in Response to the opinion of the Remuneration Committee:</p> <ul style="list-style-type: none"> <li>• Motion 1: Chair Sheng-Hsiung Hsu asked the Independent Director Min-Chih Hsuan to act as a Deputy Chair to preside at this meeting for discussion and voting on this proposal. Since an interested party relationship existed, the Directors (Sheng-Hsiung Hsu, Jui-Tsung Chen, Wen Being Hsu, Chieh-Li Hsu, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Anthony Peter Bonadero and Sheng-Hua Peng) recuse and exclude themselves from discussion and voting on this proposal to avoid conflict of interest. Upon solicitation of comments by the Deputy Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.</li> <li>• Motion 2: In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists among any Directors and any agenda proposals, such Directors shall recuse and exclude themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung</li> </ul>

Board of Directors Meeting	Resolution Adopted by the Remuneration Committee
	Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.
1 <sup>st</sup> Meeting (14 <sup>th</sup> Term) 2021.8.27	1. Election of the Committee convener and the Chair of the 5 <sup>th</sup> Remuneration Committee
	▲ Resolution Adopted by the Remuneration Committee (2021.8.27): Wen-Chung Shen is elected by all members as the convener and Chair of the Remuneration Committee.
	▲ Action taken by the Company in Response to the opinion of the Remuneration Committee: Not applicable(No request for consent from the Board of Directors)
2 <sup>nd</sup> Meeting (14 <sup>th</sup> Term) 2021.11.11	1. To approve the compensation of Employee bonuses in cash of the year 2020
	2. To approve the proposal for 2021 year-end employees' bonus
	▲ Resolution Adopted by the Remuneration Committee (2021.11.11): Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the Committee Members present.
	▲ Action taken by the Company in Response to the opinion of the Remuneration Committee: • Motion 1 and 2: In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, recused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chair, there was no objection raised and the resolution was adopted unanimously by the remaining Directors present.

■ Other notes:

1. If the Board of Directors declines to adopt or modify a recommendation of the remuneration committee, it should specify the date of the meeting, the session, the nature of the motion, the resolution made by the Board of Directors, and the Company's response to the remuneration committee's opinion (e.g., if the amount of remuneration passed by the Board of Directors exceeds the remuneration committee's recommended amount, the circumstances and cause for the difference shall be specified): None.
2. If resolutions of the remuneration committee are objected to by members or become subject to a qualified opinion, which has been recorded or declared in writing, then the date of the meeting, the session, the nature of the motion, all members' opinions and the response to members' opinions should be specified: None.

### 3.3.5 Corporate Sustainability Development

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
1. Does the Company conduct risk assessment on environmental, social, and corporate governance issues related to the Company's operation in accordance with the principle of materiality and formulate relevant risk management policies or strategies?	Yes		<p>The Company has a dedicated unit responsible for the prevention of insider trading and a Sustainability Committee. The Committee consists of members of senior management authorized by the Board of Directors to oversee affairs pertaining to integrity management and Sustainability related issues. The Sustainability Committee was established in March 2022, with three members (including two independent directors) appointed by a resolution of the Board of Directors, and the Chair of the Committee is President and CEO Chung-Pin Wong. In addition, Compal also has the ESG Office with designated personnel to handle the promotion of relevant tasks resolved by the Sustainability Committee. The Sustainability Committee will report to the Board of Directors regarding the operating status and results of the committee at least once a year.</p> <p>For the 2021 Corporate sustainability operation and implementation please refer to page 85-87, the targets and plans of 2022 Corporate Sustainability please refer to page 87-88. The results of implementation are also disclosed in our Annual Report, Sustainability Report, and on our CSR sustainability website.</p>	No deviations were found
2. Has the Company set up a full-time (or part-time) unit to promote corporate social responsibility, which is authorized by the Board of Directors to be handled by the senior management and reported to the Board of Directors?	Yes		<p>1. Risk identification: Collect environmental, social and corporate governance issues that stakeholders are concerned about, and refer to analysis reports on international situations and industry trends, then classified risk issues into "Strategy," "Finance," "Operation," and "Legal Compliance", "Environment".</p> <p>2. Risk assessment Through a risk analysis matrix, the likelihood and impact of risk issues are evaluated respectively, and ranked by the result of the evaluation. Among them, "supply chain material interruption risk", "human resource development" and "information security risk" were rated as the top three risk issues.</p> <p>3. Risk response and management (1) Supply chain material interruption risk The Company's revenue continues to grow, and it is highly dependent on the stable supply of key components. In order to reduce the risk of sluggish materials and increase profits, the</p>	No deviations were found

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>Company implements real-time production and precise control of inventory management. However, the Covid-19 continues to rage and the energy shortages in various countries. The risk of material outage and production stoppage arising from the model of precise inventory management is also increasing day by day. Under this circumstance, the Company intends to take the following countermeasures</p> <ol style="list-style-type: none"> <li>a. Continue to strengthen the supply chain information system and improve the platform's management mechanisms such as demand forecasting, inventory inquiry and delivery instructions.</li> <li>b. Strengthen the strategic partnership of key component manufacturers.</li> <li>c. Big data analysis to grasp the changing trend of raw material market.</li> <li>d. In response to the impact of the Covid-19, plan and promote online bidding (inquiry and price negotiation) and the modularization of the procurement system.</li> </ol> <p>(2) Human resource development</p> <p>Due to the Company's international strategic planning and cross-industry diversification, the demand for international talents continues to increase. However, due to the increasing competition in the industries to which the Company belongs, the impact of child rearing, the emergence of technology and the change of regulations and standards, the supply and demand of talents in the market are imbalanced, which makes it difficult to recruit talents for strategic planning, professional skills and management, and there is a risk of a talent gap or technology succession in the medium to long term. The following measures will be taken.</p> <ol style="list-style-type: none"> <li>a. Complete layout of the succession echelon of strategic management professionals.</li> <li>b. Excavation and cultivation of high-potential talents.</li> <li>c. Continuous implementation of bilingual ability and international vision development education.</li> <li>d. Evaluate and plan Robotic Process Automation system development</li> </ol>	

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			<p>(3) Information security risk.</p> <p>The Covid-19 has led to an increase in the demand for remote work. In order to enhance their core competitiveness, large international companies are accelerating their digital transformation. While during the transition period, they may face information security threats. It is urgent to strengthen protection against vulnerable links in systems, technologies and security. Therefore, in accordance with the NIST cybersecurity framework and the international ISO 27001 framework, the Company promotes the following countermeasures</p> <ol style="list-style-type: none"> <li>a. Dedicated units assess risks and ensure security controls and technical protection in a PDCA model to reduce the likelihood of external network threats.</li> <li>b. Build information security technology equipment in the intranet, such as anti-virus servers, hardware firewalls and mail servers to filter external letters, etc.</li> <li>c. Ongoing internal and external vulnerability scanning and penetration testing.</li> <li>d. System backup and off-site backup mechanism to ensure uninterrupted operation.</li> <li>e. Regularly evaluate suppliers' information security protection capabilities to ensure that they can resist external security threats.</li> <li>f. Develop awareness of protection for all staff, and implement regular information security training and drills.</li> </ol>	
3. Environmental issues.				

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
(1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	Yes		<p>Compal has established environmental safety policies, and each plant has its own responsible personnel. Each month, they collect and transfer relevant laws and regulations on environment, safety and health to relevant personnel, and designate personnel to review the operations and methods related to laws, and to amend the operations and methods that do not conform to the regulations. If there is a major change in laws and regulations, it is necessary to change the Company's relevant policies, objectives and targets, and amendments should be proposed at any time.</p> <p>In order to grasp the possible operational challenges faced by Compal in terms of environment, we are gradually building, managing and implementing the environmental management system, all factories have adopted ISO 14001 and ISO 45001, conduct internal audit every year, and obtain third-party verification to ensure the effective operation of the management system, effectively tracking and controlling various environmental performance, actively practicing waste reduction, promoting zero landfill of regulation update waste, providing various complaint pipelines, and continuously and stably providing products and services recognized by stakeholders. All production processes and products of Compal shall comply with the requirements of environmental protection laws and regulations. We shall continue to improve and effectively manage our operation. In 2021, no violation of the environment laws or regulations has occurred.</p>	No deviations were found
(2) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with a low impact on the environment?	Yes		<p>Throughout the "product lifecycle," we consider the environmental impacts of raw material procurement, manufacturing, transportation and distribution, consumer use and disposal, etc., at the beginning of product design. In addition to focusing on user needs, functionality and added value, the R&amp;D team is more focused on product development and design from the perspective of "environmental load minimization" at each stage, covering at least the three core directions of "green materials," "energy efficiency," and "ease of dis-assembly/recycling."</p> <p>Improve production line yield and energy efficiency, develop, and use recycled materials stably, design energy-saving products to reduce energy consumption during reuse, and increase the recoverable proportion of waste entering the waste phase.</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			In 2022, recycled materials will be fully introduced into commercial laptops, and the weight ratio of recycled materials for each model must be more than 5%. Electricity intensity is 320 kWh per million revenue, 47 kWh lower than per million revenue in 2020. In addition to the introduction of ISO 50001 energy management system and continuous maintenance in Kunshan Plant 3, Chengdu Plant and Pingzhen Plant, Kunshan Plant 2 is expected to pass the verification in 2022, and set a long-term goal of 100% renewable energy use in 2050, and continue to promote and maintain Solar power generation system, outsourcing renewable energy.	
(3) Does the Company assess the risks and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate-related issues?	Yes		<p>Extreme weather conditions caused by global warming and climate change have caused significant impact to the world and Taiwan, and pose unprecedented challenges to mankind. Apart from mitigation, we must also begin adaptation operations since climate change is inevitable. Adaptation applies not only to individuals, but to corporations as well, for it is important for companies to minimize business risks caused by extreme weather, which will require extensive and thorough risk assessments in order to turn risks into opportunities.</p> <p>Continue to follow the TCFD framework to identify risks and opportunities, incorporate strategic planning and risk management mechanisms, and further identify financial shocks and plan the use of capital.</p> <p>According to the results of identification, evaluation and sorting of risks and opportunities, the operating decision-making committee will select three risks and three opportunities for calculating financial risks, which are:</p> <p>Risk 1. Importing alternative recycled raw materials, increasing the cost of R&amp;D technology transformation.</p> <p>Action 1. In the design stage, Compal considers waste reduction and resource reuse, introduces environmentally friendly materials and low-polluting alternative materials, and introduces many Regulation update design patterns that can reduce the use of natural resources and increase recycling.</p> <p>Actively develop and introduce recycled plastics and biodegradable plastics in electronic</p>	No deviations were found

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>products to meet international trends and meet customer expectations.</p> <p>Risk 2. In response to external requirements, the increase in the use of renewable energy will increase operating cost.</p> <p>Action 2. The global awareness of environmental protection is gradually on the rise. Green production is the most important part of maintaining environmental resources and industrial competitiveness. Compal continues to abide by its excellent green production methods, and improves the operation mode of power saving, water saving and waste reduction.</p> <p>In 2021, 7,634,710 kWh of photovoltaic power generation and 161,055,833 hydropower generation renewable energy was purchased.</p> <p>Risk 3. Improve the energy efficiency standards of various assets and increase operating cost.</p> <p>Action 3. To make the first step of reducing energy use and reducing the burden on the environment, we should start from energy conservation. In addition to innovative means to improve energy efficiency, when energy consumption equipment needs to be replaced or disposed, we shall select energy-saving products for replacement, provide energy-saving tips to employees at any time, and actively introduce external guidance units. of the plants in Pingzhen, Kunshan no. 3 and Chengdu have obtained the ISO 50001 energy management system certification and to promote equipment networking has been established for the hope of maximizing the economic benefits of each unit of energy, to align with the goal of EP100.</p> <p>Opportunity 1. Actively take sustainability as a way to continuously gain customers' favor.</p> <p>Action 1. In recent years, climate actions as carbon reduction have been raging like a storm around the world, and internationally renowned large companies, such as Apple, Google, and Microsoft, have issued relevant carbon reduction commitments in 2020. Being confronted by the environmental impacts brought about by those climate changes, Compal has also</p>	

Assessment criteria	Actual governance		Deviation and causes of deviation
	Yes	No	
			<p>actively invested itself into green product design, plant energy-saving management, and coping measures to extreme climate by promoting lean production, controlling energy use, reducing useless waste in production process, and creating higher economic benefits as well as environmental protection</p> <p>Opportunity 2. Assist suppliers in low-carbon transformation and reduce procurement cost affected by climate change.</p> <p>Action 2. Compal uses the ISO 14001 environmental management system to evaluate the environmental policies and implementation of suppliers in the new supplier selection criteria, and adds a green management evaluation form for new supplier management and selection.</p> <p>In 2021, although face-to-face supplier meetings could not be held due to the impact from Covid, CSR and supplier promotion matters were released in the CPS announcement system to persistently sustain good communication with suppliers. The content is related to the RBA VAP v7.0 updated category, conflict minerals, Compal supplier CSR system introduction, and green environment supply chain promotion. We will work together with our supply chain partners to enhance climate resilience and sustainable development.</p> <p>Opportunity 3. Introduce smart manufacturing processes to improve production and distribution efficiency, thereby reducing operating cost</p> <p>Action 3. Although Compal Electronics is not a high-energy consuming industry, it is also actively working to improve the energy efficiency of its production lines. In addition to promoting the automation of production lines, it has also eliminated all difficulties in building its equipment networking system to connect different equipment usage conditions at various stages, which is convenient for remote monitoring and management.</p> <p>We attach a climate-related risk and opportunity identification table. Please see page 89.</p>

Assessment criteria	Actual governance			Deviation and causes of deviation																					
	Yes	No	Summary description																						
(4) Does the Company prepare statistics of greenhouse gas emissions, water consumption, and the total weight of waste in the past two years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	Yes		<p>The Company began its greenhouse gas surveys (scopes 1 and 2) and carbon footprint inventory as early as 2010. Starting from 2014, the Company has conducted greenhouse gas (scope 3) inventories on a yearly basis. In 2015, Compal was included in the CDP Climate Disclosure Leadership Index (“CDLI”) for the first time. The Company has actively participated in the Carbon Disclosure Project (“CDP”) as a means to improve its response to climate changes. The CDP achieves its purpose by assessing a company’s carbon emissions, reduction progress, compliance risks and exposure to physical risks in the hopes of reducing operational risks and cost through autonomous carbon reduction or even turning risks into opportunities to ensure the Company’s sustainability.</p> <p>Set a long-term goal of using 100% renewable energy by 2050. Through power saving and renewable energy procurement, it is estimated that 50% renewable energy can be used in 2030, and promote the management method of UL 2799 zero landfill waste, and actively reduce waste generation. Achieve a 50% reduction target in 2025 (base year 2018), pay attention to water resources in the basin, and reduce water consumption by 10% (base year 2018)</p> <p>In order to reduce the environmental impact of Compal's operations, we actively promote water saving and waste reduction in each plant area, and record the water consumption and the total amount of various types of waste of the latest 2 years attached as follows:</p> <p style="text-align: right;"><i>Unit: Tons</i></p> <table border="1"> <thead> <tr> <th>Items</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Scope 1 greenhouse gas emissions</td> <td>23,311.811</td> <td>20,558.972 (Note)</td> </tr> <tr> <td>Scope 2 greenhouse gas emissions</td> <td>191,286.178</td> <td>188,939.931 (Note)</td> </tr> <tr> <td>Scope 3 greenhouse gas emissions</td> <td>19,687.174</td> <td>24,633.557 (Note)</td> </tr> <tr> <td>Total water consumption</td> <td>2,543,277</td> <td>2,554,897</td> </tr> <tr> <td>Total general waste</td> <td>36392.17</td> <td>33861.86</td> </tr> <tr> <td>Total hazardous industrial waste</td> <td>1,284.61</td> <td>1,664.91</td> </tr> </tbody> </table> <p>Note: Please refer to the Company’s Sustainability Report for the assurance data and details.</p>	Items	2020	2021	Scope 1 greenhouse gas emissions	23,311.811	20,558.972 (Note)	Scope 2 greenhouse gas emissions	191,286.178	188,939.931 (Note)	Scope 3 greenhouse gas emissions	19,687.174	24,633.557 (Note)	Total water consumption	2,543,277	2,554,897	Total general waste	36392.17	33861.86	Total hazardous industrial waste	1,284.61	1,664.91	No deviations were
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4. Social issues																									
(1) Has the Company formulated management policies and specific management plans regarding	Yes		<p>The Company places great emphasis on equal opportunities and business ethics. It has policies and systems in place to ensure compliance with international conventions.</p> <p>The Company and all its subsidiaries throughout the world are all followed the human and labor</p>	No deviations were found																					

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
social issues in accordance with relevant laws and regulations and International Human Rights Conventions?			<p>rights of our employees by the Universal Declaration of Human Rights and Ten Principles of The United Nations Global Compact. We also align our actions with the RBA and its Code of Conduct.</p> <p>Human Right Policies in Compal</p> <ul style="list-style-type: none"> <li>• Ensure equal job opportunities in the Company Respect and be fair to employees, no matter what their race, belief, skin color, gender, nationality, age or physical characteristics is .</li> <li>• Provide a safe and secure work environment without harassment When the employees encounter any threat, abuse, exploitation, or compulsive behavior at work, they can report any illegal matter anonymously through the complaint mailbox.</li> <li>• Attendance system and forbiddance of forced Labor All employees are protected by a collective bargaining agreement at the time they sign their contracts of employment. The Company plans its attendance system according to local laws and regulations. Forced labor is strictly forbidden and we protect the rights and interests of employees</li> <li>• Establish a relationship-management communication platform When employees face any unreasonable affairs in the Company, such as unsatisfying with the human resources system, working environment, benefits, or facing forced labor, discrimination, sexual harassment etc., they can report the issues via following internal website or e-mail. The Company commits to the confidentiality and protect the employees from retaliation If employees would like to complain about the situation that happened in Compal, such as human resources system, occupation, employee benefits, and forced labor, discrimination, sexual harassment and so on of any unreasonable incidents, they can report via following internal website or e-mail, we commit to the confidentiality and prevent retaliation</li> </ul> <p>Respecting to the rights of our employees, the Company revise the policies and rules in line with the latest regulations, and announces them to all its employees.</p>	

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (including compensation, vacation, and other benefits) and properly reflected the operating performance or the results of employee compensation?	Yes		<p>■ Employee Benefits The Company allocates 0.05% of its turnover to welfare funds every year, and has employee welfare committees to handle various welfare matters, including marriage, funeral, and childbirth allowance, social activities allowance employee health and travel allowance, festival gift certificates, birthday gift certificates, cultural and leisure allowance and other welfare matters.</p> <p>■ Employee compensation Pursuant to the Articles of Association, when the Company profits makes a profits in a year, no more than 2% of the Company's pre-tax profits (not including remuneration for employees and Directors) shall be appropriated to employees. The aforementioned bonus, adjustment in wages, and employee compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company's remuneration policy is based on personal ability, contribution to the Company, performance, and is considered to be a correlation between operating performance and the positive correlation.</p>	No deviations were found
(3) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	Yes		<p>The Company is well-aware of how significantly "workplace safety and health" affect a company, its employees, and stakeholders. This was the reason why the Company has enhanced its environmental, safety, and quality policies and obtained ISO 14001 and ISO 45001 certification, which requires all departments to implement proper safety and health practices, as well as regular training on matters such as fire safety equipment, utility plans, waste disposal, emergency response procedures, etc.</p> <p>The Company organizes health and safety training for employees on a regular basis as a means to prevent occupational accidents and ensure workplace safety. In addition, we analyze the causes of occupational accidents and provide suggestions and measures to improve the situation. In 2021, 3,033 employees had completed their training for a total of 8,379 hours, and the number of occupational accidents among employees was 157, involving 157 employees (accounting for 0.2% of the total number of employees).</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
(4) Has the Company established an effective career development training program for its employees?	Yes		Annual training programs are tailored to suit the needs of different employees, based on the Company's business strategies, policy guidelines, and career roadmaps, including newcomer training, core competencies, managerial competencies, and common competencies courses. The Company constantly aims to establish itself as a learning organization and coaching management. In 2021, a total of 673 training sessions (both internal and external) were organized; these courses delivered 170,617 hours of training and 59,307 persons enrolled.	No deviation was found
(5) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?	Yes		<p>The Company is an OEM/ODM. It manufactures TV sets, notebooks, cell phones and electronics for the world's top brands. All products are printed with customers' trademarks, names, and labeling that conform to relevant laws and international guidelines. However, the Company does not print its own logos or names on the products it produces. Until customers have officially launched their products, employees are not allowed to disclose product appearance, design, specifications, or technical information in any way. We offer, a complaint channel for stakeholders on the official website of Compal.</p> <p>Compal is committed to protecting customers' information in every step along the way and is operated based on the policy and plans of Compal's "Information Security Committee."</p> <p>Compal aims for customers' health and safety. Maintaining customer health and safety is the most basic and important issue. All products produced by Compal have passed the IEC 60950-1 certification standard, gradually convert the version to IEC 62368-1, and have never violated product safety and health regulations and voluntary regulations and the development of Halogen-free products and construction of a more robust production capacity are our promise and responsibility.</p>	No deviations were found
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, or labor human rights issues?	Yes		Compal adopts the policy of signing procurement agreements with every new supplier it engages with. The purpose of such agreements is to prohibit unfair, unjust or discriminative behavior in the procurement process, and to reiterate that all products supplied to Compal must conform to international, national, and regional environmental regulations. Suppliers will be held responsible for any violations against the agreement. Apart from procurement contracts, starting from 2009, all new suppliers collaborating with Compal have been required to sign a contract of compliance to abide by RBA's code of conduct and standards, with contents covering the five major aspects of	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			<p>RBA's code of conduct: management of Labor, Health and Safety, Environment and Ethics along with an additional clause on the non-use of conflict minerals. The policy has been effective ever since.</p> <p>For the existing qualified suppliers, Compal collects SAQ (self-assessment questionnaire) as the first step of audit every year. The Company also holds supplier conferences to promote the contents including the attempt to revise the environmental control substance management standard and upgrade the system, the promotion of Compal CSR objectives and international initiatives. In addition, each year, we select suppliers involved in transactions of substantial amounts with greater disruption risks as the target of audit. We adopt RBA's VAP for our audit process. We completed 35 supplier on-site audits and tracking improvement plans in China in 2021.</p>	
5. Does the Company prepare the Corporate Sustainability and Social Responsibility Report and other reports that disclose the Company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification organization?	Yes		<p>The Company has issue published annual CSR reports (The name will be changed to Sustainability Report in 2022) for its stakeholders on its website since 2010. The Sustainability report was first certified by an external institution in 2012. The Company adopted Global Reporting Initiative's most updated guidelines (GRI Standards, published in 2018) to prepare its Sustainability report. The report was compiled based on issues concerning stakeholders and the Company's key objectives. In 2021, we added Sustainability Accounting Standards Board (SASB) standards to disclose relevant information. To ensure the credibility of reported contents, the Company commissioned SGS to provide independent assurance based on the criteria specified in AA 1000, GRI Standards and SASB Standards. After their assurance, the report was certified as meeting AA 1000 Standard Type 2, mid-level accountability and the GRI Standards Core Requirements.</p> <p>The Company was awarded Awards by the Taiwan Institute for Sustainable Energy for its "Taiwan Corporate Sustainability Report Award" for many years. In 2021, we received the Platinum Award of this award.</p>	No deviations were found

■ The implementation results of 2021 Sustainable Development

Item	Results
Corporate Governance	<ol style="list-style-type: none"> <li>1. We were awarded the 7th Corporate Governance Evaluation top 6-20% in Public traded company group, which was held by Taiwan Stock Exchange (TWSE).</li> <li>2. We were selected into the FTSE4GOOD Index for six consecutive years and in the FTSE4Good TIP Taiwan ESG Index for the fourth consecutive years. We were re-selected as a constituent stock of "Taiwan High Salary 100 Index" and "Taiwan Employment 99 Index".</li> <li>3. We were ranked the Gold Award in the Technology R&amp;D of 2021 Happiness Enterprise online voting by 1111, Human resource agency, 339<sup>th</sup> of Fortune Top 500, 1314<sup>th</sup> of Forbes Top 2000, 5<sup>th</sup> in the "Top 2000" Manufacturing Industry by CommonWealth Magazine, 64<sup>th</sup> of CommonWealth Magazine's Top1000 in China, Taiwan and Hong Kong, and CommonWealth magazine's Taiwan.</li> <li>4. The Compal CSR report in 2021 was certified by SGS Taiwan Ltd., by using the assurance standards of the AA1000 and GRI Standards core options. Meanwhile, the report won the Platinum Medal of 2020 Taiwan Corporate Sustainability Report Award of TCSA.</li> <li>5. In order to fulfill the corporate social responsibility and strengthen the Company's ESG information disclosure, the Company officially launched the Task Force on Climate-related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB) projects, and the disclosure information of the sustainability report in 2021 will follow the TCFD and SASB.</li> <li>6. We were ranked Taiwan Best of Germany iF Product Design Award from 2017-2021 and 6<sup>th</sup> of iF Worldwide Design Award.</li> </ol>
Supply Chain Management	<ol style="list-style-type: none"> <li>1. We comply with human rights and conflict mineral standards. In 2021, we implemented a policy of "Non-use of conflict minerals" policy and completed a survey (CMRT) of 1,014 suppliers' conflict minerals with a completion rate of 100%.</li> <li>2. To enforce RBA audit and management on Tier- Suppliers, our Chinese plants have audited 35 suppliers on-site and tracked the corrective actions.</li> <li>3. To maintain a good communication relationship with suppliers continuously, Company held an online supplier conference in 2021. The content is about "The update of global green product regulations and key points of implementation", "RBA VAP v7.0 update items", "Conflict minerals", "Compal supplier management system introduction" and "Supply Chain green environmental advocacy". 349 staff members of suppliers participated online.</li> </ol>
Environmental Sustainability	<ol style="list-style-type: none"> <li>1. We participated in the Carbon Disclosure Project (CDP) climate change and water safety questionnaire. Both were ranked at management tier in 2021.</li> <li>2. With starting from the source reduction, promoting waste reduction and recycling, NJC, KS1, and CQA plants continue to promote UL2799 management systems. In addition, KS2 are added to obtain UL2799 zero waste landfill platinum certification.</li> <li>3. Continuously promote ISO 50001 energy management system in the KS 3, KS 4, CD and PCP Plants to improve energy efficiency, use 168,690,543 kWh of green electricity, accounting for 42.6% of the Group's electricity consumption, and reduce greenhouse gas emissions by 144,201,147.032 Kg CO<sub>2e</sub>.</li> <li>4. We participated in the "Waste 3C Recycling Activities" of customers; at which, 121 Compal employees joined the event.</li> <li>5. Responding to the sustainable development goal of the United Nations "SDGs 14 Life below Water ", the 62 employees participated in Forgotten Coast Beach Enterprise Joint Beach Cleanup action.</li> </ol>
Green Product	<ol style="list-style-type: none"> <li>1. The 85 products that have passed the US Evaluation Guidelines (EPEAT 2018); in which, 37 products have obtained the Gold level certification, 17 products have obtained the Taiwan</li> </ol>

Item	Results
	<p>Environmental Protection Label, 26 products have obtained the TCO Label, and 46 products have obtained the CECP label. There are also 4 models of LCD monitors that have obtained the CECP label and 4 models that have obtained the TCO label.</p> <ol style="list-style-type: none"> <li>2. 139 notebook products and 4 LCD monitors have obtained the latest Energy Star certification.</li> <li>3. 69 notebook products have completed the full substance disclosure announcement.</li> <li>4. Halogen-free products list: 102 types of laptops, 23 types of smart phones, and 2 types of 5G devices.</li> </ol>
Social Welfare	<ol style="list-style-type: none"> <li>1. Donated TWD 100 million to the Tzu Chi Foundation to purchase vaccines to help Taiwan Covid-19 pandemic prevention; and donated TWD 1 million of medical supplies to assist Vietnam in pandemic prevention.</li> <li>2. Compal donated TWD 2 million to the HCI Foundation to expand social care for the vulnerable. In 2021, 1,557 employees participated in various public welfare activities of the HCI Foundation, and donations exceed TWD 5 million.</li> <li>3. To promote a pluralistic and equal society, and chartered venue to support the release of documentary "Among Us" sponsored by Compal, which help the public know more about autistics.</li> <li>4. Hold a series of activities of "Charity can't stop", cooperate with social enterprises and social welfare groups in public welfare, and donate materials to help vulnerable children and farmers. <ul style="list-style-type: none"> <li>·Unceasing Charity by Compal I: 666 colleagues donated mid-autumn moon cake sets to 1,255 vulnerable school children in Taoyuan, Pingtung, Changhua and Hsinchu.</li> <li>·Unceasing Charity by Compal II: 474 colleagues donated 989 moon cakes to vulnerable school children in Taitung.</li> <li>·Unceasing Charity by Compal III: Compal's " Pomelo " Project has been realized via practical actions as we supported local agricultural products and helped farmers in relief.</li> </ul> </li> <li>5. Compal held the second "Healthy Charity" event, 186 employees reached the standard and donated 186 kilograms of Taiwanese rice and 186 packs of noodles to help 186 children from poor families in 5 schools.</li> <li>6. Compal co-organized the first "Taipei Science and Technology Cup Love Earth Charity Road Run" in Taipei Neihu Technology Park. To advocate national sports, improve the physical and mental health of employees in Neihu Tech Park, take care of socially vulnerable people and to build a beautiful, good and healthy society.</li> <li>7. Sponsored the "Kangaroo Project" from the Rural Center of Fu Jen University for the 3<sup>rd</sup> year, for the after-school tutoring center and community teacher training program at Linkou Dayuan, Sanduo Elementary School and Yuli Bookstore.</li> <li>8. Promoted SDGs4 Quality Education of UN, sponsored the "Newspaper Reading Project" in Pingtung Region and donated 210 tablet computers to 12 schools in Taoyuan for participating the "Technology and Innovation Education Project" and benefiting 1,180 students. In addition, donated Taiwan World Vision 110 pieces to assist remote digital education in remote rural Taitung during the pandemic. In 2021, a total of 340 mobile digital devices will be donated to improve Children's high-quality education.</li> <li>9. We regularly hold volunteer service activities. In 2021, we had 4 volunteer service activities with 57 participants. We also held blood donation activities. (228 employees donated 440 units of blood, a total of 110,000 cc).</li> </ol>
Employee Care	<ol style="list-style-type: none"> <li>1. We take care of the health of employees, on-site consultations with physicians are arranged every week, and health promotion management is carried out for those with</li> </ol>

Item	Results
	<p>high cardiovascular risk. The achievement rate is 78.7% in 2021, and is above 90.5% on January, 2022 (the achievement of the target was postponed due to the impact of Covid-19).</p> <p>2. Implement Covid-19 prevention program</p> <ul style="list-style-type: none"> <li>· Establish a Covid-19 prevention team, formulate a pandemic prevention plan, implement pandemic prevention measures, conduct risk management, activate a diversion mechanism, and maintain organizational operations.</li> <li>· About 166 colleagues attended Covid-19 prevention tracking management.</li> <li>· Provide rapid test for new recruits to screen high-risk individuals, reduce risks, and ensure the health of colleagues.</li> </ul> <p>3. To improve fertility rates, we provide a TWD 66,000 maternity subsidy to employees for each newborn baby. 251 Compal babies were born in 2021. Compal has provided more than 3,500 birth rewards for 11 consecutive years, with a total amount exceeding TWD 230 million.</p> <p>4. We continue Employee Assistance Program (EAP) in 2021. EAP counseled a total of 83 cases about family and workplace relations issues.</p> <p>5. We organize various employee health promotion activities, including charity runs, health lectures, and various club activities to take care of employees' physical and mental health.</p> <ul style="list-style-type: none"> <li>· Compal's 10K team for the Neihu Charity Running Activity: 30 colleagues attended the 10K team.</li> <li>· "Exercise 132 Commitment" activities: Encourage colleagues to develop the good habit of exercising regularly. 186 colleagues achieved the exercise, with a total of more than 744 hours of exercise.</li> </ul>
The programs of personnel training	Compal is a member of the GOLF academic alliance. In 2021, we successfully admitted 128 students to participate in one-year internship. Also, we had 166 students to register online courses and host 16 on-campus business internship sessions with a total of more than 1,000 students participating.

## ■ The targets and plans of 2022 Sustainable Development

NO.	Targets	Plans
1	Strengthen the functions of the Board of Directors and establish a sustainable governance structure	<p>(1) The Company has a Sustainability Committee, which holds meeting and report to the Board on a regular basis. Sustainability</p> <p>(2) We promote Business Continuity Management, improve risk management policy and risk management organization.</p> <p>(3) We emphasize corporate integrity management and anti-corruption, enhance employee awareness and strengthen relevant training.</p>
2	Focus on green manufacturing and carbon reduction and waste reduction, towards the sustainable goal of 2050 net zero carbon emissions.	<p>(1) We introduce Task Force on Climate-Related Financial (TCFD) Disclosures to accurately assess climate-related risks and opportunities.</p> <p>(2) We increase the proportion of renewable energy used.</p> <p>(3) We introduce energy management system, reduce electricity consumption level by 1% compared to the previous year.</p> <p>(4) We introduce digital hazardous substance test report and prepare hazardous substance assessment reports efficiently through a cloud-based data stream; the digital hazardous substances report shall be accounted for more than 5%.</p> <p>(5) We follow the design guidelines of environmental protection, sustainable development and renewable energy to develop environment-friendly products. The proportion of recycled materials each project for commercial notebook computer products shall reach 5% in the year 2021.</p>

NO.	Targets	Plans
3	Focus on climate change and continue to respond to the United Nations 30 (ocean) x 30 (land) plan.	<p>(1) We recognize importance to biodiversity, protect plants in the blue carbon ecosystem, and participate in mangrove wetland conservation plans.</p> <p>(2) We organize beach clean-up activities, continuously carry out environment protection education and jointly advocate ocean protection actions</p>
4	Enhance the Company's power of sustainability and strengthen disclosure of ESG information.	<p>(1) We upgraded the Sustainability Committee (formerly Corporate Social Responsibility Committee) to a functional committee. Set up a functional committee - The Sustainability committee.</p> <p>(2) We implement Compal's vision of sustainable management and establish a competent ESG ecosystem.</p> <p>(3) We strengthen our Sustainable Supply Chain and implement Sustainable Supply Chain Management project.</p>
5	Promote gender equality, a healthy workplace environment, and care for employees' family and workplace balance.	<p>(1) We promote gender equality in the workplace.</p> <p>(2) We carry out health promotion management for colleagues whose physical check-up are in the middle and high-risk group of cardiovascular disease. The event achievement rate is 80%.</p> <p>(3) We pay attention to the health and safety of employees, promote health promotion Programs, and care for employees to have a balanced life at home and at work. Continue to promote EAP Employee Assistance Program.</p> <p>(4) We hold health projects since 2019 to achieve a win-win goal for employee health and public welfare participation.</p>
6	Promote high-quality education, eliminate the urban-rural gap, develop digital technology, and inherit local culture.	<p>(1) We support the HCI Foundation's care activities for vulnerable school children in rural areas. Responding to the UN Sustainable Development Goals (Sustainable Development Goals, SDGs); at which, the 3rd health and well-being and the 4th quality education are the main axes of implementation.</p> <p>(2) For the fourth year, we cooperated with the Rural Education Center of Fu Jen University on the "Kangaroo Project" to enhance the quality of teaching and afterschool learning program in rural areas.</p> <p>(3) For the 15th year we carried out the "Compal Reading Volunteer Program" and promote reading education in rural areas.</p> <p>(4) We promote sustainable education for school children, SDG 4.</p> <p>(5) We enhance the medical care and nursing of the elder people in rural communities.</p> <p>(6) We reduce inequality, and care about education rights for the vulnerable.</p>

■ Climate-related risk and opportunity identification table

Type	Risk and Influence	Adaption and Opportunity
Transfer of Risk	<ul style="list-style-type: none"> <li>Strategy and Law</li> </ul>	
	International trends and the environmental regulations in China have become stricter. Therefore, we are faced with fines or risks of plants closing down resulting from more environmental requirements. There are also possibilities that suppliers close down their plants or reduce the production due to environmental issues, which will lead to unstable supply and indirectly influence the efficiency of our assembly line.	<ol style="list-style-type: none"> <li>1. Areas with stricter laws and regulations help us distinguish fine green suppliers and enable us to construct a complete green supply chain.</li> <li>2. We voluntarily review our internal environmental disadvantages, undergoing improvement of personnel behavior and device updates to boost our green production competitiveness.</li> </ol>
	In the administrative measures issued by the state, large electricity consumers must set up renewable energy power generation equipment, or replace them with energy storage, purchase of renewable energy certificates, and payment of cash, which may result in an increase in operating cost in the short term.	<ol style="list-style-type: none"> <li>1. Accelerating the development of green electricity and improving the energy management, introduced energy storage equipment in the new base, Escalating energy productivity and saving energy expenses to cut down cost</li> <li>2. The price fluctuations of the oil and electricity will influence the operation cost directly. Therefore, we effectively control the operation cost through the erection of renewable energy devices and the boost of energy management ability.</li> </ol>
	<ul style="list-style-type: none"> <li>Technology</li> </ul>	
	Products are faced with stricter instructions, regulations, and standards. New materials might influence reliability.	We have to handle regulations and standards from the globe and the market firmly to coordinate, research, develop, and trial run in advance. We also have to construct the development and the production capacity of green products to boost our competitiveness.
	<ul style="list-style-type: none"> <li>Market</li> </ul>	
Customers have gradually put emphasis on and chosen low-carbon and eco-friendly products.	We can mass-produce low-carbon products, and we continue to develop new products to complete the ability of creating a green product market.	
<ul style="list-style-type: none"> <li>Reputation</li> </ul>		
If we do not coordinate with the environmental standards and regulations in advance, clients may transfer their orders.	We actively engage in external advocacy to learn the international trends and bring in external guidance and the audit system, constructing complete risk assessment of climate change and the coordination strategy.	
Concrete Risks	<ul style="list-style-type: none"> <li>Acute</li> </ul>	
	Climate change might lead to rainfall type change and the increase of frequency in rainstorms, droughts, and typhoons. These will bring about the block of road transportation, the increase of burden on AC devices, health issues and poor attendance of employees, and damage to plants and machines due to floods.	<ol style="list-style-type: none"> <li>1. We monitor the rainstorm alarm system and implement an alert plan to elevate the plants located on lower land, reducing the risk of floods.</li> <li>2. We established a healthcare department designated to provide fine healthcare counseling for the employees.</li> </ol>
<ul style="list-style-type: none"> <li>Chronic</li> </ul>		
Climate transformation is likely to worsen the air, cause drought, increase the frequency of heatwaves, change water quality, and affect employees' health.	<ol style="list-style-type: none"> <li>1. We have a plan for water use and a drought operating team to effectively monitor and use water resources, reduce the risk of water use, and cut down the expense on water.</li> <li>2. We promote knowledge on climate change and rescue exercises and enforce medical resources preparation and epidemic prevention exercises to improve the health and safety awareness of employees.</li> </ol>	

6. If the Company has established the corporate Sustainable Development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancy between the Principles and their implementation:

- The Company has revised the "Compal Corporate Sustainable Development Best Practice Principles" based on "Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." An "ESG Office" has also been introduced specifically for the purpose of promoting Corporate Governance, environmental sustainability, public welfare, and information disclosure. The Company has adopted the principles of RBA by including corporate sustainability in its overall business plan, thereby making sure that everything it does confirms with RBA. The Sustainability Committee reports its progress regularly to the Board of Directors, and ESG Office publishes annual Sustainability reports to ensure proper disclosure of CSR information
- In order to implement the development of a sustainable environment, maintain an environmental management system, the Company regularly organizes environmental education courses for management and employees. Green management has been introduced from the product design stage and the supply chain. We reduce the energy consumption of products and services, effectively manage harmful substances, reduce the generation of waste water and waste, and properly handle and adopt the best feasible pollution prevention and control technology measures.
- We improve product life and reliability, and maximize the sustainable use of renewable resources with the concept of easy disassembly and recycling. The Company sets energy conservation and carbon reduction targets, carries out greenhouse gas reduction operations, and does its utmost to reduce the adverse impact of the Company's operations on human health and the natural environment

7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices:

■ External initiatives and participation

As a significant member of the Earth, the Company actively participates in global and local environmental initiatives and actions. Since 2009, Compal has been participating in CDP's questionnaires on climate change, water, and supply chain carbon management. In addition, the Company takes part in the Greenhouse Gases (GHG) Protocol developed by the World Business Council for Sustainable Development ("WBCSD") and World Resources Institute ("WRI"), and the "Business Transformation Carbon Footprint Program" introduced by the Industrial Technology Research Institute ("ITRI") and the Taiwan Electrical and Electronic Manufacturers' Association ("TEEMA"). The Company has been named a "low-carbon pioneer," and is a current participant of DSJI and the Supply Chain GHG Task Force under the International Sustainability Index Promotion Alliance for Taiwanese Businesses, and took part in the Taipei Earth Day Corporate Environment Education Commitment campaign. In 2014, Compal was invited to the annual meeting of Taiwan's "Cradle to Cradle" platform. In 2015, Compal was selected as part of CDP's Climate Disclosure Leadership Index ("CDLI") for the first time. In 2021, Compal received an overall CDP Management score of B-.

■ Energy management system

Increasing productivity per unit of energy is the most fundamental solution to reducing energy consumption and greenhouse gas emission, the Company has detailed planning and implementation since 2017. The

Company has completed the certification of the energy management system of PCP, KS3 and CD Plants in 2019, and has extended relevant experience to other plants. Kunshan Plant 2 is expected to obtain certification in 2022.

#### ■ Supply chain carbon management

As one of the world's key IT producers, Compal uses "information platforms" and "workshops" to keep suppliers informed of the latest energy/carbon reduction technologies and green living, and inspires them to commit to active care for the local environment.

The Company requires all its suppliers to be certified for ISO 9001 (quality management system) and ISO 14001 (environmental management system), and follow EICC guidelines by signing a Letter of Commitment to the RBA Code of Conduct. Under this commitment, upstream suppliers are bound to comply with international, national, and local regulations with respect to all their activities.

Due to the Covid-19, the supplier conference were conducted on-line in 2021, relevant laws and regulations were announced in the COMPAL Supplier Design Collaboration Portal System as a means to communicate with suppliers on how they are expected to contribute and assist in Compal's global environmental protection and quality management initiatives. Compal also took the opportunity to exchange and share experiences on CSR issues with suppliers.

#### ■ Corporate environmental education

The Company continued to incorporate environmental education and green experience into employees' training throughout 2021. In response to the Marine Debris Action Plan, starting from the source reduction, we did not provide disposable tableware in the Company's staff restaurant, and held a zero-waste symposium. From caring for rivers, signing the "Tamsui River Convention", organizing Tamsui River ecological tours, inviting our employees, supply chain partners and collaborative social welfare groups to participate in environmental education and two beach clean-ups. The Company provided full top-down support, while employees and their family members enthusiastically participated in a series of "experiential" environmental education. We rallied our employees to exercise our influence as consumers to select safe foods and sponsor quality rice fields and tea farms. The crops are later presented to clients as Chinese New Year gifts. By modifying demand, we hope to change supply and promote more sustainable agriculture, forestry, animal husbandry, and fishery.

All new recruits are required to undergo 0.5 hours of online environmental training in their initial year. The course covers a variety of topics from green living, preservation of ecosystems, climate change, to green design. In the future, the Company will also make "green products" a mandatory course and introduce more advanced courses on green design issues. A core team will be assembled specifically for the purpose of improving green energy efficiency, and building up Compal's distinguished values in the Information and Communication Technologies (ICT) industry.

#### ■ Supporting social enterprises

In recent years, many social enterprises have emerged with goals to protect the environment and improve public interest. In support of their efforts, the Company encourages employees to purchase products and services offered by social enterprises, in hopes that by redirecting purchasing power, we may be able to muster positive energy to solve society's issues. In 2021, Compal collaborated with the Yu-Cheng Social Welfare Foundation/Jixian Sheltered Workshop, I Can Sheltered Workshop, Hanner Family, Taiwan Mountain and Maritime Protection Society, and employees have donated more than TWD 800,000.

## ■ Community engagement

- The Company has long been sponsoring the maintenance and management of Zhouzi Park No. 2 in Neihu in order to provide community residents and industrial park workers a nice place for leisure and recreation activities.
- Compal Neihu employees supports the “2021 Blood donation activity”: 288 people participated in and donated 440 bags of blood, totaling 110,000 cc.
- Compal co-organized the first “Taipei Science and Technology Cup Love Earth Charity Road Run” in Taipei Neihu Technology Park.
- Compal has teamed up with the "Kangaroo Project" from the Center of Care Services for Rural Area Education of Fu Jen Catholic University, and ran after-school tutoring centers at three communities: Dayuan, Guanyin, and Yuli Bookstore.

## ■ Social services

- Compal's employees have run the “Compal Volunteer Club” since 2004. Members of this club visit disadvantaged children during weekends and guide them to read good books. The goal of this program is to help them develop the habit of reading and the ability to think independently, and hence prepare them for the future. The volunteers have also been working with Hsu Chauing Social Welfare and Charity Foundation to provide extracurricular education for immigrant children. Since 2009, they have been visiting Jong Jen Elementary School, Wuhan Elementary School, Nan-Shi Primary School, Chung Ping Elementary School, Shuang Long Elementary School, Neihai Elementary School, Nan Sing Elementary School, Hsiang An Elementary School, Tien Hsin Elementary School, Hua Hsun Elementary School, Wu Cyuan Elementary School, San He Elementary School, Chung-Shing Elementary School, Sin-Jie Elementary School, Xin Lu Elementary School, Fu An Elementary School, Dacheng Elementary School, Long-Sing Primary School, San Keng Primary School, Shanghu Primary School, Yisheng Elementary School, Shi-Hai Primary School, Te-Long Elementary School, Sha Keng Elementary School, Da Po Elementary School, Haibin Elementary School in Taoyuan and Guoling Elementary School in Yilan during public holidays to accompany children in their reading activities. As of the end of 2021, the volunteers had assisted 6,543 immigrant children and children from disadvantaged families.
- Compal has been encouraging college volunteer clubs to join the Company's “reading volunteers” initiative and provide study aids to children from low-income families in the neighborhood. By sharing good reading materials and environmental awareness, the Company hopes to contribute to the learning progress of disadvantaged children.
- “It turns out to be you” 251 colleagues serve as the Little Teachers of Heart Hope. 47 colleagues participated in the activity of Hsu Chao-Ying Foundation called “New Pen Pal Relationship- Hand in hand move forward together.” Through exchanging letters once a month, the participants of our Company and the children from high-risk families in Taichung share what they see and hear in life and cheer for each other. We believe that only the cares from hearts can encourage people move forward and carry out the goal and plan written in the letter together.

## ■ Social welfare

### (1) Budget sponsorship

- Donated TWD 100 million to the Tzu Chi Foundation to purchase vaccines to help Taiwan Nti-epidemic; and donated TWD 1 million of medical supplies to assist Vietnam in epidemic prevention
- Donated TWD 2 million to the HCI Foundation to expand social care for the disadvantaged.
- Sponsoring of budgets for college volunteer clubs

In an attempt to encourage college students to participate in volunteer service, the Company has been contributing TWD 600,000 every year since 2004 to sponsor college clubs in reading promotion directed at children, after-school classes, and environmental education in locations that lack resources and for low-income households. In 2021, 18 college clubs applied for sponsorship. Due to the impact of the new crown epidemic, 2 college clubs completed the project and 54 student volunteers participated in sponsored volunteer activities in 2021, for which the Company contributed a sum of TWD 142,000 that benefited 143 children.

- Sponsoring of budgets for Compal Sunshine Scholarship  
The "Compal x Sunshine Scholarships" has entered its 23rd year, which provide "Outstanding Computer Talent Scholarships" and "Computer Excellence Scholarships" for students with burns and facial impairments yet with excellent computer skills.
- In addition to charity involvement, the Company also provides strong support to academic and industrial organizations including: Taipei City Friends of the Police Association Neihu Office, Taoyuan City Volunteer Fire Brigade Fourth Brigade, Taiwan District of Kiwanis International, Taiwan Institute for Sustainable Energy, Kaohsiung Medical University Donation Fund National Taipei University,, Chou Ta-Kuan Cultural & Educational Foundation, Kaohsiung Public Library, Spinal Cord Injury Foundation, National Policy Research Foundation, Gap of Learning & Field, Taitung Sustainable Development Society, National Taiwan University, A sum of TWD 5,306,000 was donated to the above mentioned entities in 2021.

## (2) Donation of supplies

- Compal has the "Education-industry Collaboration Program Playing Plan" with the Hsu Chao-Ying Foundation In 2021, Hsu Chao-Ying Foundation and the Compal Electronics had a press conference for the "Education-industry Collaboration Program Playing Plan". Compal donated 210 tablets to the following 12 elementary schools: Shaking Elementary School, Gaoshu Elementary School, Ronghua Elementary School, Aliao Elementary School, Lingyun Elementary School, Wugou Elementary School, Yitan Elementary School, Chishan Elementary School, Gangxi Elementary School, Zhulin Elementary School, Chaodong Elementary School, Xinpi Elementary School to help the Xu Chao-Ying Foundation promote the plan called "Professional learning community with the maker teacher and Student maker club."
- In order to enable more school children to learn without interruption, Compal donated 110 tablet PCs to participate in the public welfare project of World Vision's "2021 Fighting the Epidemic Together - Distance Learning for Disadvantaged Children." World Vision's Taitung District Office distributed the tablets to Guanshan Center, Chenggong Center, Taitung Center, Jinlun Center, and Lanyu Center to help the children and families that have been sponsored by World Vision for a long time.
- Initiated by the Hsu Chauing Social Welfare & Charity Foundation, the Children's Day Wish Gift Collection, joined by colleagues from Compal and New Kinpo Group, has already stepped into fourth year. In 2021, 42 Compal colleagues have taken part in activities to help disadvantaged children from 3 to 13 years old and prepare exclusive gifts for Children's Day.

## (3) COMPAL "Little Ceramist - Charity Sale. Love Without Boundaries"

COMPAL headquarters held the "Little Ceramist - Charity Sale. Love without Distance" activity. It showed the works of children in the ceramic art class, an art class opened by HCI every year for children, the proceeds from this charity sale will support the promotion of maker education. 20 COMPAL colleagues responded to the charity sale and bought 30 works, raising TWD 16,500 to pass on their love without distance.

## ■ Human rights

The Company respects the human rights of all employees. In addition to prohibiting the use of child labor and overtime working, the Company treats all employees of different ethnicities, religious beliefs, skin color, gender, nationality, age and physical features with equal respect and fairness. The Human Resource Management Policy explicitly states that “the Company shall recruit employees based on knowledge, morality, skills, experience and suitability for the position/job in question. Under no circumstances may the Company reject recruitment for reasons such as gender, ethnicity, religion, political association, nationality, sexual preference, or age.” The Company also refrains from using involuntary workers and child labor.

## ■ Safety and health

At a time when financial performance is as important as environmental protection, the Company considers “occupational safety and health” to be an important issue that no business shall neglect. Only by creating a safe work environment are employees able to unleash their full potential, which is a driving force behind the Company's progress. For this reason, the Company not only ensures that every operation is compliant with environmental, safety, and health rules, but also commits to eliminate or reduce safety and health risks to employees, suppliers, contractors and stakeholders that are caused by production procedures, facilities, and activities. At Compal, we see financial performance, environmental protection, and occupational safety and health as three co-existing and complementing factors of business. The Company created its official environmental safety and quality policies to guide employees toward protection in the workplace and social responsibilities. Furthermore, these policies also provide employees and external stakeholders (such as suppliers, contractors, customers, environmental organizations, government agencies and community residents) with a better understanding of the Company's environmental safety efforts and its resolve to protect and minimize risks to the environment. Ultimately, we hope to direct the attention of our partnered vendors to environmental protection, safety and health, and work together towards accomplishing our goals.

### (1) Environment safety and health policy:

- Comply with environmental, safety and health laws, and related requirements.
- Conduct environment safety and health training to raise employees' awareness towards individual responsibilities as well as safety and health concerns of the surrounding environment, while at the same time encouraging their participation in relevant causes.
- Continually improve environmental, safety and health performance through programs such as pollution prevention, accident prevention, energy/resource conservation, waste reduction, and responsible care.
- Pay attention to the control of pollution sources and reducing waste from production. Enhance safety and health facilities to prevent pollution and minimize risks.
- Establish proper communication channels to convey the Company's environmental safety policy, requirements, and goals to employees, suppliers, contractors, nearby residents and concerned organizations.

### (2) Environmental safety and health systems/measures:

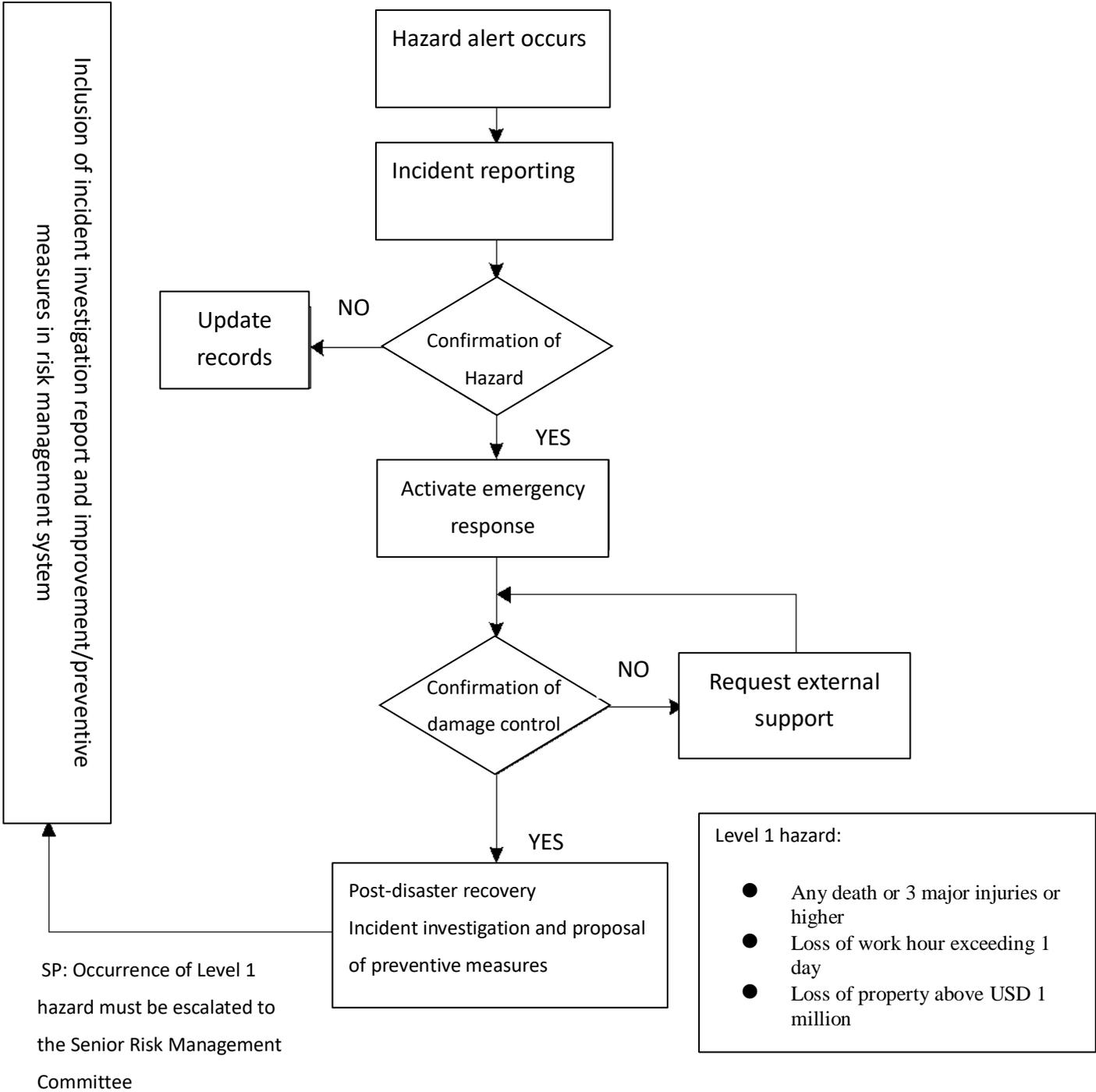
In an attempt to minimize losses on occupational hazards and rectify hidden dangers and recurring safety incidents for more harmonic labor-management relations, the Company subsequently assembled an Environment Safety Promotion Committee that specializes in the development of environment safety plans. Any environment safety-related policies and goals proposed are subject to review during the Environmental Safety Management Review Meeting. Once reviewed, the Committee becomes responsible for supervising work safety units in the implementation of safety and health-related measures, auto inspections, maintenance, and training to eliminate hazardous factors in the environment. In addition, the Committee also supervises relevant departments in

completing hazard prevention and loss control systems.

(3) Execution

- Fire safety equipment/facilities plans and execution: Appropriateness and adequacy of fire safety equipment/facilities are reviewed whenever there is a change to the layout of the business premises. Locations of fire safety equipment/facilities and evacuation routes are clearly labeled on each floor. The Company also engages professional and qualified fire safety inspectors to conduct annual fire safety inspections and reports according to law.
- Water/power plans and execution: The Company promotes proper awareness and implements appropriate control on all uses of water and power equipment for more effective conservation of energy and resources. The administrative department is responsible for the day-to-day inspection of power usage, power systems, and water equipment. All inspection findings are detailed in the “Safety and Health Equipment Inspection Log” and any issues discovered are rectified immediately.
- Cleaning, monitoring, and control of industrial waste: Handled by the Factory Affairs Division of various factories and General Affairs Department of the headquarters. Waste generated by factories can be classified into the following categories:
  - a. Hazardous waste: Sorted according to “Standards for Defining Hazardous Industrial Waste” stipulated by the Environmental Protection Administration (EPA), Executive Yuan, and collected by certified contractors for subsequent treatment.
  - b. Industrial waste: Industrial waste other than hazardous industrial waste is collected and treated by certified contractors.

• Emergency response procedures: These procedures have been established to guide the Company through disruption of production, information, and raw material supply in the occurrence of natural or man-made disasters. Incident resolution procedures:



(4) Quality Policy (pursuing continuous improvement to meet customer needs): We commit to

- . Implement customer-oriented performance management.
- . Create competitive advantages in products and services.

### 3.3.6 Ethical Corporate Management

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
I. Establishment of integrity policies and solutions				
1. Does the Company have an ethical corporate management policy approved by the Board of Directors and clearly state the ethical corporate management policy and practice in its internal regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the corporate management policy?	Yes		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and, in addition, clearly outlined the procedures for ethical management and guidelines to conduct in its HR policies, social responsibility policies, the integrity principles and code of conduct for Directors, supervisors, managers, and the general code of conduct. The Company’s “Board of Directors Meeting Guidelines” contain a conflicting interest clause that requires Directors to disassociate from all discussion and voting on any agenda that poses a conflict of interest between the Company and themselves or the entities they represent.</p> <p>The Board of Directors approved the policies that were based on integrity accordingly as well. The Board of Directors and the management have issued "The statement of compliance with the Ethical Corporate Management Best Principles," committing themselves to business integrity.</p>	No deviations were found
2. Has the Company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope and formulated a plan to prevent unethical behavior accordingly which at least covers the preventive measures for the behavior in paragraph	Yes		<p>When the Company internal audit prepared the next year audit plan, unethical behavior was included in the scope of risk assessment. The relevant audits are performed accordingly, and the “Procedures for Ethical Management and Guidelines for Conduct” was adopted to govern the of follows items:</p> <ul style="list-style-type: none"> <li>· Prohibition against offering and accepting of improper benefits</li> <li>· Prohibition against lobbying</li> <li>· Prohibition against illegal political donations</li> <li>· Prohibition against improper donations or sponsorships</li> <li>· Prohibition against inappropriate gifts, treatments and illegitimate benefits</li> <li>· Prohibition against unfair competition</li> <li>· Prohibition against leakage of commercial secrets and infringement of intellectual property rights</li> <li>· Prohibition against insider trading and rules of confidentiality</li> </ul> <p>Furthermore, the “Information Security Policy” has introduced measures to prevent violation of commercial secrets.</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?				
3. Does the Company stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in its unethical behavior prevention plan and implement them and regularly review and revise the plan?	Yes		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” (hereinafter, “Procedures and Behaviors”) as an incentive to insiders and outsiders to report unethical or unseemly conduct. Any insider who makes a false report or a malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance has substance.</p> <p>This Company has appointed a contact person, and has established a hotline and mailbox that can be used either through the Intranet of the Company website or the official Company website. Any person involved in unethical conduct will be referred to an authorized department and processed according to the “Procedures for Ethical Management and Guidelines for Conduct.”</p> <p>The Company carries out regular reviews and revises for relevant measures every year. Also, we arrange related training on Ethical Corporate Management and announce the request to follow Ethical Corporate Management Best Practice Principles.</p>	No deviations were found
II. Integrity actions				
1. Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	Yes		The Company requires all suppliers to sign a Pledge of Compliance with the Responsible Business Alliance (“RBA”) Code of Conduct by Vendors, which binds them to local regulations on workers, environment, safety, health, management, and moral conduct, and prevents them against corruption and unethical behavior.	No deviations were found
2. Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report to the Board of Directors its ethical	Yes		The Company has appointed its human resources, administrative management and legal affairs offices as the competent units in charge of the Company’s ethical matters. These units jointly set the guidelines and policies, which are monitored by the auditors and reports to the Board of Directors on a yearly basis. To prevent potential conflicts of interest, the Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct.” In addition, the Company has also designed relevant course for its online e-Learning, including legal affairs related training on information security, personal information protection act, relevant company policies and employees’ code of conduct so as to familiarize all	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation																		
	Yes	No	Summary description																			
<p>corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?</p>			<p>employees with the aforementioned guidelines and thereby facilitate the promotion of honest management.</p> <p>Status of Operation and Implementation in 2021: The Company requires suppliers to follow the RBA code of conduct, and sign the RBA Code of Conduct commitment or complete the RBA Code of Conduct questionnaire. Among 1,043 suppliers with transaction records, 1,012 have signed the RBA Code of Conduct commitment or completed the RBA Code of Conduct questionnaire, making for a signing rate of 97.03%. In addition, 10,309 employees completed 17,302 hours of integrity management related training, including:</p> <table border="1"> <thead> <tr> <th>Courses</th> <th>Attendances</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>New Employee Orientation</td> <td>1,359</td> <td>2,015</td> </tr> <tr> <td>On-job Training for New Employee</td> <td>1,553</td> <td>8,542</td> </tr> <tr> <td>New Employee Orientation</td> <td>117</td> <td>702</td> </tr> <tr> <td>Compal CSR Training</td> <td>7,279</td> <td>6,042</td> </tr> <tr> <td>Compal Management of the prevention of insider trading</td> <td>1</td> <td>1</td> </tr> </tbody> </table>	Courses	Attendances	Hours	New Employee Orientation	1,359	2,015	On-job Training for New Employee	1,553	8,542	New Employee Orientation	117	702	Compal CSR Training	7,279	6,042	Compal Management of the prevention of insider trading	1	1	
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<p>3. Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p>	Yes		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” (hereinafter, “Procedures and Behaviors”). A Company Director, officer or other stakeholder attending, or present at a board meeting, or a juristic representative whose presence infers a likelihood that company interests might be prejudiced may not participate in a discussion or vote on that proposal, shall recuse themselves from discussion and voting, and may not exercise voting rights as a proxy on behalf of another Director. The Directors shall exercise discipline among themselves, and may not support each other in any inappropriate manner. If, in the course of conducting company business, an employee of this Company discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefit, the matter shall be reported to their immediate supervisor and the responsible unit, and the supervisor shall provide the employee with the proper instructions.</p> <p>No employee of this Company may use company resources for commercial activities other than those of this Company, nor may his or her job performance be affected by involvement in commercial activities other than those of this Company.</p> <p>The Company’s HR policy and Employee Code of Conduct have introduced rules to identify, supervise, and manage conflicts of interest for business activities that are more highly prone to dishonest</p>	No deviations were found																		

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			<p>behavior. There are channels in place for Directors, supervisors, managers, stakeholders, and board meeting participants to state their conflicting interests with the Company.</p> <p>To prevent leakage of material nonpublic information, the Company has established "CO10 Insider Trading Prevention Management" as part of its internal control and demanded strict compliance from Directors, supervisors, managers, employees, and any party that gains knowledge to the Company's material non-public information whether because of their identity, job responsibility, or controlling relationships.</p>	
4. Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit?	Yes		<p>The Company has set "Ethical Corporate Management Best Practice Principles" and focuses on creating an effective accounting system and internal control system to avoid high-risk or unethical business activities and the use of external or secret accounts. Self-evaluation is performed on a regular basis to make sure the design and execution of the system is effective.</p> <p>Since 2019, when the Company internal audit prepared the next year audit plan, unethical behavior was included in the scope of risk assessment, and relevant audits are performed accordingly.</p>	No deviations were found
5. Does the Company organize internal or external training on a regular basis to maintain business integrity?	Yes		The Company organizes training courses in accordance with "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and the board-approved "Insider Trading Prevention Principles." Insider training prevention courses are organized for vice president-grade employees and above, while general employees take training on ethical behavior on a yearly basis.	No deviations were found
III. Implementation of whistleblowing system				
1. Does the Company provide incentives and means for employees to report	Yes		The Company has mailboxes in place to receive malpractice reports from within or outside the Company. Once a report has been sent to the mailbox, it will be referred to the appropriate department and personnel depending on the nature of the underlying issue to handle or conduct	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
malpractice? Does the Company assign dedicated personnel to investigate the reported malpractice?			related checks.	
2. Has the Company established standard operating procedures for the investigation of malpractice reports, follow-up measures after investigation, and the relevant confidentiality mechanism?	Yes		The Company has established procedures to report matters for filing, assigning, verifying, etc., and requires the responsible person to take relevant actions depending on the results of the investigation. The case content and whistleblower information shall be processed in confidential.	No deviations were found
3. Does the Company assure malpractice reporters that they will not be mistreated for making such reports?	Yes		The Company's relevant regulations and Employee Code of Conduct are clearly regulated, requiring the responsible unit or person not to disclose the content of the case and the identity of the whistleblower, and to take necessary protective actions to ensure that the whistleblower is not treated inappropriately or retaliated.	No deviations were found
IV Enhanced information disclosure				
1. Has the Company disclosed its integrity principles and progress onto its website and MOPS?	Yes		The Company has disclosed corporate governance and business integrity matters and updated the progress of such efforts in its annual reports, Sustainability reports and "Investor Relations-corporate governance" and the "CSR- Sustainable Management- Compal's code of Conduct" section of its website.	No deviations were found
V	If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" please describe its current practices and any deviations from the Best Practice Principles: The Company's "Business Integrity Principles" and "Business Integrity Procedures and Behaviors" have been passed by the Board of Directors and disclosed at the Company's website and MOPS. A specialized unit will be empowered to enforce these policies and ensure employees' compliance.			
VI.	Other information relevant to understanding the Company's business integrity (e.g. reviews over business integrity principles): Courses have been introduced to the e-Learning system so that employees are made aware of the Company's "Business Integrity Principles" and "Business Integrity Procedures and Behaviors."			

### 3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company's website → Investor Relations → Corporate Governance → Major Internal Policies

<https://www.compal.com/investor-relations/corporate-governance/>

- Framework of Corporate Governance
- Articles of Association
- Rules of Procedure for Shareholders' Meetings
- Rules for Elections of Directors
- Procedures for Acquisition or Disposal of Assets
- Procedures for Financial Derivatives Transactions
- Procedures for Lending Funds to Other Parties
- Procedures for Endorsements and Guarantees
- Board of Directors Meeting Guidelines
- The Responsibilities and Rules for Independent Directors
- Audit Committee Procedures
- Remuneration Committee Procedures
- Sustainability Committee Charter
- Corporate Governance Best Practice Procedures
- Code of Conduct for Directors and Managers
- Code of Conduct for Employees
- Ethical Corporate Management Best Practice Principles
- Business Integrity Procedures and Behaviors
- Insider Trading Prevention Procedures
- Sustainable Development Best Practice Principles
- Rules Governing Financial and Business Matters Between this Company and its Affiliated Enterprises
- Procedures of Application to Suspend and Resume Trading
- Rules of Self-Evaluation of the Board of Directors and Functional Committees Performance
- Risk management policy of Compal Group

### **3.3.8 Other Important Information Regarding Corporate Governance**

Please refer to the Company's website→ CSR  
<https://www.compal.com/csr/en/default.aspx>

- Sustainable Management
- Stakeholders
- Supply Chain Management
- Environment
- Employee Relationship
- Charity
- Download Report

Please refer to the Company's website→ Stakeholder Communication  
<https://www.compal.com/stakeholder-communication-area/>

- Employee Overview
- Customer Relations
- Supplier Relations
- Investor Relations

### 3.3.9 Internal Control Systems

#### 1. Statement of the Internal Control System

Compal Electronics, Inc.  
Statement of the Internal Control System

Date: March 15, 2022

The Company states the following with regard to its internal control system during fiscal the year 2020, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system is the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, though, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (“Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of Dec 31, 2021 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2022, where 0 of the 15 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Compal Electronics, Inc.

Chairman: Sheng-Hsiung Hsu (Rock Hsu)  
President: Chung-Pin Wong (Martin Wong)

2. If an independent auditor is entrusted with reviewing the internal control system, the independent auditor’s report:  
None.

**3.3.10 Penalties imposed against the Company and its staff, or penalties imposed by the Company against its staff for violations of internal control or regulations; state any corrective actions taken in the most recent years up till the date of the annual report:** None.

### 3.3.11 Major Resolutions Made in Shareholders’ Meeting and Board Meetings

#### 1. Shareholders’ meeting

- Time: 9: 00 am, August 27, 2021
- Place: No. 581, Ruiguang Rd., Neihu District, Taipei City 11492, Taiwan
- Major Resolutions:
  - (1) Ratified the Business Report and Financial Statements for 2019.
  - (2) Ratified the Distribution of Earnings for 2019.
  - (3) Approve the amendment to the “Rules for Elections of Directors”.
  - (4) Election for the 14<sup>th</sup> Term of Directors
    - New Directors are:  
Sheng-Hsiung Hsu, Jui-Tsung Chen, Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu, Representative of Kinpo Electronics, Inc.: Chieh-Li Hsu, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Anthony Peter Bonadero, Sheng-Hua Peng
    - New Independent Director are:  
Min-Chih Hsuan, Duei Tsai, Wen-Chung Shen
  - (5) Approval of the release of non-competition restrictions for Directors.
- Post-meeting Execution:
  - (1) The 14<sup>th</sup> Term of Directors approved by the Ministry of Economic Affairs on September 23, 2021

#### 2. Board meetings

Date	Major resolutions
17 <sup>th</sup> Meeting (13 <sup>th</sup> Term) 2021.2.25	1. Approved senior level management change 2. Approved the issuance of Letter of Support by the Company to facilitate its subsidiaries in obtaining credit facilities from financial institutions 3. Approved authorize the Company to obtain credit facilities from financial institutions 4. Approved the amendment to the “Audit Committee Charter”
18 <sup>th</sup> Meeting (13 <sup>th</sup> Term) 2021.3.26	1. Approved the Internal Control System Statement for the year 2020 2. Approved the proposal of the distribution of compensation to employees and directors for the year 2020 3. Approved 2020 Audited Consolidated Financial Statements and Parent Company Only Financial Statements 4. Approved the Business Report for the year 2020 5. Approved the Business Plan for the year 2021 6. Approved the proposal for Distribution of Earnings for the year 2020 7. Approved the proposal for cash dividends from Earnings for the year 2020

	<ol style="list-style-type: none"> <li>8. Approved the proposal of cash distribution from Capital Surplus</li> <li>9. Approved the relevant matters regarding the distribution of the year 2020 cash dividends and cash distribution from capital surplus to shareholders</li> <li>10. Approved the proposal on election of the 14th term of Directors</li> <li>11. Approved the convention of 2021 Annual General Shareholders' Meeting</li> <li>12. Approved the 14th term of candidates list of Directors</li> <li>13. Approved the change of independent auditor</li> <li>14. Approved CPAs' independence and competence of performing financial report audit.</li> <li>15. Approved the proposal of donation to the Hsu Chauing Social Welfare &amp; Charity Foundation</li> <li>16. Approved the first mid-year employees' bonus of the year 2021</li> <li>17. Approved the proposal for providing Corporate Guarantee Letter to Quanta Computer Inc.</li> <li>18. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> </ol>
<p>19<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.5.12</p>	<ol style="list-style-type: none"> <li>1. Approved the amendment to the "Rules for Elections of Directors"</li> <li>2. Approved the amendment to the "Rules Governing the Scope of Powers of Independent Directors"</li> <li>3. Approved the amendment to the "Remuneration Committee Charter"</li> <li>4. Approved the amendment to the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"</li> <li>5. Approved the amendment to the "Procedures for Ethical Management and Guidelines for Conduct"</li> <li>6. Approved the release of non-competition restrictions for the managers</li> <li>7. Approved the release of non-competition restrictions for Directors</li> <li>8. Approved employees' salary adjustment of the year 2021</li> <li>9. Approved the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2021</li> <li>10. Approved the targets and plans of Corporate Social Responsibility for the year 2021</li> <li>11. Approved fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.</li> <li>12. Approved fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.</li> <li>13. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>14. Approved authorize the Company to obtain credit facilities from financial institutions</li> </ol>
<p>20<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.7.30</p>	<ol style="list-style-type: none"> <li>1. Approved postponing the convention of the 2021 Annual General Shareholders' Meeting</li> </ol>
<p>21<sup>th</sup> Meeting (13<sup>th</sup> Term) 2021.8.12</p>	<ol style="list-style-type: none"> <li>1. Approved the Directors' Remuneration for the year 2020</li> <li>2. Approved 2nd mid-year employees' bonus for the year 2021</li> <li>3. Approved the setup of Compal Kaohsiung R&amp;D Center.</li> <li>4. Approved a loan to Henghao Technology Co. Ltd.</li> <li>5. Approved a loan to Unicom Global, Inc.</li> <li>6. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>7. Approved the Company to obtain credit facilities from financial institutions</li> <li>8. Approved providing a Corporate Guarantee Letter for Henghao Optoelectronics Technology (KunShan) Co., Ltd., a sub-subsidiary of the Company, to Huawei Device Co., Ltd., to be resolved.</li> </ol>

<p>1<sup>st</sup> Meeting (14<sup>th</sup> Term) 2021.8.27</p>	<ol style="list-style-type: none"> <li>1. Election of the 14th Term of Chairman of the Board</li> <li>2. Election of the 14th Term of Vice-Chairman of the Board</li> <li>3. Ratified the proposal of donation to Buddhist Compassion Relief Tzu Chi Foundation “Tzu Chi Foundation”</li> <li>4. Approved the appointment of Chief Strategy Officer</li> <li>5. Approved the appointment of President</li> <li>6. Approved the appointment of Accounting Officer</li> <li>7. Approved the appointment of Financial Officer</li> <li>8. Approved the appointment of Internal Audit Officer</li> <li>9. Approved the appointment of the term 5th remuneration committee members</li> </ol>
<p>2<sup>nd</sup> Meeting (14<sup>th</sup> Term) 2021.11.11</p>	<ol style="list-style-type: none"> <li>1. Approved annual audit plan for the year 2022</li> <li>2. Approved for senior level management change</li> <li>3. Approved the compensation of Employee bonuses in cash of the year 2020</li> <li>4. Approved the proposal for 2021 year-end employees’ bonus</li> <li>5. Approved the Corporate Guarantee Letter to Lenovo PC HK Limited</li> <li>6. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>7. Approved the Company to obtain credit facilities from financial institutions</li> <li>8. Approved the proposal of application for open tender</li> </ol>
<p>3<sup>rd</sup> Meeting (14<sup>th</sup> Term) 2022.2.10</p>	<ol style="list-style-type: none"> <li>1. Approved senior level management change</li> <li>2. Approved loan to Kinpo&amp;Compal Group Assets Development Corporation</li> <li>3. Approved the Company to acquire the common shares of Poindus Systems Corp. by public tender offer.</li> <li>4. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>5. Approved authorize the Company to obtain credit facilities from financial institutions</li> </ol>
<p>4<sup>th</sup> Meeting (14<sup>th</sup> Term) 2022.3.15</p>	<ol style="list-style-type: none"> <li>1. Approved the Internal Control System Statement for the year 2021</li> <li>2. Approved the enactment to the “Risk management policy of Compal Group”</li> <li>3. Approved the proposal of the distribution of compensation to employees and directors for the year 2021</li> <li>4. Approved 2021 Audited Consolidated Financial Statements and Parent Company Only Financial Statements</li> <li>5. Approved the Business Report for the year 2021</li> <li>6. Approved the Business Plan for the year 2022</li> <li>7. Approved the proposal for Distribution of Earnings for the year 2021</li> <li>8. Approved the proposal for cash dividends from Earnings for the year 2021</li> <li>9. Approved the proposal of cash distribution from Capital Surplus</li> <li>10. Approved the relevant matters regarding the distribution of the year 2021 cash dividends and cash distribution from capital surplus to shareholders</li> <li>11. Approved the convention of 2022 Annual General Shareholders’ Meeting</li> <li>12. Approved the enactment to the “Sustainability Committee Charter”</li> <li>13. Approved the appointment of the 1st term of sustainability committee members</li> <li>14. Approved the amendment to the “Corporate Social Responsibility Best Practice Principles”</li> <li>15. Approved evaluate CPAs’ independence and competence of performing financial report audit.</li> <li>16. Approved the first mid-year employees’ bonus of the year 2022</li> <li>17. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>18. Approved authorize the Company to obtain credit facilities from financial institutions</li> </ol>

5 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.5.11	<ol style="list-style-type: none"> <li>1. Approved the 1Q 2022 Consolidated Financial Review Report</li> <li>2. Approved the amendment to the “Articles of Incorporation”</li> <li>3. Approved the amendment to the “Procedures for Acquisition or Disposal of Assets”</li> <li>4. Approved the amendment to the “Procedures for Lending Funds to Other Parties”</li> <li>5. Approved the amendment to the “Rules and Procedures of Shareholders Meeting”</li> <li>6. Approved the release of non-competition restrictions for the managers</li> <li>7. Approved the release of non-competition restrictions for Directors</li> <li>8. Approved employees’ salary adjustment of the year 2022</li> <li>9. Approved the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2022</li> <li>10. Approved the targets and plans of Sustainability for the year 2022</li> <li>11. Approved fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.</li> <li>12. Approved fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.</li> <li>13. Approved authorize the Company to obtain credit facilities from financial institutions</li> <li>14. Approved the plan to execution of the investment agreement for the project of New Taipei City RuiFang District Medical and Long-Term Care Facility BOT+BTO Project</li> <li>15. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institution.</li> <li>16. Approve to obtain newly issued shares of Raypal Biomedical Co., Ltd. by participating in the capital injection by cash.</li> </ol>
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**3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.**

**3.3.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:**

Title	Name	Date of appointment	Date of dismissal	Reasons for dismissal
Internal Audit Officer	Po-Wen Hsieh	2010.10.27	2021.8.27	Internal position adjustment

### 3.4 Certified Public Accountant (CPA) Fee Information

Unit: TWD Thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Kuo, Kuan Ying	2021.01.01~	9,600	3,535	13,135	-
	Chien, Szu Chuan	2021.12.31				

Note: Other non-audit fees: Transfer pricing report of \$600,000, tax consultation of \$2,870,000, and others of \$65,000.

- (1) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year, which should disclose the amount, percentage, and the reasons: None**
- (2) Reduction of audit fees by more than 10% compared to the previous year, which should disclose the amount, percentage, and the reasons: None**

### 3.5 Replacement of CPA:

#### 1. About the former CPA

Date of replacement	Approved by the Board of Directors on March 26, 2021		
Reason and explanation for replacement	Due to adjustments in work and duties at KPMG, the CPAs were changed from Chien, Szu Chuan and Au, Yiu-Kwan to Kuo, Kuan-Ying and Chien, Szu Chuan starting from 1Q 2021.		
State whether the commissioner or the CPA terminated the service or declined the commission	Party involved	CPA	Commissioner
	Situation		
	Voluntarily terminated the commission	Not applicable	Not applicable
	Will no longer accept/continue the commission	Not applicable	Not applicable
Other audit report opinions and causes issued within the last two years other than unqualified opinion	N.A.		
Did he/she have opinions that differed from that of the publisher?	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or step of auditing
			Other
	N.A.	V	
	Description		
Other items of disclosure (Contents that should be disclosed as covered in Clauses 1.4-1.7, Section 6, Article 10 of this guideline)	N.A.		

#### 2. About the succeeding CPA

Name of accounting firm	KPMG
Name of CPA	Kuo, Kuan-Ying and Chien, Szu Chuan
Date commissioned	Approved by the Board of Directors on March 26, 2021
Items of consultation and results on the accounting methods for specific transactions, accounting principles and potential opinions for financial report prior to commissioning	N.A.
Written opinion from succeeding CPA on items of disagreement with the former CPA	N.A.

**3.6 If the Chairman, president, and financial or accounting manager of the Company had worked for the accounting firm or related parties thereof in the most recent year, the name, title, and the term of service with the accounting firm or the related party must be disclosed: None.**

**3.7 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Unit: shares

Title	Name	2021		Up till April 26, 2022	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Chairman	Sheng-Hsiung Hsu	0	0	0	0
Vice-Chairman And CSO	Jui-Tsung Chen	0	0	0	0
Director	Binpal Investment Co., Ltd.	0	0	0	0
	Representative: Wen-Being Hsu	0	0	0	0
Director	Kinpo Electronics, Inc.	0	0	0	0
	Representative: Chieh-Li Hsu	0	0	0	0
	Charng-Chyi Ko	0	(3,240,000)	0	0
Director	Sheng-Chieh Hsu	(117,000)	0	0	0
Director	Yen-Chia Chou	0	0	0	0
Director and President	Chung-Pin Wong	0	0	0	0
Director	Chiung-Chi Hsu	0	0	0	0
Director and Executive Vice-President	Ming-Chih Chang	0	0	0	0
Director	Anthony Peter Bonadero	0	0	0	0
Director and Executive Vice-President	Sheng-Hua Peng	0	0	0	0
Independent Director	Min-Chih Hsuan	0	0	0	0
Independent Director	Duei Tsai	0	0	0	0
Independent Director	Wen-Chung Shen	0	0	0	0
Independent Director	Duh-Kung Tsai	0	0	-	-
Executive Vice-President	Chen Chang Hsu	0	0	0	0
Senior Vice-President	Chun-Te Shen	0	0	0	0
Senior Vice-President	Kuo-Chuan Chen	0	0	0	0

Title	Name	2021		Up till April 26, 2022	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Senior Vice-President	Chyou-Jui Wei	0	0	0	0
Senior Vice-President	Wen-Da Hsu	0	0	0	0
Senior Vice-President	Shi-Kuan Chen	0	0	0	0
Senior Vice-President	Chi-Wai Wan	0	0	0	0
Senior Vice-President	Min-Tung Weng	0	0	0	0
Senior Vice-President	Lo-Chun Lee	0	0	0	0
Senior Vice-President	Sheng-Hung Li	(9,000)	0	0	0
Senior Vice-President	Bor-Heng Chen	0	0	0	0
Senior Vice-President	Chung-Hsing Tan	0	0	0	0
Senior Vice-President	Ta-Chun Wang	0	0	0	0
Vice-President	Chih-Chuan Cheng	0	0	0	0
Vice-President	Ching-Hsiung Lu	(150,000)	0	0	0
CISO & VP	Po-Tang Wang	0	0	0	0
Vice-President	Tzong -Ming Wang	(10,000)	0	0	0
Vice-President	Fu-Chuan Chang	(20,000)	0	30,000	0
Vice-President	Yong-Ho Su	0	0	(54,000)	0
Vice-President	Jyh-Shyan Liang	(5,000)	0	0	0
Vice-President	Yi-Yun Chang	(160,000)	0	0	0
Vice-President	Hsin-Kung Mao	0	0	80,000	0
Vice-President	Shih-Hong Huang	0	0	0	0
Vice-President	Yi-Chiang Chiu	0	0	0	0
Vice-President	Jui-Chun Shyur	0	0	0	0
Vice-President	Jen-Liang Lin	0	0	0	0
CLO & VP	Peng-Hong Chan	0	0	0	0
CGO & AO & VP	Cheng-Chiang Wang	0	0	0	0
Vice-President	Cheng-Hui Su	0	0	0	0
Vice-President	Tu-Chuan Tu	0	0	0	0
Vice-President	Chang-Chieh Tien	0	0	0	0
FO & VP	Guo-Dung Yu	0	0	0	0
Vice-President	Peng Kuee Lau	0	0	0	0
ice-President	Yau-De Chiou	0	0	0	0

Title	Name	2021		Up till April 26, 2022	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Vice-President	Hou-Chun Liu	0	0	0	0
Vice-President	Wu-Ching Chi	0	0	0	0
Vice-President	Hsin-Chung Chen	0	0	0	0
Vice-President	Jue-Teng Chang	0	0	0	0
Vice-President	Choo-Tain Chiu	0	0	0	0
IAO	Chenyi Li	0	0	0	0
Vice-President	Yung-Nan Chang	0	0	-	-
Vice-President	Hsin-Hsiung Huang	0	0	-	-
Vice-President	Chiao-Lie Huang	0	0	-	-
Vice-President	Wei-Chia Wang	0	0	0	0
IAO	Po-Wen Hsieh	0	0	-	-

Note: 1. Independent Director Duh-Kung Tsai left office on August 27, 2021. Independent Director Wen-Chung Shen took office on August 27, 2021.

2. Vice-President Hou-Chun Liu took office, Vice-Presidents Yung-Nan Chang, Hsin-Hsiung Huang, Internal Audit Officer Po-Wen Hsieh resigned in 2021, Vice-Presidents Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, Choo-Tain Chiu were promoted, Vice-Presidents Chiao-Lie Huang, Wei-Chia Wang resigned in 2022.

### 3.7.1 Shares Trading with Related Parties:

Name	Reason for transfer	Transaction date	Counterparty	Counterparty's relationship with the Company, Directors, Supervisors, Managers, and shareholders with more than 10% ownership interest	Shares	Transaction price
Ching-Hsiung Lu	Gift	2021.08.20	Shao-Hsuan Lu	Father and Daughter	100,000	21.55

### 3.7.2 Shares Pledged with Related Parties: None

### 3.8 Relationship among the Top Ten Shareholders

April 26, 2022

Unit: Shares

Name	Self Shares held		Shareholdings of spouse and minors		Total shares held in the names of others Shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship
Yuanta/P-shares Taiwan Dividend Plus ETF	194,008,470	4.40%	-	-	0	0%	None	None
Silchester International Investors International Value Equity Trust	155,706,000	3.53%	-	-	0	0%	None	None
Kinpo Electronics Inc. Representative: Sheng-Hsiung Hsu	151,628,692 8,975,401	3.44% 0.20%	- 17,107,025	- 0.39%	0 0	0% 0%	None None	None None
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF °	109,443,000	2.48%	-	-	0	0%	None	None
New Labor Pension Fund	81,654,000	1.85%	-	-	0	0%	None	None
Silchester International Investors International Value Equity Group Trust	73,840,000	1.68%	-	-	0	0%	None	None
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	58,321,900	1.32%	-	-	0	0%	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	53,663,652	1.22%	-	-	0	0%	None	None
Fubon Taiwan Index high dividend 30 ETF	52,061,000	1.18%	-	-	0	0%	None	None
Silchester International Investors International Value Equity Taxable Trust	47,964,000	1.09%	-	-	0	0%	None	None

### 3.9 Ownership of Shares in Affiliated Enterprises

December 31, 2021

Unit: Shares; %

Investees (Note)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Panpal Technology Corp.	500,000,000	100.00	-	-	500,000,000	100.00
Gempal Technology Corp.	90,000,000	100.00	-	-	90,000,000	100.00
Hong Ji Capital Co., Ltd.	100,000,000	100.00	-	-	100,000,000	100.00
Hong Jin Investment Co., Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
HippoScreen Neurotech Corp.	9,100,000	91.00	-	-	9,100,000	91.00
SHENNONA CO.,Ltd.	600,000	100.00	-	-	600,000	100.00
Aco Healthcare Co.,Ltd.	100,000,000	52.04	-	-	100,000,000	52.04
ARCE Therapeutics, Inc.	20,000,000	32.79	7,805,110	12.80	27,805,110	45.58
Raypal Biomedical Co., Ltd.	3,446,143	30.00	2,466,999	21.48	5,913,142	51.48
Rayonnant Technology Co., Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
RiPAL Optotronics Co., Ltd.	6,000,000	100.00	-	-	6,000,000	100.00
Unicom Global Inc.	29,000,000	100.00	-	-	29,000,000	100.00
Palcom International Corporation	10,000,000	100.00	-	-	10,000,000	100.00
Henghao Technology Co., Ltd.	20,014,952	100.00	-	-	20,014,952	100.00
Compal Broadband Networks Inc.,	29,060,176	42.44	13,672,854	19.97	42,733,030	62.63
Crownpo Technology Co., Ltd.	3,738,668	33.23	6,230,544	55.38	9,969,212	88.61
Kinpo Group Management Consultant Company	300,000	37.50	300,000	37.50	600,000	75.00
Mactech Co., Ltd.	21,756,192	52.88	274,954	0.67	22,031,146	53.55
General life Biotechnology Co., Ltd.	15,000,000	50.00	-	-	15,000,000	50.00
Lead-honor Optoelectronic Co., Ltd.	2,772,000	42.00	-	-	2,772,000	42.00
Infinno Technology Corporation	4,648,322	27.70	656,396	3.91	5,304,718	31.61
Allied Circuit Co., Ltd.	10,157,730	20.42	7,042,701	14.15	17,200,431	34.57
Arcadyan Technology Corp.	41,304,504	19.08	31,930,765	14.75	73,235,269	33.83
Avalue Technology Inc.	14,924,070	21.26	695,000	0.99	15,619,070	22.25
Core Profit Holdings Ltd.	147,000,000	100.00	-	-	147,000,000	100.00
Flight Global Holding Inc.	89,755,495	100.00	-	-	89,755,495	100.00
Just International Ltd.	48,010,000	100.00	-	-	48,010,000	100.00
High Shine Industrial Corp.	42,700,000	53.58	37,000,000	46.42	79,700,000	100.00
Compal International Holding Co., Ltd.	53,001,000	100.00	-	-	53,001,000	100.00

Investees (Note)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Big Chance International Co., Ltd.	90,820,000	100.00	-	-	90,820,000	100.00
Compal Rayonnant Holdings Limited	12,500,000	100.00	-	-	12,500,000	100.00
Auscom Engineering Inc.	3,000,000	100.00	-	-	3,000,000	100.00
Compal Europe (Poland) Sp. z o.o.	136,080	100.00	-	-	136,080	100.00
CGS Technology(Poland) Sp. z o.o.	245,911	100.00	-	-	245,911	100.00
Bizcom Electronics, Inc.	100,000	100.00	-	-	100,000	100.00
Compal Electronics (Holding) Ltd.	1,000	100.00	-	-	1,000	100.00
Compalead Electronics B.V.	6,426,516	100.00	-	-	6,424,516	100.00
Etrade Management Co., Ltd.	46,900,000	65.23	25,000,000	34.77	71,900,000	100.00
Webtek Technology Co., Ltd.	100,000	100.00	-	-	100,000	100.00
Forever Young Technology Inc.	50,000	100.00	-	-	50,000	100.00
Lipo Holding Co., Ltd.	98,000	49.00	102,000	51.00	200,000	100.00
Ascendant Private Equity Investment Ltd.	31,253,125	34.72	44,750,000	49.72	76,003,125	84.44
UniCore BioMedical Co., Ltd.	20,000,000	100.00	-	-	20,000,000	100.00
Shennona Corporation	2,600,000	100.00	-	-	2,600,000	100.00
Starmems Semiconductor Corp.	3,500,000	35.00	1,000,000	10.00	4,500,000	45.00
Kinpo&Compal Group Assets Development Corporation	52,500,000	70.00	-	-	52,500,000	70.00

Note: Investments made by the Company using the Equity Method.

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

May 11, 2022

Year	Month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
			Shares	Amount (TWD )	Shares	Amount (TWD )	Source of capital	Paid in properties other than cash	Others
2018	3	10	6,000,000,000	60,000,000,000	4,419,191,625	44,191,916,250	Cancellation of Restricted Employee Shares of \$10,890,000	N.A.	Change of capital approved by the Ministry of Economic Affairs on March 21, 2018
2018	5	10	6,000,000,000	60,000,000,000	4,407,146,625	44,071,466,250	Cancellation of Restricted Employee Shares of \$120,450,000	N.A.	Change of capital approved by the Ministry of Economic Affairs on May 29, 2018

Share Type	Authorized capital			Remarks
	Outstanding shares (public listed)	Unissued shares	Total	
Ordinary shares	4,407,146,625	1,592,853,375	6,000,000,000	Approved to include 100,000,000 shares of employees shares and corporate bonds with warrant in capital.

■ Shelf registration system information: None

#### 4.1.2 Status of Shareholders

April 26, 2022

Analysis	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Natural Persons	Domestic Natural Persons	Treasury stocks	Total
Number of Shareholders	4	38	357	1,149	221,866	0	223,414
Shareholding (shares)	26	306,198,683	713,091,225	1,859,757,142	1,528,099,549	0	4,407,146,625
Percentage	0.00%	6.95%	16.18%	42.20%	34.67%	0.00%	100.00%

#### 4.1.3 Share Ownership Distribution

April 26, 2022

Range of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	44,563	9,030,917	0.20%
1,000 ~ 5,000	128,683	282,049,701	6.40%
5,001 ~ 10,000	26,406	203,963,511	4.63%
10,001 ~ 15,000	8,363	103,580,381	2.35%
15,001 ~ 20,000	4,746	87,148,933	1.98%
20,001 ~ 30,000	3,960	100,055,625	2.27%
30,001 ~ 40,000	1,774	63,076,242	1.43%
40,001 ~ 50,000	1,122	52,258,339	1.19%
50,001 ~ 100,000	1,914	137,388,119	3.12%
100,001 ~ 200,000	831	116,793,828	2.65%
200,001 ~ 400,000	382	106,282,193	2.41%
400,001 ~ 600,000	156	75,419,979	1.71%
600,001 ~ 800,000	88	61,483,381	1.40%
800,001 ~ 1,000,000	49	43,877,723	1.00%
1,000,001 and over	377	2,964,737,753	67.26%
Total	223,414	4,407,146,625	100.00%

#### 4.1.4 List of Major Shareholders

April 26, 2022

Shareholder's name	Shares held	Percentage (%)
Yuanta/P-shares Taiwan Dividend Plus ETF	194,008,470	4.40%
Silchester International Investors International Value Equity Trust	155,706,000	3.53%
Kinpo Electronics, Inc.	151,628,692	3.44%
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	109,443,000	2.48%
New Labor Pension Fund	81,654,000	1.85%
Silchester International Investors International Value Equity Group Trust	73,840,000	1.68%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	58,321,900	1.32%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	53,663,652	1.22%
Fubon Taiwan Index high dividend 30 ETF	52,061,000	1.18%
Silchester International Investors International Value Equity Taxable Trust	194,008,470	1.09%

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Measurement		Year	2020	2021	Year-to-date March 31, 2022
Per-share market price	High		21.00	27.95	27.20
	Low		15.30	20.60	24.15
	Average		18.88	23.26	25.70
Per-share net worth (Note)	Before dividend		24.52	25.56	24.65
	After dividend		22.90	23.54 (Note)	-
Earnings per share	Before adjustment	Weighted average outstanding shares	4,357,129,194	4,357,129,194	4,357,129,194
		Earnings per share	2.15	2.90	0.50
	After adjustment	Weighted average outstanding shares	4,357,129,194	4,357,129,194	-
		Earnings per share	2.15	2.90	-
Per-share dividend	Cash dividends		1.60	2.00 (Note)	-
	Stock dividends	From earnings	-	-	-
		From capital reserves	-	-	-
	Cumulative unpaid dividends		-	-	-
Analysis of investment returns	P/E ratio		8.78	8.02	-
	Price to dividends ratio		11.8	11.63 (Note)	-
	Cash dividend yield		8.47%	8.60% (Note)	-

Note: The 2021 distribution of earnings was resolved at the March 15, 2022 Board of Directors' Meeting.

#### 4.1.6 Dividend Policy and Implementation Status

##### 1. Dividend Policy

When the Company makes a profit during the year, 10% of the annual net income after appropriating income tax expense, offsetting any prior deficit, is to be set aside as legal reserve and a special reserve is set aside or reserved in accordance with the pertinent laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the retained earnings from previous years. The earnings appropriation, distribution of dividends, and bonuses shall be proposed by the Board of Directors and approved at a Shareholder's Meeting. The rest of the unappropriated earning shall be reserved.

The Company is in a growth period of its life cycle. And as such, for the consideration of future capital needs and to meet cash flow needs of its shareholders, the Company's distribution of cash dividends, after closing and distribution of earnings, shall be no less than 10% of the total cash and stock dividends. Although a dividend ratio has not been specified in the Company's articles of incorporation, the Company shall not appropriate less than 30% of its income after tax for dividends, after taking into account factors such as the Company's capital needs, the capital budget, long term financial plans,

domestic and international competition, and the interests of the shareholders. The board of directors shall propose the distribution of earnings and submit them to the shareholders' meeting for approval.

## **2. Proposed Distribution of Dividends**

- The 2021 distribution of earnings of shareholders' dividends in the amount of TWD 7,051,434,600 was approved by the Board of Directors Meeting on March 15, 2022. The aforementioned amount is set to be distributed as an all-cash dividend of TWD 1.6 per share and incurred capital surplus generated from the excess of the issuance price over the par value of the capital stock in the amount of TWD 1,762,858,650, or TWD 0.4 per share. The total cash distribution amounts to TWD 8,814,293,250.
- The Board of Directors has approved to set an ex-dividend record date for distribution and record date of cash distribution from capital surplus on April 30, 2022, and cash distribution has been paid out on May 20, 2022

## **3. When there is a significant change in the expected dividend policy, it should be stated: None.**

### **4.1.7 Impact on 2021 Business Performance and EPS resulting from Stock Dividend Distribution:**

Not Applicable (The Company did not disclose 2022 annual financial forecast)

### **4.1.8 Employees' and Directors' Compensation**

#### **1. Employees' and directors' compensation policies as stated in the Articles of Incorporation**

When the Company makes a profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to the deduction of compensation to employees and directors, shall be distributed to employees as compensation in the amount of no less than two percent (2%) thereof and to directors as compensation in an amount of no 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 the accumulated losses.

The compensation to employees as mentioned above may be distributed in the form of stock or cash and employees entitled to receive said stock/cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

#### **2. Basis for estimating employees 'and directors' compensation and stock dividends, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.**

- Compensation to directors and employees, as denoted in the Articles of Incorporations, shall be estimated based on income before tax prior to the subtraction of directors and employees compensation during the current year and multiplied by the ratio as denoted in the Article of Incorporation (shall not be more than 2% or less than 2% of the remainder, respectively.)
- If the compensation approved for distribution to employees is to be in the form of common shares, the number of shares is determined by dividing the amount of the compensation by the closing price of the shares on the day preceding the Board of Directors' meeting.

- If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in the subsequent year as a change in accounting estimate.
3. 2021 employees compensation proposal passed by the board of directors
- Accrued employee compensation is TWD 1,350,062,159 and Directors compensation is TWD 71,389,891.
  - If the estimated distribution amount differs from the amounts estimated in accrued expenses, the variance, reason, and resolution should be disclosed: No variance.
  - The proposed distribution of employee stock compensation, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the individual financial reports for the current period and total employee compensation: Not applicable (no employee stock compensation).
4. Actual distribution of 2020 employee and Directors compensation:
- The employee compensation is TWD 974,693,802 and the Directors compensation is TWD 51,540,800.
  - The 2020 actual distribution of employee and Directors compensation remained as proposed by the Board of Directors.

**4.1.9 Company Buyback of Own Shares: None**

**4.2 Bonds: None**

**4.3 Preferred shares: None**

## 4.4 Global Depository Receipts

### 1. Issuance

Details		Date of issue:	
		November 9, 1999	May 21, 2001
Issuance and trading location		Luxembourg	Luxembourg
Total sum issued		USD 122,160,000	USD 174,816,000
Issuance price per unit		USD 15.27	USD 6.07
Number of units issued		8,000,000 units	28,800,000 units
Source of represented securities		Participating shareholder(s): Kinpo Electronics, Inc.	1. Participating shareholder(s): 44,000,000 shares contributed by (1) Kinpo Electronics, Inc. (2) Panpal Technology Corporation (3) Gempal Technology Corporation 2. New cash issue of Compal shares: 1,000,000,000 shares
Quantity of represented securities		40,000,000 ordinary shares of Compal Electronics	144,000,000 ordinary shares of Compal Electronics
GDR holders' rights and obligations		1. Voting rights: According to the terms of the depository agreement and the laws of the Republic of China, the beneficiary certificate holder is entitled to the voting rights of shares represented under the beneficiary certificate. 2. Rights to dividend distribution, share subscription, and other rights: Unless otherwise specified in the agreement, the GDR carries identical rights as do ordinary shares	
Trustee		N/A	N/A
Depository bank		The Bank of New York	The Bank of New York
Custodian		Mega International Commercial Bank	Mega International Commercial Bank
Unredeemed balance		2,461,999 units (May 11, 2022)	
Allocation of expenses incurred at issuance and over the duration		Borne by participating shareholder(s)	Allocated proportionally between the Company and participating shareholders
Key terms of the depository and custodian agreements		See descriptions below	
Per Unit Market Price	2021	High	USD \$ 4.94
		Low	USD \$ 3.70
		Average	USD \$ 4.16
	Year-to-date May 11, 2022	High	USD \$ 4.94
		Low	USD \$ 2.58
		Average	USD \$ 3.80

### 2. Key terms of the depository and custodian agreement

#### (1) Key terms of the depository agreement

##### ■ Depository receipts

Each depository certificate represents 5 Compal ordinary shares.

##### ■ Transfer/settlement

Ownership and transfer of depository receipts shall be certified through the book-entry settlement system of The Depository Trust Company ("DTC"). Depository receipts shall be settled over DTC's book-entry system. Unless otherwise specified by law, ownership and transfer of depository receipts may only be completed over DTC's records. In Europe, depository receipts are still held under DTC, but transactions are settled through the book-entry system of Euroclear or Clearstream.

#### ■ Deposit and redemption of Compal shares

Three months after issuance of depository receipts, holders may request to redeem and receive shares represented by the depository receipt after paying the relevant charges according to the terms of the depository contract, or request the depository institution to sell shares represented by the depository receipt (provided that Compal has placed an adequate quantity of ordinary shares for sale with the depository institution). Once the shares represented by the depository receipt have been sold, the depository institution shall deduct the relevant charges, taxes, and government levies from the sales proceeds, and convert the remainder into USD before paying the depository receipt holder who has requested redemption. Subsequent issues of depository receipts are subject to the procedures outlined by the Securities and Futures Institute of the Republic of China, the terms of the depository contract, and the consent of both Compal and the depository institution.

The depository receipts have been listed on the Luxembourg Stock Exchange and are traded through the PORTAL of National Association of Securities Dealers Inc.

#### ■ Distribution of dividends, gains, and rights

For cash dividends on Compal shares, the depository institution is required to convert the amount of cash received into USD according to the laws of the Republic of China, deduct taxes and relevant charges, and distribute the remainder to depository receipt holders based on the percentage of shares represented in each depository receipt.

For stock dividends on Compal shares (including shares issued against capitalized earnings and reserves), the depository institution is required to adjust the number of shares represented in each depository receipt according to the laws of the Republic of China and terms of the depository contract. DTC will then produce additional depository receipts based on the size currently held and distribute them to the respective holders. Sale of stock dividends is subject to compliance with the terms of the depository contract and laws of the Republic of China.

#### ■ Tax

- Any dividends (cash or stock) paid to the depository institution are subject to withholding tax at the prevailing tax rate when payment is made.
- Holders who request the redemption of depository receipts by having the depository institution sell the underlying shares through the Taiwan Stock Exchange Corporation (TWSE) will be charged securities transaction tax at the prevailing rate when the sale takes place.
- Capital gains tax on securities transactions is currently suspended according to the laws of the Republic of China. Practices may be adjusted to reflect changes in the laws of the Republic of China.

### (2) Key terms of the custodian agreement

#### ■ Placing securities for the issuance of global depository receipts

Compal is required to place securities with the custodian and hand over all documents mentioned in the custodian contract, which provide the basis for the issuance of global depository receipts.

#### ■ Notifying the depository institution for the issuance of depository receipts

Once the custodian has received Compal's ordinary shares, the custodian shall immediately notify the depository institution for the issuance of global depository receipts. As soon as the depository institution

receives the above notice, it shall produce and issue global depository receipts representing the number of entitled securities to the parties mentioned in the custodian's notice above.

■ **Delivery of securities upon redemption of depository receipt**

If a holder requests the redemption of depository receipts, the depository institution shall immediately notify the custodian to transfer the number of securities represented to the party specified by the depository institution. The custodian may collect a sum sufficient to cover the taxes or expenses incurred from the party specified by the depository institution as a result.

■ **Confirmation of share quantity on baseline date**

The custodian is required to report to the depository institution the number of securities held in custody by the end of each baseline date.

**4.5 Employee Warrants: None**

**4.6 Subscription of New Shares by Employees and Restricted Shares: None**

**4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None**

**4.8 Financing Plans and Implementation:**

1. Execution of the previous issue or private placement of securities that have not been completed: None
2. The latest three-year issuance or private placement of securities has been completed and the project benefits have not yet been revealed: none

## V. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Business Scope

##### 1. Main areas of business and revenue contribution

###### ■ Main areas of business operations

The development, design, manufacture, and sales of Notebooks, Ultralim notebooks, 2-in-1 Notebooks, AIO, 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution, Tablets, Smartphones, Smart Wearable Devices, Smart Hearable Devices, Smart Display Products, AR/VR Smart Devices, Smart Home Devices, IoT Vertical Solutions, Smart Medical and Healthcare, Automotive Electronics, and Servers.

###### ■ 2021 Revenue contribution

Major Divisions	(%) of Total Sales
5C electronics	99.7%
Other products	0.3%
Total	100%

##### 2. Current and future product development

###### ■ Notebooks

In 2021, Compal adopted the most efficient R&D methods for the launch of its latest notebook PC hardware, which included laptops with 12th generation processors and AMD's new 6nm Ryzen 6000 processors. Compal has special expertise in system integration, R&D, and manufacturing to assist clients in the development and mass-production of new products with the latest specifications in a relatively short time. The Compal price-competitive, slim, and stylish notebooks were launched at a time when the market favored more affordable and portable devices. As the pandemic situation stabilizes and transitions into a post-pandemic era, the demand for hybrid working has driven strong consumption of notebook devices. Compal continues to release commercial laptops to meet market demand.

In addition, with consistent attention, the gaming market continues to grow due to the pandemic. After years of operation as an ODM of gaming laptops for our brand partners, Compal has accumulated profound experience in their design and development. In 2022, Compal will continue to conduct high-end technology in its flagship gaming laptop and ultralim gaming devices, and new thermal solutions. Compal will continue to make significant investments in R&D to create win-wins with our customers to increase their market share.

## ■ Ultralim Notebooks

Innovative technology and extensive R&D capabilities have allowed Compal to maintain a leading position in the industry. Compal produces an ultra-thin Notebook, which uses the latest generation processor from Intel and AMD. Not only is it slim and light, but it offers excellent performance and allows users to really be productive. Compal will introduce more Ultra slim notebooks in 2022. In addition to compatibility with the Intel design specifications, like “Intel Evo,” for their latest generation products, we also introduced 5G for Always-On, Always-Connected laptops to change typical usage patterns. Future laptop features should combine productivity, mobility, a more user-friendly design, long battery life, and 5G connectivity. These features are able to help users to work remotely with high-efficiency support. Compal will also continue to develop newer and more competitive technologies that consumers around the world will get to enjoy, but will also give our clients faster access to these markets.

## ■ 2-in-1 Notebooks

The 2-in-1 Notebook is a novel product that borrows the concept of “Transformers” – in addition to having a standard laptop keyboard for the usual functional operations, the product also features Tablet PC touch versatility. The touch-sensing display module coupled with the latest Microsoft Windows 11 OS attracts both the consumer base for standard laptops as well as that for tablet PCs. We have utilized our rich R&D experience to present several innovative concepts that incorporate exclusive technology as well as materials. The fan-less design of the 2-in-1 Notebook with its different designs and form factors, has allowed the Company to create new market demand and earn unanimous praise from clients and consumers alike. In 2021, 5G will become mature for 2-in-1 notebooks, which focus on mobility. Always-Connected with 5G can gradually become an attractive feature.

## ■ All-in-one (AIO)

The AIO has been on the market for years. It is an elegant design combination of screen and computer with a truly special thin shape. The product has replaced the desktop in many households and corporations. Compal has also enhanced the design for AIO with unique rotating hinge to adjust display. Because Compal has the fundamental technical capabilities required for notebook PCs as featured in the AIOs, it can also commence production in a very short time. Our AIO product lines have been very well received by clients.

## ■ 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution

5G communication and 5G applications are global development trends. The three major use scenarios provided by 5G communication are mobile broadband service (eMBB), multi-machine type communication (mMTC), ultra-high reliability and ultra-low-latency communication (URLCC). In coming years, 5G communication will be widely deployed in various industries and various domain applications.

Compal adheres to its long-term technical advantages in the communication field, provides 5G communication devices and networking equipment as well as offers the highly End-to-End integrated 5G networking infrastructure solution (the so-call Non-Public Network or Private Network).

The 5G universal integrated module complies with 3GPP Release R15 & R16 specification, is backward compatible with 4G LTE / 3G WCDMA, supports high-speed LTE Cat20, and supports both 5G NSA & SA networking modes. Modules with multi-band support include WCDMA/ TDD-LTE/ FDD-LTE, 5G FR1 (Sub-6GHz) & 5G FR2 millimeter waves etc. Modules also built with GPS / GNSS global positioning system, eSim and other functions, all need foundational technology of coming 5G and AIOT applications & devices.

Based on the long-term experience in consumer electronics design, research & development, and product manufacturing, Compal provides variant kinds of reference designs of 5G user equipment products, collaborates with existing customers and partners, to provide 5G products such as 5G Mifi, 5G CPE routers, 5G notebook, 5G AR/VR, 5G drone, 5G robots, 5G real-time Camera, 5G Industrial PC & industrial router, and 5G USB Dongle, etc. Rooted in the technology competence of telecommunication and the collaboration competency of joint development, Compal has effectively engaged with strategic partners to develop and manufacture the 5G networking equipment, such as 5G Small Cell, Edge Computing, 5G Network Management and 5G Core Network, as well as the as integrated and optimized 5G private network and the vertical applications on top of the 5G infrastructure network.

The 5G devices, networking equipment, and 5G Private Network solution - will be widely used in various industries such as entertainment, culture, tourism, finance, health, transportation, education, industry, agriculture, government, power utilities, etc.

#### ■ Tablets

Compal has deeply cultivated in consumer tablet and e-Reader products for years. By our advanced design technologies, rich mass production records, superior performance management and reliable quality control, we won high praise from global leading customers. Facing the slow down global tablet market in recent years, Compal is also investing in creating breakthroughs in technologies and product features, aiming to commercial and industrial tablet market to engage more business opportunity and raise profits.

#### ■ Smartphones

Compal targets variant groups of smartphone users and general consumers, and the pioneers of technology continue to strengthen technical design and operation efficiency to develop core communication technologies. Since 2019, we have invested in the design of 5G smartphone models and promoted 5G models to maintain our leadership in the industry. In 2019, we develop and ship mid-end 5G smartphone models, and keep development more advanced technology features, included flexible display, fingerprint recognition, AI camera technology, hundred-million-pixel camera, narrower bezel design, and high-speed fast charging technology to meet market demands and customer expectations.

At the same time, Compal has also continued to dig deep into the design of rugged mobile phones, improved the anti-scratch, anti-panel crack, drop resistance, and waterproof and dustproof designs for rugged outdoor usage. The stylish appearance reverses the traditional & monotonous shape of rugged phones and can meet the military standard requirements, also bringing a new & fashion ID look to rugged smartphones.

- Smart Wearable Devices

Compal began to ship wearable devices starting in 2016. Based on the design engineering capabilities and manufacturing experience with smart devices, we have achieved good market share for Google Wear OS-based smart watches. In addition to the development of more compact and energy efficient smart watches, we are also devoted to expanding our wearable product lines to satisfy various requirements from our customers.

- Smart Hearable Devices

The trend to remove audio jacks on smartphones is one key driver to the fast-booming Smart hearable market. Convenience of usage and affordable price also stimulate the market demand.

Based on our rich experience in wireless and acoustic technology, Compal has aggressively entered the smart hearable market. In addition to consumer Bluetooth headsets and TWS earbuds, we also have deep cooperation with hearing experts to develop hearable and acoustics for noise cancellation and human voice enhancement with AI technology.

- Smart Display Products

In the past two years, people's daily life has changed a lot due to the impact of the Covid-19, and the demand for smart displays has diversified. We continue to deepen and strengthen the development of quantum dot with mini and micro LED backlight solutions and OLED on large-scale displays, the introduction of artificial intelligence (AI) image processing and sound processing, smart display with intelligent voice assistants, and integration of far-field radio microphone arrays and other technologies. To create interactive convenience and visual and auditory immersive experience in the use of products, satisfy multiple usage scenarios and enhance value-added services and new business opportunities.

- AR/VR Smart Devices

Worldwide leading technical companies have invested in the development of virtual reality (VR) and augmented reality (AR) for many years. In recent years, with the leaps forward in semiconductor process technology, breakthroughs in optical display technology and the development of AI, AR, and VR are expected to be part of the next-generation personal computing platform.

A Compal base in product manufacture, mobility design, and communication capabilities, applied to AR/VR devices and cooperated deeply with Qualcomm. In the future, for vertical customers, Compal will combine hardware, software solutions, and 5G communication into a standard 5G AR/VR solution to meet customer needs.

- Smart Home Devices

The Smart Home has been in development for many years, and the rise of the Internet of Things (IoT) and AI technologies has allowed speaker hubs with smart voice assistants to become the focal point of competition in several industries. We have already received client recognition for our development of the Smart Speaker and

Smart Camera by Compal design and development capability. In the future, Compal will also use its core capabilities to expand its product coverage in many different applications and devices for the Smart Home.

#### ■ IoT Vertical Solutions

Vertical solutions have been one of the key demands in the development of IoT with an extensive range of applications covering smart cities, Industry 4.0, smart buildings, smart retail, and smart medical care. Such solutions feature integrated software and hardware and are designed specifically to accommodate client needs. Demands from B2B customers not only account for a higher portion of the existing IoT market but also bring Compal more immediate profits. Besides, the demand for AR/VR glasses in vertical market has increased since the technology progress of wearable device in past few years. Add to that, Metaverse has become a hot topic and drew customer attention.

#### ■ Smart Medical and Healthcare

The aging population, China's new two-child policy, the flourishing health care industry, and the rise of sports fashion, especially the popular and convenient smart devices, have all contributed to smart healthcare becoming a focus of attention. It has also become a major matter of cross industry cooperation. Compal has responded to market demand and the rapid advent of the IoT era by active engagement in the healthcare market. The Company has reached out to major hospitals and point of care (POC) centers such as those engaged in long-term, using our strengths integration and extensive experience in product development. The designs, which include science, technology, and humanity, help caregivers to provide higher quality services and also give hope of a better quality of life and personal dignity to those who need healthcare.

#### ■ Auto electronics (AE)

The Company's Auto Electronics Parts (AEP) Business Unit is currently engaged in providing such products as Telematics, in-Vehicle-Infotainment and Advanced Driver Assistance Systems (ADAS), and deals with the customers which are primarily international Tier-1 car suppliers and leading car manufacturers.

#### ■ Servers

The Cloud application market is growing, and a significant portion of data storage and computing analytics have shifted to cloud servers in the back end. To meet the demand from both Enterprises and Data Centers, Compal has mastered the R&D of high-density computing power and precision performance management and has developed the capacity to design and manufacture servers with high cost-performance value.

## 5.1.2 Industry Overview

### 1. Current and future industry prospects

#### ■ Notebooks

Due to the pandemic, many people have made the abrupt shift to working from home and learning from home. The pandemic not only fueled the PC market demand but also created opportunities that resulted in a market expansion. According to IDC, notebook shipments amounted to 261.1 million units worldwide in 2021, up 17% from 2020. In 2022, as the Covid-19 pandemic seems to show a sign of easing and transitioning into a post-pandemic era, the new living style throughout the pandemic will become a new normal. Demand for technical devices will be slower after strong demand in the pandemic. Also, from a market perspective, demand will not be as strong as in the past two years. As the PC industry matures, brand manufacturers are shifting focus towards higher priced products with more features, such as commercial laptops, Ultra slim Notebooks, 2-in-1s, gaming notebooks and creator PCs in search of more market opportunities, revenue and profits. This transformation requires more precise market segmentation, product positioning and innovative design. Compal, with its extensive industrial experience, fine craftsmanship and proprietary patents, can coordinate with suppliers and customers in creating market demand by developing innovative products that progress with time.

#### ■ Ultraslim Notebooks

Slimness and lightweight continue to be two dominant design trends in today's PC market. As solid-state drives (SSD) become popular, Ultraslim Notebooks no longer present a luxury that only high-end consumers can afford but are gradually becoming accessible to mainstream consumers as more affordable models become available. According to IDC, the shipment of ultra slim notebooks (<18mm thick) in 2021 was close to 76.9 million units worldwide, representing an annual growth rate of 22.5%. Ultraslim notebooks may account for 32.1% of the total notebook shipment worldwide by 2022. However, Compal will continue exploring new lightweight materials, power-saving solutions, and cooling technologies to help our clients provide the most competitive products and earn market recognition.

#### ■ Gaming Notebooks

The gaming market has been on fire for two years; there are some changes in consumer groups and usage scenarios. The pandemic forced people were spending more time "living life from home". Many consumers were stuck at home for a large portion except for work, gaming became more positive and important. Also, with more time at home, consumers switched from outdoor activities to online shopping and mid-to-high-end gaming products. These new shopping behavior and consumers continue to support strong demand for gaming hardware with high shipment sales. According to IDC, in 2021, gaming laptops shipped 28.4 million units with 18.3% YoY increase. In 2022, gaming laptop shipment will take about 11.1% of the total notebook shipment.

## ■ 2-in-1 Notebooks

Owing to efforts across the entire supply chain, the cost and selling prices of 2-in-1s have dropped considerably, which has made them more available and acceptable by a wider group of consumers. There are two types of 2-in-1: flip-screen and detachable. Flip-screen notebooks can be physically converted for use under different scenarios, such as video sharing, multi-user sharing and tablet mode. In recent years, manufacturers have introduced notebooks with flip screens that are both lightweight and thin, making them even more appealing. Detachable notebooks are characterized by smaller screen size. This is a feature that appeals to both tablet and notebook users. The compact form factor combined with a detachable keyboard can better satisfy users who have a higher need for portability. According to IDC, the shipment of 2-in-1 devices totaled about 126.1 million units worldwide in 2021. The manufacturers will introduce diversify products with 5G and AI in 2022. This has the potential to increase shipment by nearly 2% to more than 145.8 million units.

## ■ All-in-one (AIO)

The AIO market is currently dominated by HP, Lenovo, Dell and Apple. Those top brands account for more than 81% of market share today. The AIO market is currently divided between two extremes. One end of the spectrum is characterized by the use of entry-level CPUs such as Intel Celeron and Pentium. Their main purpose being to replace desktop PCs as learning machines for children. On the other end of the spectrum lie mid-range and high-priced products. Their main advertised features include multimedia playback, a high-end desktop or notebook CPU, an advanced video processor, and a large touch screen panel. These high-end specifications combined with aesthetic design have revolutionized the PC market and these products are starting to replace desktops. According to IDC, the three-year decline of AIOs has ended and shipments should remain stable with 12.4 million units in 2022.

## ■ 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution

According to the GSA, to 2021/E, there are 200 operators officially providing 5G network communication products and services in more than 78 countries. The Cisco Annual Internet Report states that by 2023, about 70% of the world's population (5.7 billion) will have mobile network communication, at least 10% of which is provided by 5G communication. There are more than 628 5G consumer products available in the global market, across 21 product categories such as mobile phones, tablet, network sharing devices (CPE/MiFi), router, dongle, notebook, TVs, robots, vending machines, etc. Many products have adopted Compal 5G solutions already. Compal will continue to expand partners in different 5G domains to develop more 5G application services and consumer products.

According to the latest market research, the global 5G small cell market size will reach USD 17.9 billion in 2028. By SNS estimates, the global private network market will grow to USD 3.4 billion in 2025 with CAGR 34%. Ericsson also pointed out the huge potential of digital transformation, and the 5G vertical application market will reach USD 1.32 trillion in 2026. Compal's new products 5G small cells and 5G O-RAN private networks and vertical solutions not only enhance network speeds, but also bring breakthroughs in enterprise private networks, smart city and smart factory applications. It is expected that small cells and private network solution

will improve 5G coverage and vertical applications.

#### ■ Tablets

Impacted by the Covid-19 pandemic, demands for work, entertainment and education at home are sharply increased, which has driven the tablet demands to hit a high in recent years. Due to epidemic slowdown global IC shortage, tablet total shipment is slightly decreased in 2021. According to an IDC report, the global tablet market shipped 168 million units in 2021, a 3% YoY increase comparing to 2020. The pandemic push people to get more used to communicate through Internet and use online learning. Comparing to PC or Laptop, tablet has cost and mobility advantages, and the huge app market leveraged from smartphone ecosystem and more user-friendly for elder people and kids also drive the growth. Compal also continues to pay attention to the market trend and respond to these changes to provide consumers with competitive and diverse types of tablet products.

#### ■ Smartphones

According to IDC, the global smartphone sales volume in 2021 was about 1360 million units, with a YoY increase of 6.0%. We observe that 5G smartphone keep the huge growth power for the upcoming 5G network deployment and the launch of 5G services into the market. Compal aggressively invests in the development of new technologies for 5G smartphones, and provides built-in AI enhancement, virtual personal voice assistants, and a more intuitive user interface. In addition, it will also bring a more attractive new generation of smartphone products.

#### ■ Smart Wearable Devices

According to IDC, in 2021, smart watches market continued to grow at an annual growth rate of 28%. Apple is still the top one vendor by market share. Despite the impact of Covid-19 on supply chain management, end – users have increased their awareness of healthcare management and drove the growth momentum of all smart watch segments. In 2022, Compal continues to provide best-in-class manufacturing and ODM services with latest technical development for brand customers. By integrating the latest smart watch platform and technologies, Compal provides a variety of product design solutions hand-in-hand with brand customers to meet demand of different target market segments, and end-user attributes.

#### ■ Smart Hearable Devices

The global TWS hearables market shipments in 2021 grew 24% YoY in unit sales, reaching 300 million units, and 25% in terms of value, according to Counterpoint’s TWS Hearables Market Tracker. Apple saw a slight increase of 5% YoY in its unit sales but its market share fell to 25.6%. However, the sub-\$50 segment accounted for the largest share in 2021 with strong demand from emerging markets like India.

In addition to music streaming and smart assistants, TWS earbuds also have new features like hearing protection. According to the World Health Organization (WHO), about 460 million people worldwide have

hearing loss problems, and about 1 billion people have potential risk of hearing loss due to loudspeakers and long-term listening to entertainment headphones. Compal develops smart hearable products, TWS earbuds and Bluetooth hearing aids by co-working with professional research centers to bring customers greater listening experience, efficient wireless communication technology, as well as smarter hearing assist features and user interaction experience.

#### ■ Smart Display Products

According to statistics from the Omdia Markit, due to the impact of Covid-19 the overall annual global LCD TV industry shipments in 2021 was about 207 million units, about -7% year-on-year. However, the North American market was stimulated by government subsidies to increasing about 39% year-on-year. Looking forward to 2021, the impact of Covid-19 still exists, but no more subsidies from government, and the market will be changed greatly with the impact of inflation. We will continue to accumulate the development energy of smart TV and smart video-related products, and continue to cultivate strategic partnerships to maintain a good business and keep flexibility to respond to market dynamics.

#### ■ AR/VR Smart Devices

Aiming for the Metaverse opportunities and the use of new forms of media and information technology, one can accelerate the efficiency of processing, solving issues in work, life, and entertainment. Through VR experience, learning, training, and AR (augmenting reality) to solve issues in a timely manner. Therefore, AR/VR applications have gradually become the main force for the development of technology giants in various fields, especially Microsoft, Facebook/Meta and HTC. The application of AR/VR head-mounted display devices has achieved breakthrough development in vertical markets such as smart factories, smart healthcare, and remote collaboration. Personal gaming and 3D holographic streaming media have also been produced in entertainment. In the future, AR/VR will further deepen computer vision, AI, and IoT applications, and become the new personal computing platform. In addition, Covid-19 continues to impact the flexibility of the Company's work environment and promote the entire process of transformation. IDC predicts that by 2023, 70% of service-oriented companies in the world will use AR/VR as personal assistants., The application of the acceptance and transfer of work knowledge; therefore, AR/VR enterprise application solutions will become the main market direction.

#### ■ Smart Home Devices

Mobile devices have become an inseparable part of daily life. As wireless technology matures, an "Always Connected" environment is taking shape to cater for our work, living, and leisure needs. Smart Home applications have become a mainstream development topic for technology giants such as Amazon and Google. Smart voice assistants and I embedded smart devices have been a breakthrough for progress in Smart Home applications. More and more players are joining this market. In the future, there will be more applications based on voice interaction, image recognition and interaction, as well as security. The implementation of AI technology will provide users with a more convenient and intuitive experience.

## ■ IoT Vertical Solutions

Industries have maintained high interest in IoT over the last few years. We hope to resolve the inherent issues in collaboration with ICT businesses. In this sector, we have engaged in cross-sector alliances with leaders of other industries to develop autonomous mobile robot (AMR) to enhance plant production efficiency or smart cold-chain transportation to resolve the long-time pain point of businesses. Furthermore, the emergence of Metaverse will accelerate the demand of AR/VR glasses, the market is also towards enterprise and consumer applications. To Compal Electronics, this is a favorable opportunity to enter Metaverse industry.

## ■ Smart Medical and Healthcare

Increasing shortages of medical staff over recent years has imposed a heavy burden on medical personnel. The result is that medical institutions are desperately searching for more efficient ways to manage personnel and resources. In the United States, hospitals have responded to this crisis with the full implementation of digital charts and modern hospital management systems. Compal is actively introducing promising solutions from abroad to help Taiwanese medical institutions provide better service for patients.

Furthermore, the aging population and shifting focus of medical technology towards convenience have resulted in a change in healthcare practices from always being hospital-based to some home-based and personalized solutions. In light of this, Compal has invested significant resources in the development of integrated products that make it possible for many healthcare services to be carried out at home or at other fixed locations.

Compal also develops smart sports solutions and smart assistive tools, and is collaborating with athlete training centers, both at home and abroad, in the development of exclusive high-end products for professional athletes.

## ■ Auto electronics (AE)

In recent years, governments all over the world have been tightening the exhaust emissions standard and safety standards of vehicles and have set a timeframe for implementation. Electrification, connectivity, and ADAS/AD become the megatrend which trigger disruptive changes in the automotive industry.

Disruptive innovation in technologies, along with IT companies (e.g. Google), startups (e.g. AI and sensor startups), and service platform providers (e.g. Uber) entering the market one by one have changed traditional supply chain and competitive environment in automotive. Driven by new entrants into the market, new technology introduction and Covid pandemic since 2019, legacy carmakers have adapted their sourcing and operation models to the changes and challenges. To cope with those changes and challenges in auto industry, we have equipped ourselves with ITAF 16949 and ISO 26262 certified and deployed 5G networking access and ADAS technologies. In last year we built a plant in North America to locally supply customers' demand.

## ■ Servers

Server shipments have grown at about 2.1% per year mainly due to increased demand for cloud services. According to IDC, shipment of x86 servers totaled 17.09 million units in 2021. This is expected to rise to nearly 18.18 million units in 2022. X86 servers accounted for 96.5% of total server shipments. Rack-mounted servers

represent a higher market share because they are both energy efficient and scalable.

## **2. Association between upstream, midstream, and downstream industry participants**

### ■ Notebooks

The notebook industry is now mature and Taiwanese manufacturers have developed comprehensive partnerships with upstream, mid-stream, and downstream suppliers. This fully-fledged supply system gives manufacturers the advantage of being able to quickly and flexibly adjust to market changes. It also enables Compal to keep up to date and deal with the latest technology and pricing of key components such as semiconductors, CPUs, LCD panels, and solid-state drives (SSD). However, we still suffer geopolitical issues and, regional conflicts, and climate issues as it has caused difficulty in global production and logistics since 2018. Compal and other Taiwanese ODMs/OEMs possess distinctive know-how on system integration, from design to manufacturing, as well as operational management. Taiwan now accounts for more than 80% of the world's notebook ODM/OEM production. The downstream customers including brand manufacturers such as Dell, Lenovo, HP, Acer, Asus, and Apple all have strong marketing strategies and comprehensive sales support systems to ensure success.

Global warming and climate change have become important issues in recent years. The technology industry changes people's lives so that companies will not be absent. Under the trend of energy conservation, carbon reduction, and recycling, Compal helps clients to launch notebooks with eco-friendly and sustainable. The design concept is based on energy conservation, recycling, and reuse to do our part to save the planet.

### ■ Ultraslim Notebooks

As an Ultra slim Notebook supplier, access to metal for casings and lightweight carbon fiber materials is especially important. Compal has developed a robust upstream, mid-stream, and downstream supply system, and acquired the equipment and technology to produce the needed metal products. Compal will now shift its focus gradually towards products in the mainstream price range, such as Ultra slim Notebooks made with plastic materials. This will ensure quick launch of new customer products and growth in this market.

### ■ Gaming Notebooks

In the design of gaming notebooks, the biggest difference from traditional notebooks is the requirement for powerful performance. As the result, thermal design is important for the performance of gaming notebooks. Compal continues to cooperate with suppliers to develop a variety of advanced cooling modules and use them in new products. It can help customers to continue to expand their market share in the gaming notebook market.

### ■ 2-in-1 Notebooks

The supply chain and manufacturers of 2-in-1s are generally identical to those of conventional notebooks, with the addition of some tablet parts suppliers and manufacturers. Support of the existing supply system and its

advantage of integration across suppliers, allows Compal to maintain full control of the development of key components. This speeds up research and innovation of new features because brand manufacturers and users of 2-in-1s continue to add new requirements. Despite the increasing complexity and challenges ahead, Compal remains confident and continues to make improvements as well as continuing to bring new products and concepts to the market.

- All-in-one (AIO)

The supply chain and manufacturers of AIOs are generally identical to those of conventional notebooks. The upstream supply structure is similar to that for general PCs, with the addition of suppliers of large touch screen panels. HP, Lenovo, and Dell focus not only on commercial users but also home multimedia users. Apple's emphasis is on professional applications and usage.

- 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution

Compal 5G module and the reference device design has combined upstream and downstream and dozens of well-known customers and operators to establish a complete 5G product ecosystem, providing flexible and diversified 5G related products to fulfill 5G domains services and requirements.

- Tablets

Due to global IC shortage in 2021, in addition to existing suppliers, Compal also apply more aggressive supply chain strategy, including strategic material purchasing and validate 2nd even 3rd source in the design phase, to minimize the risk of supply chain. To lower manufacturing uncertainty, Compal also diversified manufacturing to within and outside of China to provide production options to our customers while ensuring that price, delivery and quality could meet their expectations.

- Smartphones

Compal actively explores competitive suppliers to ensure the quality of sourced material meets both customer and market needs. Furthermore, Compal is building up a 5G components supply chain, as well as new technology, to assist customers in remaining competitive.

- Smart Wearable Devices

Compal works closely with suppliers for chipsets, sensors, wearable displays, and touchscreen modules to secure parts for wearable devices. In addition to coordinating with upstream suppliers and developing new technologies for new customers, Compal also reaches out to suppliers with advanced technologies. Thanks to the technical collaboration between Compal and its technology partners, Compal can quickly adjust the supply chain and product development strategies to accommodate the fast-changing market.

#### ■ Smart Hearable Devices

Compal has plenty of resources for smart hearable platforms and related components based on our past development experiences in smart devices. We have built strict standards for acoustic, reliability, and medical regulation tests so that we can guarantee to our customers that Compal can deliver reliable and high-quality products.

#### ■ Smart Display Products

The supply chain has been affected by the uncertainties of both Covid-19 pandemic and the China-US tariff dispute, so they continue to move production out of China to diversify risks. We aggressively to integrate resources across regions from upstream to downstream, deploy production base resources, control and manage operating cost, and provide flexible order fulfillment to meet customer's demands.

#### ■ AR/VR Smart Devices

For AR/VR applications, Compal provides a complete range of software and hardware solutions, combined with 5G communication to provide high-performance application solutions. Compal has also built up a strong partnership with Qualcomm to provide the standard device reference design, creating highly cost-effective solutions for customers, which can further seize consumer market applications and take leadership in future personal computing platforms.

#### ■ Smart Home Devices

Compal provides diversified terminal devices such as smart speakers and smart cameras for this application segment. Compal also coordinates across upstream, mid-stream, and downstream partners, to provide all kinds of customized hardware devices, software support, and platform solutions on demand. This allows different system integration providers and our many industrial customers to offer all kinds of Smart Home applications.

#### ■ IoT Vertical Solutions

As product positioning and requirements vary in different regions, countries, customers, and applications, fulfilling the specific specifications and stringent environmental requirements in product design is the main difference between vertical specific industry and ordinary consumer computers. In addition, we have begun to develop integrated system services and products, such as AMR, in collaboration with suppliers with respect to customers' application requirements.

#### ■ Smart Medical and Healthcare

##### (1) Management system:

- Digital charts and smart ward solutions

Compal has been introducing digital charts through an alliance with some foreign partners. Unlike the

conventional management system adopted by existing medical institutions, this product category offers the potential to provide both diagnostic aid to physicians and also reduces the workload on nurses. It can also be integrated with many different data management systems currently used in hospitals. Digital transformation is already happening within the healthcare system. Compal is currently working with several hospitals to develop digital charts and smart ward solutions. Healthcare organizations will no longer have to operate in isolation but will be able to coordinate their activities with each other towards the establishment of a uniform standard to reduce the wastage of medical resources.

- Point-of-care solutions

Compal aims to address the recent increase in demand, as well as the shortage of manpower, at nursing centers. This is being done by the introduction of human-operated healthcare solutions, such as proprietary bedside systems that are compatible with the instruments and specifications of other manufacturers. However, flexibility and the ability to customize products to customer needs will still be maintained. The most important feature of this product is that it works with different types of Smart Home devices and medical instruments, and also supports multiple services. It is intended to provide at home comfort in nursing and postpartum centers, while also allowing professional care facilities to be set up at home.

(2) Instruments, equipment, and accessories:

- Smart sports

Compal has invested substantial resources into the development and integration of smart sports vital sign monitors. These can gather measurable data and are also useful for training program design. This information can be exchanged over the cloud to facilitate remote training and communication between athletes and trainers. This helps athletes follow the most effective physical and technical training methods and helps to avoid sports injuries.

- Smart assistance devices and healthcare-related products

Compal is actively investing in the digital transformation of medical equipment. Through Internet connectivity, data from medical equipment can be exchanged and calculations can be made in real-time over the cloud. This can make various user services available, such as automatic record-keeping, reminders, behavior prediction, and so on. These devices can even be connected to advance and back-end medical service providers for professional medical consultation, to accomplish the Compal vision of a mobile and real-time medical service.

- Innovative medical devices

Compal has been working with partners in both the industry and the medical segment for several years and has invested in the development of some rather innovative medical devices. These include: Continuous Glucose Monitoring (CGM), 24-hour blood pressure monitoring (24-hour BPM), handheld smart ultrasound, and others. We expect to provide users and physicians with many more options to help develop a smart medical industry and improve the quality of healthcare.

### (3) Medical AI

- Cardiovascular disease prediction

To reduce the issue of a lack of medical manpower, Compal has been working with the Chi-Mei Hospital and medical center on the development of AI in medicine. Using the existing abundant medical resources of the hospital, Compal is helping to build up a cardiovascular disease prediction AI system which can be used in hospitals and medical centers. The product will include long-term tracking and users may be able to predict the timing and probability of cardiovascular complication. This will allow preventative action to be taken and reduce the risk of such events as stroke, myocardial infarction, etc. Compal also expects to help with the medical technology upgrade after the integration of the products in professional medical establishments in Taiwan.

- Automotive electronics (AE)

The mid-stream players in the supply of automotive electronics are represented by tier-1 AE integrated system providers. This integrated system handles in-car information, communications and entertainment, and is also linked to other auto parts. These products are sold to downstream automobile makers, which places the Company between the midstream and upstream of the AE supply chain.

- Servers

Server technology is a highly mature industry and one in which Taiwanese manufacturers have developed a comprehensive supply system of upstream, mid-stream, and downstream partners. Main parts such as CPUs, memory, and storage drives are easily secured and downstream customers such as HPE, DELL, and Lenovo all have long-term notebook manufacturing relationships with Compal. Compal has now developed extensive experience and has a reputation for the design and manufacturing of server products.

### 3. Product trends and competition

- Notebooks

- The Notebook has matured to a point where brand manufacturers are shifting their focus towards higher priced and more fully featured products, such as commercial notebooks, ultra slim notebooks, 2-in-1s, and gaming notebooks in a search for greater market opportunities, revenue, and profits.
- More user scenarios for notebooks, for example, gaming notebooks for eSports and creator PCs for content creation.
- The Intel 11<sup>th</sup> generation CPUs were the mainstream processors used in 2021, and Intel's 10nm processors have also steadily gained the market share when the new capacity is gradually ramped.
- AMD started to gain CPU market share in 2018 2H because of Intel's CPU shortage issue. In 2020, Apple released the first MACs with M1 Chip. In addition, remote learning led to education laptop demand. PC

running on ARM-based processors may increase in the market.

- The increasing popularity of mobile devices and online applications have called for more robust and diverse security functions, from fingerprints, to facial and voice recognition. These are all intended to enhance information flow and convenience without compromising security.

#### ■ Ultralim Notebooks

- Lightweight, high screen-to-body ratio and high-quality design will become the main decision factors for consumers.
- The new CPUs will provide consumers with adequate power for multi-tasking and the handling of day-to-day computing tasks.
- Long-lasting batteries will free users from the need for frequent recharging when traveling.
- Metallic casing material allows thinner, lighter, and higher-value products.
- Always on connected feature can help to work remotely.

#### ■ Gaming Notebooks

- Powerful performance is essential for gaming laptops.
- The thin and light design can show better design ability.
- The dazzling sound and light effects make players more immersed in the game world.
- Gaming laptops should have a recognizable appearance design.

#### ■ 2-in-1 Notebooks

- Consumers nowadays expect more from 2-in-1s than light weight and portability. Multi-tasking processors, long-lasting batteries and the capacitive stylus have become the new mainstream features.
- 5G will bring more modern usage for 2-in-1 notebooks.

#### ■ All-in-one (AIO)

- High-end home entertainment AIOs and new flat, portable AIOs present new opportunities.
- There is room for improvement in touch-based applications and graphical user interfaces.
- The product exterior can be designed to match interior decoration and furniture.
- Portable products can be designed with screens that can move in several directions.

The AIO target market is no longer confined to first-time PC users, or as replacement for conventional office desktops. More advanced components are becoming available and these devices will benefit from broadened

applications to achieve higher market acceptance.

#### ■ 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution

5G communication and applications have expected explosive growth in the coming years. 5G terminals and consumer products will come out with different product categories such as network devices (5G CPE/ 5G USB Dongle/5G Mifi), notebook computers, routers, televisions, and robots... etc.

By 2026, 26% of 5G revenue will come from enterprise private networks, reaching an amount of 600 billion US dollars according to Ericsson's report. The new demand for "Enterprise private network" will be an important opportunity for 5G small cells, 5G O-RAN private network and application solutions.

Compal provides the leading communication technology, product manufacturing and technical know-how. Our integrated 5G module, 5G devices, 5G Small Cell and 5G O-RAN Private network solutions provide complete technical support and development tools to help our customers develop their 5G products and services.

#### ■ Tablets

- Extend R&D technology to 5G communications.
- Focus on more competitive and better quality design.
- Explore collaborative opportunities with content providers or telecommunications operators.
- Explore opportunities in education, for kids, industrial, and medical applications.
- Develop tablets for the Smart Home and IoT and use them as control centers or as multi-functional platforms.

Tablets are mature products, and for the next step, manufacturers should focus on exploring new usage scenarios and more convenient user operation and support for more diversified applications. Education, kids, e-commerce, Smart Home hub, and IoT applications are all potential directions that Compal is actively exploring.

#### ■ Smartphones

- The communication technology enters into the 5G communications generation. To provide mobile broadband service (eMBB) will increase consumer demand for entertainment, application, and services.
- Integrates multi-core architecture and strengthens 4G and 5G carrier aggregation mobile broadband communication to provide faster transmission speed and data throughput.
- Support AI image processing and applications, drive video streaming services to meet the needs of consumers in daily work and life entertainment.
- Higher screen ratios, high picture quality, narrower border touch products.
- Integrating under-screen fingerprint recognition technology and under-screen camera technology to create full screen experience for consumers.

- Continuously improve the functions required for rugged mobile phones, scratch-resistance, crack-resistance, drop-resistance, waterproof, dustproof, etc.

#### ■ Smart Wearable Devices

- More and more smart, fashionable, and compact watches for sports and health are following Apple to the market.
- Customers who use smart wearable devices for sports also want high-accuracy GPS, steps counter, heart rate monitoring, and other bio-measurements. However, power efficiency remains a key requirement common to all users.
- Customers who use smart wearable devices for health reasons need accurate algorithms and convenient user operation. This will be one of the key success factors of the products.

To satisfy customer needs, Compal not only continues to make more power-efficient and compact designs, but also enhances the flexibility of its production processes.

#### ■ Smart Hearable Devices

Evolving due to keen competition, smart hearable devices will not only be used for music streaming, but also include more advanced features such as active noise cancellation, smart assistant, bio-detection, etc. Besides the functionality enhancements, the design will also aim to improve user experiences like water resistance, ergonomics for comfortable wearing, and applications with AI technologies to make it smarter.

Compal has specialized in related hardware and software development for a long time. We have also co-worked with hearing experts for more professional acoustic products development to create product differentiation and make us more competitive in the market.

#### ■ Smart Display Products

We team up with strategic partners to develop high-end models, adapting OLED panels, integrating far-field microphones, ultra-high-resolution large size display solutions, Quantum Dot with Mini and Micro LED backlight solutions, and introducing technologies such as artificial intelligence image processing and artificial intelligence sound processing, continue to accumulate the latest technology and experience, make use of the essence of innovation, and integrate research and development resources across fields, combining applications in mobile phones, wearables and home networking products to improve user experiences and satisfy multiple usage scenarios, stay on top of the industry's technology, and maintain long-term competitiveness.

#### ■ AR/VR Smart Devices

- AR head-mounted displays and spatial sensing modules have been adopted by vertical application customers and entered the European and American markets.

- AR/VR new Platform (XR Platform) completed the development stage.

#### ■ Smart Home Devices

- The voice input and interaction provided, and AI enhanced applications of the smart speaker and smart camera are trends of the future Smart Home devices. Compal will create more intuitive and convenient Smart Home products.
- Services are integrated through cloud and edge computing, and data analysis and user behavior learning will be the key competitiveness of Smart Home products.

#### ■ IoT Vertical Solution

Given the high entry barriers, not many investors have engaged in the vertical specific industry over time. The rise of IoT has also attracted increasing competitors. As an ICT leader. Therefore, we will implement some new technologies, such as 5G, AI, multiple sensor cognition, and the design capacity of energy-efficient devices, to increase our competitive strengths.

#### ■ Smart Medical and Healthcare

##### (1) Management system:

- Digital charts and smart ward solutions

The United States currently has the most popular (Level 7) digital chart and hospital management system, and other countries around the world are following closely behind. The purpose of this product is to deliver functions that will be of assistance to physicians and nurses while still being easy to operate. Alliances with world industry leaders has made it possible for Compal to introduce the solution to medicine in Taiwan, where its success will be replicated in our medical systems and it will also be moved to other countries in Asia.

- Point-of-care solutions

An aged society, combined with a need for differentiated medical services, make nursing centers and postpartum care centers especially popular in Taiwan. This management system provides them with a comprehensive solution and makes it possible for communications to be established between several different medical devices while patient privacy remains protected. Compal has invested in the development of related hardware and software and is working with existing medical instrument suppliers on the growth in this market.

##### (2) Instruments, equipment, and accessories:

- Smart sports

There is already a strong and growing demand from professional athletes for assistive technologies and devices. Compal has invested significant R&D efforts in collaboration with top world sports experts for the development of products that are more suitable for professional athletes. Compal is also working with

fitness centers on the creation of customized, exclusive packages that deliver the most effective sports solutions and communications to users and businesses.

- Medical equipment and healthcare-related products

Medical equipment with Internet connectivity is a trend of the future. Devices that have functionalities that allow access to information from a health management platform will be easier to operate and are also more competitive in the market. Compal will continue investing in the development of medical instruments and equipment with such connectivity and will bring better quality services to customers with the help of a management platform and cloud service.

- Innovative medical devices

As new biosensors and related hardware such as MCU/firmware/biomaterials and software have matured over recent years, development of the innovative medical devices industry has also moved to another stage. Continuous investment and development by Compal have led to more and more customers gaining trust in our design and development capacity, and the market trend is now moving towards an alternative device generation.

- Automotive electronics (AE)

Telematics, in-vehicle-infotainment, and Advanced Driver Assistance Systems (ADAS).

- Servers

The rack-mounted server is still the mainstream product today because it can be easily maintained and scaled up as business grows. Tower servers are still favored among SMEs for their low cost, but their market share has been steadily declining. Blade servers are relatively expensive to set up and may gradually be replaced by more simplified High Density servers.

- The number of servers required for Data Centers has increased continuously year after year. Although the demand for conventional enterprise-grade servers has gone down a little, demand for both types of servers will ultimately reach equilibrium.
- In addition to cost-performance, design flexibility and quick response to customer needs are the two most decisive factors for a product's success.

### 5.1.3 Research and Development

#### 1. Research and Development Expenses over the past year

Unit: TWD Thousands; %

Year	R&D expenses	Operating revenue	R&D expenses as a percentage of operating revenue
2021	16,491,857	1,235,682,015	1.3
2022 first quarter	3,974,246	267,857,679	1.5

#### 2. New products developed

##### ■ Notebooks

- High-end products: These are high-performance professional models combined with an ultra-high definition display (4K), high refresh rate (144Hz) and a powerful GPU that targets users who seek ultimate performance such as gamers or creators.
- Mainstream products: 16-inch and 14-inch products thin, low voltage, slim bezel and 16: 10 aspect ratio design that are powered by the latest CPU from Intel or AMD, are distinguished by integrated or discrete GPU models.
- Business products: Business notebooks designed specifically for corporate users. These products feature enhanced structural design and security, and are offered to large corporations, SME, and the education sector. Security mechanisms such as fingerprint, facial or voice recognition are incorporated to satisfy the user's need for security and data confidentiality.
- Special products: Compal has directed resources into developing notebooks of extreme slimness and will lead the industry in technological innovation in this area. Dual screen and foldable notebooks will be a hot new topic.

##### ■ Ultraslim Notebooks

- Compal has successfully mass-produced and launched many Ultra slim Notebooks, and its designs have been recognized by several international awards.
- No compromise on performance.
- Not only thinner and lighter but also lower power consumption are key requirements for good user experience.
- New ultra slim notebooks will feature thin frame displays for a more fashionable and cleaner appearance; the display quality will also be improved.

##### ■ 2-in-1 Notebooks

- Compal has successfully designed, mass-produced devices and launched a new 2-in-1.
- An innovative hinge design is being developed to provide more secure and precise connections while allowing easier detachment, this allows better user convenience when 2-in-1s are used in different

scenarios.

- All-in-one (AIO)
  - Compal has successfully designed, mass-produced, and launched AIOs for mainstream users.
  - Compal has successfully designed, mass-produced, and launched a new flat type of AIO.
  - Compal has developed, mass-produced, and launched AIOs that are targeted at e-sports.
  - Compal plans to acquire touch control technologies with pen support and introduce AIOs in sizes ranging from 19" to 27."
  - Compal has successfully designed AIOs with a wireless charging dock.
  
- 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution
  - Qualcomm X62/65 5G M.2 / LGA module will be mass-produced in 2022.
  - 5G integrated small cell developed in 2021 and obtained product certification.
  - MTK based 5G M.2 / LGA module have been mass-produced in 2021.
  - Qualcomm x55 5G M.2 / LGA module obtained product certification, including GCF, CE, CCC, TELEC, FCC, PTCRB, etc., which have been mass-produced in 2020.
  - 5G products obtain interoperability test reports and certifications from major worldwide 5G operators.
  - 5G indoor/outdoor CPE, and MiFi have been in development and mass-produced in 2020. To extend 5G module to various types of devices.
  
- Tablets
  - Developed and manufactured WiFi tablets of high cost-performance ratio for entertainment.
  - New tablets with in-cell display and wireless charge function.
  - Developed and mass-produced a new generation of waterproof e-Reader with wireless charge function.
  
- Smartphones
  - Compal has successfully developed and mass-produced 5G smartphones with NR FR1 Sub 6 and FR2 mmWave bands.
  - Mass-produced various smartphones equipped with 21: 9 aspect ratio FHD + large full-screen smartphones.
  - Mass-produced the world's first thinnest rugged mobile phone, with a stylish appearance, and military-grade requirements, bringing a new look to rugged smartphones.
  
- Smart Wearable Devices
  - More than 50 models launched in 2020.
  - Compal supports a variety of product types, such as luxurious material and design, wireless charging, offline maps, high-accuracy GPS, and high-level water resistant for sports watches. Customized product design and more power efficient to support 3C and fashion brand requests. A new generation of lighter, smaller, narrow border, multi-purpose smart watches with diversified designs has been

introduced.

- Mass-produced eSIM enabled LTE smartwatch.

#### ■ Smart Hearable Devices

- Bluetooth headsets with smart assistant have been developed and are in mass production.
- Long-term investing in high-end AI technology to develop Bluetooth headsets and Bluetooth hearing aids with more intelligent noise cancellation features.

#### ■ Smart Display Products

- Integrated large-size OLED panels and develop new image sticking free technology.
- Developing a Quantum Dot with Mini-Led backlight solution.

#### ■ AR/VR Smart Devices

- In the industrial market, Compal has developed VR/AR all-in-one and spatial sensing integrated optical modules, which have been adopted by customers to integrate in enterprise-specific systems.
- Deeply cooperating with Qualcomm to develop the next-generation 5G+AR/VR device reference design, Compal will be the leader in 5G+AR/VR device and ecosystem.

#### ■ Smart Home Devices

- Compal has successfully launched several smart display and smart speaker products for the Worldwide Smart Home market.
- Compal has successfully developed smart camera devices and launched to market, and the product won the 2021 iF design award.

#### ■ IoT Vertical Solution

- The development of AR and VR Glasses product were completed, and shipping to foreign customers has begun.
- The development of Smart Meter Communication Hub product was completed, and shipping to foreign customers has begun.
- Mass production of the shield-type and uplift-type AMR has begun. Apart from implementing all Compal plants, we have started cooperation with system integrators and shipped to customer; meanwhile, kept promoting products to the industry.

#### ■ Smart Medical and Healthcare

- Digital charts and a smart ward solution
- Compal is promoting business opportunities in this respect. Several hospitals have begun adopting and exploring our smart ward solution this year.
- Point-of-care solutions
- More than ten point-of-care centers in Taiwan have begun trials and official use of this solution. In

addition to this, several prominent nursing centers in China have also shown interest and commenced collaborating in the use of this solution.

- Smart sports
- Smart sports solutions have been introduced at several places in Taiwan and promotion in the Taiwan and China market is ongoing. A case has also been built up in Kaohsiung.
- Innovative medical devices
- Many innovative medical device cases have been executed and plans for the achievement of FDA/NMPA/CE certification have been established.

#### ■ Auto Electronics (AE)

- Compal has mass-produced various systems and modularized several products that it has designed and developed.

#### ■ Servers

##### General Purpose Rack-mounted Servers

According to the Intel and AMD product roadmap, the launch of 1U and 2U general purpose rack-mounted servers is undemanding and the factory can quickly fulfill customer requirements by a simple BOM Option change.

##### Edge Computing Servers

The system has been designed for 5G telecommunication facilities in collaboration with telecom service providers. This system provides tremendous and responsive acceleration for all aspects of edge computing.

##### High Capacity Storage Servers

The 4U server includes 36 3.5inch hard drives and dual Intel Xeon processors, to provide cloud service providers with massive computing performance and huge capacity to fulfill any user scenario.

## 5.1.4 Long-term and Short-term Development

### 1. Short-term Development

- We will adapt to market changes, respond epidemic situation, strengthen new design concepts, maintain the focus on product difference to meet market needs.
- We will enhance operational efficiency, to further increase our product competitiveness and push the sales growth rate higher than the market average.
- We will improve logistics management and flexibility to shorten delivery times.
- We will consolidate material supply to fulfill OEMs' demands.
- We will elaborate different market strategies for different product markets. Mainstream products will be bundled with new technology and modular features to boost the added value and diversity of products. For featured products, we will adopt a prospective standpoint in our design concept for new products to become the focal point of the product market. User functionality should be taken into consideration as well as

competitive pricing for lower priced products.

- Diversified production sites to mitigate geopolitical risk and strengthen cost competitiveness.
- We will pay close attention to market trends and evolution in smart devices and develop product concepts suitable for OEM customers and the market. We will help customers create differentiated products of feasible design.
- Product development times will be further shortened to optimize supply chain management, maintain persistent high quality, and provide customers with more competitive products.
- More effort will be made to maintain existing customer relations. Apart from maintaining a high degree of customer satisfaction, we will work towards increasing the volume of product cooperation. We will also seek other opportunities for cooperation with new customers to achieve a growth rate that is better than the market average for smart device products.
- We will improve product profitability to achieve the maximum utilization of capacity and enhance overall operational efficiency and profitability.
- We will tap our accumulated communications industry R&D energy resources to quickly and efficiently cut into the high growth 5G networking market.
- Several cross-industry alliance strategies will be used for the rapid development of a diversified product line that will strengthen customer relationships in the shortest possible time.
- Observing the impact of Metaverse on the market and launch products that meet market demand.

## **2. Long-term Development**

- A spirit of innovation will strengthen value-added Company products and improve long-term core competitiveness.
- Cooperation with our customers will be improved to allow better product planning, development and manufacture as well as comprehensive after-sales service.
- Horizontal and vertical integration of all parts and products of the Group's affiliates will be strengthened strategically and aligned with customer needs, to give them more convenient and complete services.
- Optimization of the quality of sophisticated products will be enhanced by new development and cost structures and strategic alliances with main parts providers to give customers better and more competitive products and services.
- Closer horizontal and vertical cooperation will be made with affiliates in the Group to create and strengthen the loyalty of long-term customers.
- Our ability to innovate will be further cultivated, aimed at more accurate prediction of market trends, before clients do, and provide them with products and services and high value-added solutions to improve long-term core competitiveness.
- The Company has established a service-oriented business model and new revenue sources through careful long-term upstream and downstream integration and cooperation.
- We are strengthening the breadth of learning of our team in preparation for future new business and product development through cross-industry alliances.
- We are cultivating the ability to control key technology, strategize high-end product lines, and gain cooperation

opportunities with big manufacturers around the world.

- We will continue to strengthen our core R&D technology and communication capability and capacity for integrated services for smart devices.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

#### 1. 2021 Sales (Service) by Regions

Area	Percentage
Americas	44.1%
Europe	25.0%
Asia (Including Taiwan)	28.1%
Other Area	2.8%
Total	100.0%

#### 2. Market Share

##### ■ Notebooks

According to IDC statistics, the total number of notebook PCs sold around the world in 2021 came to approximately 261.1 million units. In terms of total shipping quantity, Compal's notebook PCs have approximately 22% of the global market share and the Company remains a world leading manufacturer of this product. As the market for notebook PCs is entering the era of vertical integration, Compal will continue to improve upon its technological capabilities, broaden the scope of its influence, and expand the market scale while challenging the limits and striving for continual improvement to maintain our lead over the competition.

##### ■ 5G Module and 5G User Equipment

Compal 5G UE Modules shipped from 2020, which is applied to various product categories such as 5G Mifi, 5G CPE routers, 5G notebooks, 5G AR/VR, 5G drones, 5G robots, 5G real-time cameras, 5G Industrial PC and industrial routers, and 5G USB Dongle, etc. The 5G standard is the major world-wide communication standard and trend, will bring rich product possibilities and high growth.

The 5G Smartphone market has become mainstream. Compal will continue to ship smartphone products with customers and regional carriers. Expand investment in 5G smartphone technology, provide customized solutions, product reference designs, and flexible ODM / JDM / EMS and services. Compal continues to catch market trends and develop new applications to meet market needs.

##### ■ 5G Small Cell and 5G O-RAN Private Network solution

Compal has launched a variety of 5G integrated small cells for both Sub-6 and mmWave, and a variety of wireless end devices, to meet outdoor and indoor application scenarios, accelerate the speed of 5G network deployment, and reduce the cost of each field. With Compal's customized 5G O-RAN private network and application solutions,

it can meet the deployment needs of different industrial fields. At present, it has been deployed in several domestic fields to assist the digital transformation and strengthen the development of the industry.

- **Smart Wearable Devices**

Compal is the biggest ODM supplier for more than 70 models of Google Wear OS Smartwatch. The smartwatch market is expected to maintain its high growth for the next three years. Compal will endeavor to win more world-wide brand customers while studying market demand and adjusting the direction of product development to meet market trends.

- **Smart Hearable Devices**

Compal already shipped several models of smart hearable products, including Bluetooth headsets and TWS earbuds. Because smart hearable products require high accuracy and miniature manufacturing, Compal is also investing in optimizing the product design and manufacturing processes to enhance production efficiency.

- **Smart Display Products**

Developed mass-produced ultra-high-resolution smart TVs and successfully gained over 7% of the North American smart TV market. Understanding the market needs in advance to adjust the product development direction is crucial to successfully winning the existing customer cooperation plan. In the future, we will continue to maintain the momentum of shipments, and actively expand new product lines to maintain stable growth.

- **AR/VR Smart Devices**

Successfully developed the AR/VR all-in-one model, which was adopted by several industrial information system integration companies in Taiwan as an exemplary solution. AR/VR modules are also adopted by some China companies, for health, manufacturers used to develop and integrate into various applications. So far, high-end AR/VR devices are dominated by vertical market applications. In the future, in accordance with the AR/VR market trend and the 5G communication deployment, Compal will invest more resources to develop both commercial and consumer products.

### **3. Future Supply and Demand Situation and Growth of the Market**

- **Notebooks**

According to IDC statistics, the global notebook market showed a 17% year-on-year growth in 2021. In 2022, the post-pandemic era, the demand for commercial device will remain strong. However, components shortage crisis may still affect notebook shipment.

- **Ultraslim Notebooks**

The Ultrabook PC has been well-received and is not limited to the premium market. More and more mid-line and

entry-level models have also shifted towards more compact design. IDC statistics show the global shipping quantity for Ultra slim laptops (no thicker than 18mm) in 2021 was approximately 76.9 million units with 22.5% year-on-year growth. An annual growth rate of 32.1% is expected for 2022 with a total shipping quantity exceeding 83.4 million units.

#### ■ Gaming Notebooks

As the epidemic gradually eases, people start to return to normal life and reduce their reliance on games. However, market data shows that many players still maintain gaming habits after the epidemic. According to IDC's data, the global gaming notebook shipment is 28.4 million units with an 18.3% YoY growth in 2021. Gaming laptop shipment will take about 11.1% of the total notebook shipment.

#### ■ 2-in-1 Notebooks

Much effort and hard work from the industrial chain, have resulted in the cost and prices for 2-in-1 Notebooks to become substantially lower as consumers have gradually become more receptive and familiar with the product. IDC statistics show the global shipping quantity for 2-in-1 Notebooks in 2021 was approximately 126.1 million units. It is expected by that 2022, different manufacturers will offer more diversified products and new features such as 5G/AI. It will contribute to an annual growth rate of close to 2%, with a global shipping quantity exceeding about 145.8 million units. 2-in-1 Notebooks will inject new vitality into the notebook PC market.

#### ■ All-in-one (AIO)

IDC statistics show the global shipping quantity for AIO PCs in 2021 was 12.3 million units and the number is expected to remain about the same at 12.4 million units in 2022. Compal will continue to cultivate the market.

#### ■ 5G Module, 5G User Equipment, 5G Small Cell and 5G O-RAN Private Network solution

Cisco's internet report points out that by 2023 70% of the world population (5.7 billion people) will have mobile networks, and at least 10.6% (600 million people) of mobile networks will be enabled by 5G networks. 5G products will have rapid growth, and it's estimated more than 2 billion 5G devices of various types (average 2 to 3.6 connected devices per person) will be purchased. Compal will continue to develop 5G products with customers and various 5G domain partners.

According to the latest market research report, the global 5G small cell market size will reach USD 17.9 billion in 2028. SNS estimates that the global mobile private network will grow to USD 3.4 billion in 2025. Ericsson's report also pointed out that the 5G vertical application market will reach USD 1.32 trillion in 2026. In view of the huge 5G small cell and 5G O-RAN private network application market, Compal actively invests in the development of 5G small cell and 5G O-RAN private network solutions. Compal deeply integrates and cooperates with various of operators and industry partners, and officially become 5G small cell equipment and 5G O-RAN private network solution provider.

## ■ Tablets

Follow by the pandemic getting controlled, it's predicted that the total tablet shipping quantity in 2022 would decline to the level before Covid-19. According to market forecast, detachable tablet shipment will surpass slate tablet in few years. Compal sees this trend and will develop toward the commercial segment with larger screen size and 4G/5G communication technology to accommodate the growing demand.

## ■ Smartphones

According to IDC's, after the impact of the Covid-19 pandemic, the 2022 Smartphone Global smartphone market shipment is estimated to reach 1380 million with 1.5% YoY growth when compared to 1360 million in 2021. Compal invests in high cost-effectiveness 5G Smartphone models with existing customers, also expands to new customers, to ensure stable sales momentum.

## ■ Smart Wearable Devices

IDC predicts that smart watches will continue high growth in the following years. To be well-prepared for the potential momentum, Compal is developing more advanced features such as sensors for activity detection, 4G LTE for always connection, Voice control and AI integration. Compal will continue to accumulate relevant technologies to extend its reach into more diversified wearable device product lines.

## ■ Smart Hearable Devices

According to research from IDC, the global hearable market will remain strong for several years in the future, driven by different marketing strategies: independent product or accessory of smartphone and smartwatch. More vendors join the market and it becomes more competitive. To create more value, Compal is focusing on new technologies for longer battery life, better sound quality, more efficient connection, and smarter user interaction.

## ■ Smart Display Products

According to Omdia estimates, the global LCD TV in 2022 will still affected by the Covid-19, logistic and inflation uncertainties and is expected to have a slight recession. However, the market's development of high-end LCD TV products will continue to focus on such as artificial intelligence image processing and artificial intelligence sound processing, ultra-high resolution, built-in voice assistants, OLED panels, quantum dots with Mini and Micro LED backlight solutions, large size, high dynamic range (HDR) and wide color gamut (WCG), makes TV pictures closer to natural scenes when rendered, and provides consumers with true-to-life audiovisual enjoyment.

## ■ AR/VR Smart Devices

According to IDC estimation, the annual average growth rate (CGAR) of AR/VR will exceed 80%, the global AR/VR device shipments have strong growth power. Compal actively taps into both commercial and consumer markets.

## ■ Smart Home Devices

According to Strategy Analytics, Smart Home sales will continue to grow with 11% CGAR and more than 15%

worldwide households will have one or more Smart Home devices. Compal will actively establish its presence in the Smart Home market.

## ■ IoT Vertical Solutions

According to a survey report by Gartner, Jan. 2022, smart device shipments are expected to reach 170 million units, increase of 17.2% over 2021. Moreover, Gartner expected the demand to grow to 224 million units by 2025, which shows that the market demand is still climbing.

## ■ Smart Medical and Healthcare

### (1) Management Systems:

- Electronic Medical Records (EMR) and Smart Ward Solutions: According to estimates by FMI, the global market for Electronic Medical Records (EMR) and management systems are expected to grow from USD 11.4 billion in 2015 to USD 19.7 billion by 2025, with an annual growth rate of 5.6%.

### (2) Instruments, Equipment, and Accessories:

- Smart sports products: Estimates of Market Reports Hub show that the value of smart sports goods will increase to USD 15 billion in 2021, with professional athletes, professional teams, amateur athletes, and highly self-demanding trainers as the major consumer groups.
- Medical devices and healthcare-related products: Estimates of Research and Markets show that the scale of the global medical device market will expand from USD 370 billion in 2018 to over USD 400 billion in 2023, with an annual growth of 4.5%.
- Innovative medical devices: The sales of innovative medical devices, such as continuous blood sugar monitoring systems, reached USD 1.8 billion in 2018 and will hit USD 2.5 billion in 2026, with a CAGR of 33%.
- Severe cardiovascular diseases monitoring AI: Estimates of Global Markets Insights show that the scale of the global medical AI market will reach USD 13 billion in 2025, with a CAGR of 40%.

## ■ Automotive electronics (AE)

IHS estimates global light vehicle production in 2022 will reach 82.4 million units, up 3.7% YoY from 79.4 million in 2021.

## ■ Server

IDC statistics show that the demand for x86 servers was 17.09 million pieces in 2021 and will reach 18.18 million pieces in 2022. The server demand will continue to rise in the next few years as boosted by the cloud computing demand, which is the major source of x86 server demand accounting for nearly 96.5% of the shipping volume. As the frame-type server has a higher market share, we have actively engaged in the server market.

#### **4. Competitive advantage:**

Compal has the long-time investment in Information and Communication Technology (ICT) industry and has committed to its role as an ODM. The following is a description of our competitive advantages in terms of R&D and mass production capacity:

##### **■ Notebooks**

The Company has been manufacturing notebooks since 1989 and is one of the most experienced notebook manufacturers of Taiwan. Products designed by the Company have won many Editor's Choice awards from renowned magazines worldwide as well as awards from the Taiwan External Trade Development Council.

Furthermore, our design team has great sensitivity and responds to market changes with new commercialized products. To enhance product competitiveness, Compal has assembled an R&D team that specializes in the research of new materials and technologies and is good at adding more value to products. The Company also has an intellectual property rights system in place to protect new technologies developed by the R&D team.

The demand for notebooks by general consumers has dwindled consistently due to the rise of handheld devices. This has forced manufacturers to switch competitive strategy towards faster response and more ergonomic design. The Company has always been sensitive to changes in the market and product trends. The next generation of products is planned well in advance to capture market opportunities and generate revenue.

##### **■ Ultraslim Notebooks**

Compal continues to stay ahead of its competitors in terms of technology advancement and R&D and strives to bring innovation to its designs. In 2022, Compal will maintain this advantage actively assist customers in the development of more competitive Ultra slim Notebooks.

##### **■ Gaming Notebooks**

Compal is consistently dedicated to the gaming laptop market with the best hardware and software design. We will keep focusing on the design of new-generation gaming laptops in order to target different customers in 2022.

##### **■ 2-in-1 Notebooks**

Compal has extensive experience in the development and manufacture of both notebooks and tablets. By adding a bit of innovation, Compal is confident of their ability to create new demand for these products.

##### **■ All-in-one (AIO)**

Compal possesses the advantage and ability to commercialize products quickly in this respect. To further emphasize product differentiation, a dedicated software development team has been assembled to carry out software development and man-machine interface integration, to make the products more suitable for consumer needs.

## ■ 5G Module, 5G User Equipment

Compal has long-term communication technology development and has involved itself in the evolution of global communications standards (2/3/4/5G). With complete technical capabilities and manufacturing advantages, Compal can provide customers and partners with the most competitive and flexible solutions.

- One-stop capability and services from communication and whole machine design and manufacturing.
- Obtained carrier Interoperability test (IoT) and certification.
- Obtained product certifications, including GCF, CE, CCC, TELEC, FCC, and PTCRB, etc.

## ■ 5G Small Cell and 5G O-RAN Private Network solution

- Compal's new 5G small cell series released has comprehensively antenna solution, greatly increased the data transmission rate and accuracy, and effectively enhanced the network signal, strengthening the indoor coverage and the ability of outdoor long-distance transmission, creating the industry's fastest 5G small cells. Small cells equipped with the new processor and Compal's 5G O-RAN private network and application technology have greater flexibility to meet the needs of deployment in different industrial fields, and can also enhance the possibility of extended development and strengthen industrial development.

## ■ Tablets

Compal remains somewhat optimistic about the future of the tablet market. Based on our design energy, we can provide more efficient tablet solutions to help our customers to decrease time-to-market while deliver more cost-effective and competitive products. Compal will also explore the possibility of introducing tablets that support 4G/LTE/5G Carrier Aggregation (CA), using the experience and knowledge accumulated in smartphone manufacture, to meet the rising demand.

## ■ Smartphones

Compal has accumulated many years of experience in smartphones. The ability to develop software and hardware and incorporate research outcomes and technologies into products has earned us the recognition of customers all over the world. Furthermore, the advantage of producing with economies of scale creates exceptional bargaining power with respect to the pricing and timing of material supply. This allows much more flexibility and control over raw material purchases.

- Development of 5G communication technology and keeping pace with emerging technologies.
- The introduction of AI, virtual personal assistants and more intuitive user interfaces.
- The enhanced application of biometric technologies.
- Consolidate the research and development of 5G system and RF antenna design.
- Integrating upstream and downstream supply chains, providing ODM/JDM/EMS flexible product design

solutions.

#### ■ Smart Wearable Devices

Compal has developed many different types of wearable devices ahead of its international peers. We have long-term strategic partnerships with technology leading companies such as Google and Qualcomm for development of innovative technology. Compal currently offers an extensive range of products, and leads the industry in many advanced technologies, including video, audio, wireless, and wearable materials.

#### ■ Smart Hearable Devices

Compal has years of experience in acoustic, wireless communication, mechanical structure design for smart mobile devices. We have experienced engineering teams, systematic development processes, and complete test processes and facilities. We can also provide supply chain management services and excellent cost and quality control. All these can be beneficial to our brand customers or distributors.

#### ■ Smart Display Products

- We continue to focus on the development of smart display in the immersive of picture and sound experience and the application of voice assistants, integrate cross-domain product research, and development resources to expand the industrial ecological chain.
- We continue to cultivate strategic partnerships between customers and suppliers, and actively adjust the allocation of resources between production bases and supply chains, further improving our competitive advantage in order to create win-win business and strive for market share.

#### ■ AR/VR Smart Devices

Compal continues its close cooperation with Qualcomm, in the R&D and design capabilities of the existing product line, linked to 5G communications capabilities and develop cloud software platforms, to provide customers full software and hardware solutions, and also provide customized services to fulfill market and user requirements.

#### ■ Smart Home Devices

Compal will leverage its hardware design, software, and firmware capabilities in consumer devices and communication fields, and invest in the development of a cloud computing software/platform. To provide complete Smart Home solutions and bring customers more integrated solutions and customizable applications to meet customer and market users' expectations.

#### ■ IoT Vertical Solution

Compal aims to expand its notebook design capabilities to that of industrial products computers with different

capabilities and specifications to provide customers with the most comprehensive solutions. Furthermore, Compal will be re-designing its factory production lines to conform to special specifications and test requirements for new product applications for medial and vertical industries. A hardware or software module design AI will be incorporated in vertical solutions as needed to complement the overall service package and to ensure greater reliability of the products offered.

#### ■ Smart medical and healthcare

Compal will leverage its existing ITC capabilities and cloud platform to explore cross-industry alliances and opportunities to satisfy customer needs with diverse products and services.

#### ■ Automotive electronics (AE)

Under megatrends in automotive: Electrification, connectivity, ADAS/AD, we strive to prosper our existing business by concurrent engineering with customers to achieve cost competitiveness and 0 ppm quality in IVI systems and ICT solutions, and leverage core technologies and experiences to new product to explore new business opportunities.

#### ■ Servers

Compal has many years of experience in the design and manufacturing of computers, and this has helped with our entry into the server industry. Compal's existing business relationships with world leading server manufacturers also works in our favor.

### **5. Future opportunities, threats, and responsive strategies**

#### ■ Opportunities

- Demand jumps after the ease of pandemic.
- The pandemic has prompted people to embrace flexible work styles, which has fueled commercial notebook demand.
- Innovation from world leading brands puts the Company in a position to dictate new products and markets.
- Expansion of software development, aesthetic design and man-machine interface talent has greatly improved the ergonomics of products manufactured by Compal, which adds both value and appeal to customers.
- Compal's strong R&D, manufacturing and operational management experience has earned the trust of world-renowned brands.
- Compal has rigorous processes in place to monitor cost from initial R&D to manufacturing and is therefore able to maintain a competitive edge with our products.
- A rational pricing strategy supported by an alliance with parts suppliers helps secure market growth.

- Connectivity not only brings convenience, but also adds value and competitiveness to the products offered.
- Compal actively forms alliances with participants across industries. This helps the Company to increase product and customer diversity.
- Compal remains active in developing innovative technologies and exploring new product concepts. The Company works alongside customers in developing new product lines, and in so doing secures access to new products and technologies.
- Compal has the technical capabilities to make smartphones and tablets in ways that support new IoT applications such as smart speakers, smart voice assistance, etc. as well as the ability to explore new opportunities across different industries.
- Driven by growing demand for wearable devices, Compal continues to mass-produce products and develop new proposals and innovations with major customers, continuing to maintain the Company's position as the leading producer of wearable devices.
- Actively invest in 5G development, continue to develop 5G small cells, 5G O-RAN private network and application solutions, 5G modules, 5G dongles/hubs and other 5G vertical product portfolios that can be supported in all fields, and gradually promote the development of 5G leadership in applications.
- The US-China trade war is expected to enhance Compal's design opportunities and slow down the price competition among China manufacturers.
- Integrate 5G communication capabilities with partners inside and outside the Compal group to develop various 5G domain and industrial applications.
- Integrate holographic 3D streaming media, 5G communication technology, artificial intelligence (AI) to build the next-generation AR/VR.
- Actively apply for audio and voice analysis patents to enhance global patent deployment.
- Enhance artificial intelligence (AI) technology as the foundation of the next-generation of smart devices.

## ■ Threats

- The unstable international political and economic situation has caused a turbulent state.
- The global economy was impacted by inflation, debts, unequal income, and the attack of virus variants.
- The unsmooth supply of semiconductors will affect notebook shipment in 2022.
- The industry now competes in terms of vertical integration as opposed to specialization, which involves more costly investment, higher market complexity and more challenging business management. Faced with the rise of the Chinese supply chain, Taiwanese notebook manufacturers need to coordinate operations to be able to match the integrated design, development and assembly capacity from China.
- The Notebook is a highly mature product and requires more diverse, value-adding, and innovative features for

differentiation from other market participants.

- Intense competition in the IoT market can give rise to inconsistent quality and make competition in the industry more difficult.
- Ongoing price competition among smartphones has a significant impact on large-brand customers.
- Overall demand for tablets has declined, which adds to the competitive pressure.
- Wearable devices are still in the early stages of development and require sustained periods of expansion to reach an economy of scale.
- 5G is distributed in various domains, many industries are in the POC stage, and 5G innovative new business model is still under development.
- In the condition of the US-China trade war, within the trend of globalization, technologization and the fast-changing Industries, Taiwanese businessmen have increased investments in Taiwan from abroad as well as the demand of human resources and make the talented recruiting more difficult.

## ■ Strategies

- The Company will adopt strategies that focus primarily on innovation, product added value, and service.
- Quality and production efficiency will be improved to reduce manufacturing cost.
- The use of land and human resources in emerging countries throughout the world will be optimized to reduce the cost of production and basic R&D.
- We will enhance the product design review process and develop a comprehensive database of documents to improve design efficiency and quality while reducing cost.
- New customers and new product lines will be explored in emerging markets.
- We will launch ultra slim notebooks integrating high performance and portability in response to the machine renewal demand in the commercial market to seize the commercial market together with customers.
- The gaming market has grown in diversity with new technologies constantly being introduced to entice consumers into replacing old products. Compal is in the position to offer gaming notebooks at various price levels to meet consumer demand.
- We will offer complete solutions and form alliances across industries to quickly tap into market demand while retaining the flexibility to satisfy customer needs.
- We will nurture innovative talent within the organization, enhance the development capacity for high-end medical equipment and engage world-renowned medical equipment suppliers in strategic, long-term, and mutually beneficial cooperation.
- We will continue to strengthen working relationships with platform operators by providing hardware and software solutions.

- We will continue to extend our 5G communication capabilities to various 5G domains and types of product, build up leadership in 5G, and provide complete total solutions.
- We will provide develop more AR/VR solutions and collaborate with domain partners, to create market penetration, and increase customer satisfaction.
- We will continue to develop high-end acoustic technologies for smart hearable products, and collaborate with audio professors and Taiwan Top acoustic research centers.
- We will cultivate internal R&D talents in AI technologies, hold AI seminars, and training courses.
- We will improve employee benefits, salaries and other conditions to retain talent, disperse R&D location bases to increase the source of outstanding talents and attract outstanding talents to join the international recruitment.

## 5.2.2 Major Products and Their Main Uses

### 1. Main product applications

#### ■ Notebooks

An analog-digital application hardware platform combined with dedicated software to enable a variety of applications such as data editing/processing, word processing, layout, graphics applications, web browsing, communications, digital multimedia entertainment, gaming, content creation and others.

#### ■ Ultraslim Notebooks

A laptop that emphasizes thinness and is lightweight and takes into account computing as well as battery performance to meet the consumer need for both portability and productivity.

#### ■ Gaming Notebooks

The high-performance hardware and gaming-inspired designs allow gamers to fully immerse themselves in the gaming world.

#### ■ 2-in-1 Notebooks

These devices use the Win 10 and Win 11 operating system, have an optional stylus, and satisfy the growing consumer demand for mobile computing. In addition to multiple operating modes, the device has a touch screen that enables it to be used as a tablet.

#### ■ All-in-one (AIO)

Beautiful aesthetics suited for home, commercial, and design use, with emphasis on a touch screen input interface,

a range of software applications and high computing power.

■ Smart Home Devices

Smart appliances, controls and sensors that provide users with diversified services for a smart lifestyle.

■ Tablets

Portable touch screen multimedia, mobile viewing, and online information applications.

■ Smart Display Products

Graphics displays with audio output.

■ Smartphones and Modules

Personal communication and internet access.

■ IoT Vertical Solutions

Flexible hardware designs allow a range of customized software applications along with cloud and big data analysis for horizontal alliances. We offer clients complete solutions and services through the creation of novel applications. Unlike conventional IT products, such as AMR and VR/AR glasses AI products usually need customization for various needs, but they elicit greater brand loyalty.

■ Smart Medicine and Healthcare

Penetration into households and point-of-care areas using technology, including that of the IoT, and gradual integration with our own peripheral software products allows the provision of comprehensive solutions. These can give convenient and instant smart health care that will enhance dependence on the products as well as engender user brand loyalty.

■ Automotive electronics (AE)

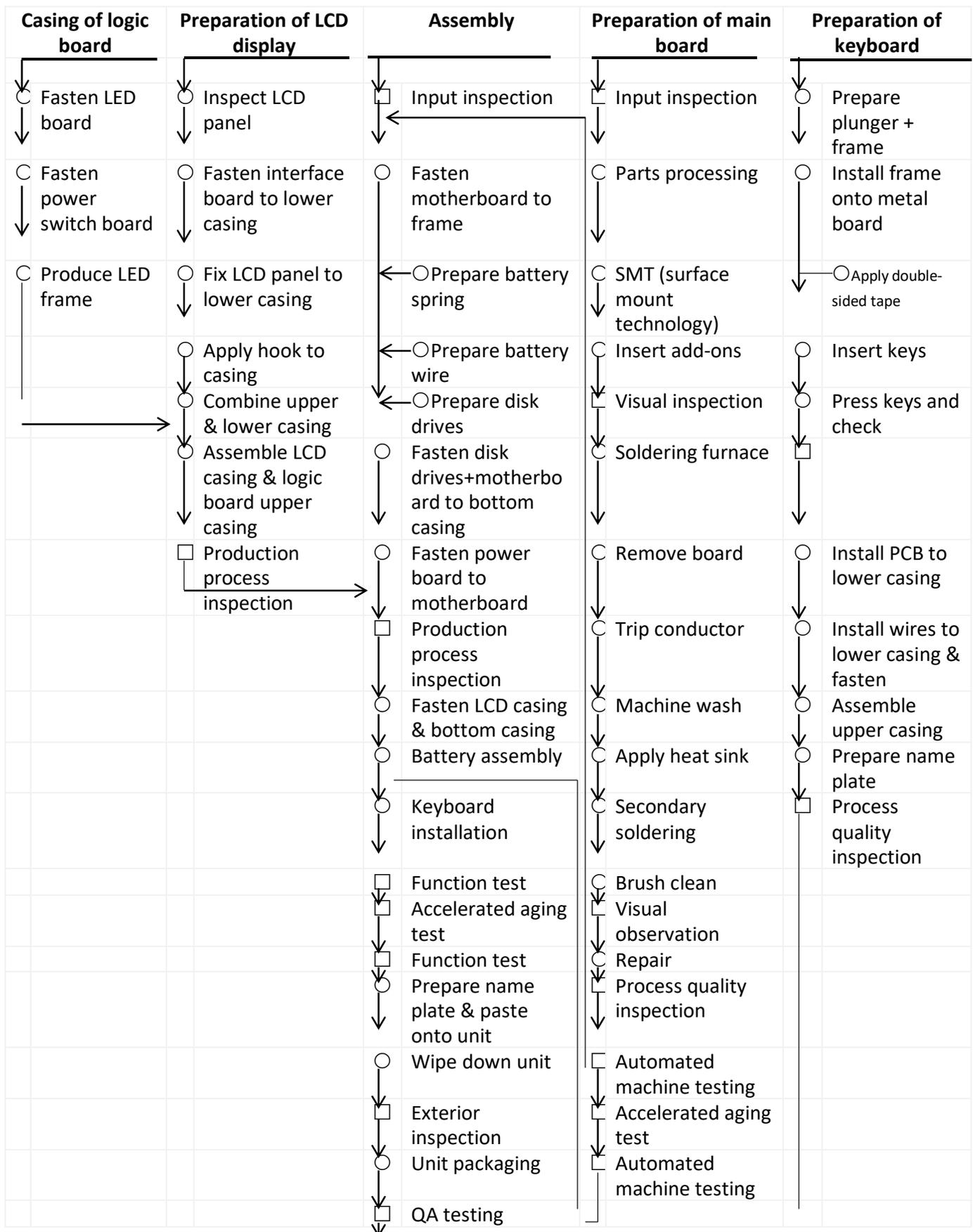
- In-Vehicle Infotainment systems
- Vehicle communication (4G/5G) systems
- ADAS warning systems

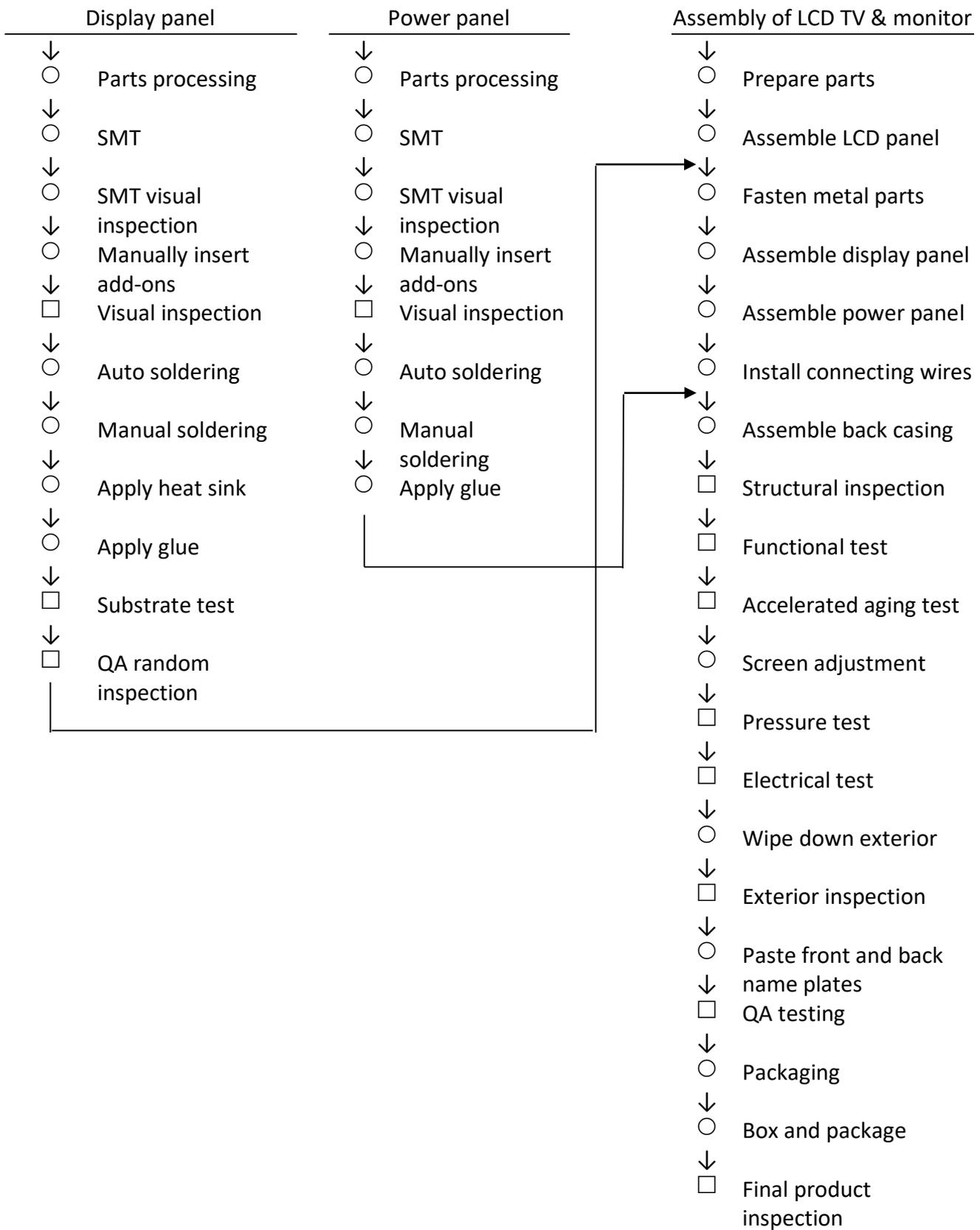
■ Servers

Designed for high power computing, capable of storing massive amounts of data and compatible with different processing programs for data analysis. Built to accommodate different applications required by enterprises, data centers, and cloud platforms.

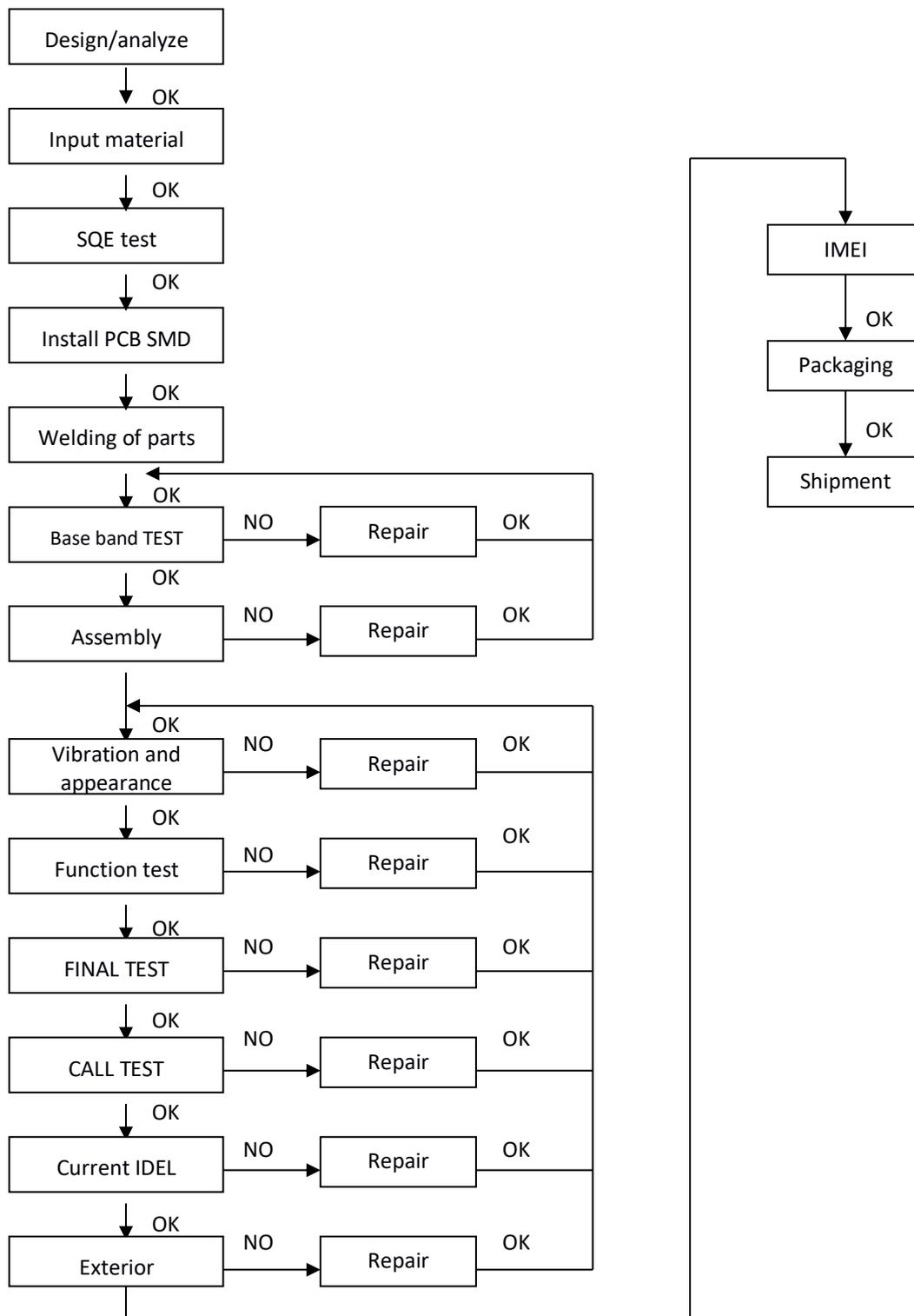
## 2. Production Process of the Main Products

### ■ Notebooks





Smartphones and Tables



### 5.2.3 Supply Status of Main Materials

#### ■ CPU/Chipset

##### ● Notebooks

The demand for notebooks remained strong in 2021 due to the influence of Covid-19. However, with countries gradually lifting lockdowns and people returning to office and school, following with the port congestion issue and Chromebook subsidy program change, the overall demand of NB began to slow down in 2022 Q1.

In 2022, the port congestion, inflation and geopolitical influence, with the adjustment of customer CPU inventory, these factors result the delay of new product launch and the overall NB demand continues to slow down. Due to the mass production and shipment of Apple's CPU, the proportion of X86 has been divided. It is expected that the proportion of Intel will drop from 76.54% to 72.04%, AMD will decline from 17.49% to 17.15%, and the Apple's CPU will increase from 4.01% to 8.18% with the other ARM CPU increase from 1.96% to 2.63%.

In terms of Intel new product, it is expected that the 10nm Alder Lake and supporting DG2 graphic card will be launched in 2022 Q2 that will support the new generation DDR5. 10nm Raptor Lake will be launched in 2022 Q4. Meteor Lake on 7nm process is expected to launch in 2023 Q2. Considering that the low-end CPU is still dominated by 10nm Jasper Lake, a new generation of low-end CPU Alder Lake N will launch in 2022 Q4. The new AMD product 5nm Phoenix is expected to launch in 2022 Q4 with the 6nm low-end Mendocino.

##### ● Smartphones and Modules

The Global 5G smartphone sales over 50% in Jan 2022, the major market growth in China, North America and Western Europe. The mobile phone market was also affected by seasonal sluggish demand, resulting in relative weakness in the quarter for stock adjustment.

Coupled with the global economic status, the overall production performance will weaken the first half of this year, and affect the total production volume of the whole year, which is expected to be lowered from the original 1.38 billion to 1.366 billion units, and the annual growth rate will decline to 2.5%. Including Covid19, the shortage of wafer production capacity has not been significantly alleviated, coupled with geopolitics, inflation, energy shortages and other more serious issues this year, it will also bring more variables to the smartphone market this year, and it is not excluded that the total annual production volume will continue to be adjustment.

The global 5G market in 2021 was 4.85 billion US dollars, and will reach 17.11 billion US dollars by 2026, with a compound annual growth rate of 28.67%. Due to the rapid development of automation equipment, drones, home automation equipment, autonomous driving, multiplayer gaming, video conferencing, webcasting, telemedicine, and augmented reality, 5G networks meet consumer demand for higher network speeds and increasing demand for mobile data services, which will significantly drive the growth of the global 5G chip market.

## ■ Memory

### ● DRAM

In 2021, the three major OEMs (Samsung, SK Hynix and Micron) had conservative production plans on the supply side, with the demand for notebooks and servers have increased due to the Covid-19, which causing DRAM price start to rise since 2021 Q1. The pulling force was ease due to the high-level DRAM inventory, which caused by the shortage of IC. However, since a part of production capacity was transferred to the new generation DDR5 resulting the yield loss, the DRAM price did not drop sharply in 2021 H2.

In term of DRAM application, based on 1 Gb calculated for the overall world-wide supply. The shipment was 176 billion units in 2021 and it is estimated to be 209 billion units in 2022, with YoY growth around 18.7%. It is expected that the production capability proportion of mobile phones will slightly decrease from 40% to 39%, servers will increase from 34% to 35%, PCs remain 13% with Consumer and Graphic account for 8% and 5% respectively.

In term of DRAM manufacturing process, three major OEMs continually move toward to 14nm, but it is expected that the capital expenditure will reduce about 9% compared with 2021. It is estimated that the whole year output bit growth of three major OEMs is about 18.7%, which is higher than the demand side of bit growth by 17.03%. Therefore, it is expected that the supply of DRAM in 2022 will be relatively stable compared with 2021. Nevertheless, the new-generation DDR5 has requested to add PMIC on module, which also increase the risk of material shortage compare with DDR4.

Looking forward to the market, although the demand of server continues to grow, the demand of mobile has ease, with OEMs has adjusted the mobile production capability to server and consumer, it is expected that the PC side supply will be relatively stable in 2022 H2 with the DRAM price increase more restrained than previous. Additionally, since the mining demand has slowed down and geopolitical influence causes gaming demand decrease, the VRAM price shows a declined trend.

## ■ NAND flash

Major NAND Flash suppliers plan to keep their bit growth rates smooth. It is estimated that the supply bit growth rate will be 31.8% in the 2022 with the market demand bit growth rate 30.8%. However, Kioxia and WD material contamination event brought about a temporary supply gap and ended the price declining cycle. In 2022, Covid-19 epidemic will continuously impact all sectors of the economy. China is still adopting zero-Covid policy, which brings many uncertainties to the electronics industry supply chain.

The mainstream production process transferred from 92/96 layers to 128/144 layers. Looking forward to 2022, the NAND production process will keep move to higher stacking processes. Both Micron's and SK Hynix's new generation of 176-layer NAND Flash products have been entered mass production. Samsung announced that they will accelerate the mass production plan of 8th generation 3D NAND after 7th generation 3D NAND have been entered mass production. It is expected to drive NAND Flash manufacturers to launch 228-layer TLC or QLC in the end of 2022 while the industry competes toward to higher stacking processes.

At the beginning of 2022, Samsung adjusted operations at their manufacturing facilities due to the lockdown in Xi'an. A 7.4 magnitude earthquake struck off the coast of Fukushima Japan on 16th of March and made

Kioxia halted its Kitakami plants. Kioxia/WD JV also have material contamination event in February and March. NAND Flash industry is unintelligible in the first half of the year but overall NAND Flash demand is stable and slightly decrease. The price will not go up too strong, even in the traditional peak season of the second half of the year.

#### ■ HDD

In 2021, the overall HDD shipments were still dominated by large-capacity enterprise hard drives. With the notebooks design become thinner and the cloud storage gradually turn into more mature, the HDD attach rate has decreased year-by-year. It is expected that the HDD attach rate will reduce to 8% as notebooks is mainly equipped with SSDs.

The 1TB usage rate reached the peak of 61% in the 2021, with 500GB and 2TB accounting for approximately 36% and 3% respectively. HDD prices have been steady over the years. However, the three major suppliers (Seagate, Western Digital and Toshiba) will increase the price on all HDD productions from 2202Q2 due to the impact of rising transportation logistics and raw materials cost during Covid-19 pandemic. It is estimated that the price of HDDs will increase 5-8%.

Overall sales of HDDs dropped from 650 million units to 235 million during the period from 2010 to 2021. The capacity of HDD shipments was about 1.3ZB (106 TB) in 2021, and is estimated to increase to 2.5ZB per year by 2025. In terms of the proportion of suppliers in HDD sales, Seagate is about 43%, Western Digital is about 36%, and Toshiba is 21%.

#### ■ ODD

As notebooks become thinner and lighter, ODD has been replaced by portable hard drives, flash drives and clouds, so now the attach rate of the models of notebooks with ODD has decline are less than before.

There will be no new ODD models or even continue to equip with DVD-RW this year. Due to the high prices of BD drives and the maturity of streaming services, only a few models will be specially equipped with Blu-ray disc drives. Looking to the future, Blu-ray disc players will replace DVDs as the mainstream of optical disc players.

#### ■ Batteries

Countries in the post-epidemic era are gradually moving towards the direction of unblocking. In the case of back to school and office, it is expected that the market demand for notebook computers will return to normal. Coupled with the fact that governments around the world are not actively compiling budgets for Chromebooks, as a consequence, the demand for laptops with educational functions has been revised significantly.

With the gradual popularization of the construction of 5G base stations, the cycle of replacing 4G mobile phones with 5G mobile phones is taking place. Polymer cells are expected to keep a similar shipment level compared to 2021. As Japanese and Korean battery manufacturers have determined that they will no longer focus on 3C consumer products, Chinese suppliers will dominate the market.

As the number of electric vehicle sales continues to grow, the cylindrical battery market is still in shortage. The overall supply and demand of battery raw materials has been seriously unbalanced, and futures prices have

also hit new highs, which also affects the cost of consumer batteries.

■ LCD panels and Touch control modules

The Covid-19 epidemic continued in 2021, the shortage of upstream raw materials and the strong downstream demand, caused prices of LCD panels continued to rise in the first half year. In the second half of the year, the demand for panels began to show a sign of weakening. The demand for commercial models was still strong, but the consumer models and Chromebooks began to decline. Due to the strong demand for commercial models, panel makers quickly switched their product mix to 14-inch and 15.6-inch panels, and shipments of these two sizes increased 20.2% and 23.2% QoQ in Q3'21 and Q4'21. Panel shipments hit a new high.

Notebook panel shipments hit a record high, reaching 282 million pieces, an annual growth rate of 25.1% in 2021. In 2022H2, demand was driven by the epidemic mainly for consumer notebooks and Chromebooks, and in 2022H2 as Europe and the United States gradually returned to normal life, the demand was taken over by commercial models. In Q4'21 due to the supply of components such as driver ICs and T-con ICs has gradually improved, the notebooks panel market entered into a critical adjustment period.

The panel output value ranked first in mainland China, second in Taiwan, and third in South Korea in 2021. The overall panel output value of Taiwan and mainland China was the best in terms of LCD growth. Taiwan had an annual increase of 39.6%, while mainland China has an annual increase of 57.3%. South Korea only has 2.48% growth due to Samsung's withdrawal from the LCD market.

The CQ1 began to enter the off-season in 2022, the shortage of driver ICs gradually eased. The order volume in the first quarter has double digits declined, but the panel suppliers did not adjust the build plan in CQ1 and caused all sizes panel have experienced price declines.

The shipment of notebooks had a normal off-season correction in H1'22, and the panel supply remained high, the client inventory increased a lot. Due to inflation and geopolitics, the future demand is unclear. At the same time, due to the price decline trend, clients are expected to adjust the inventory and passively pulling goods. We foresee that demand will be resumed in the peak season with low level panel price. There is another opportunity to actively pull goods to replenish inventory.

## 5.2.4 Major Suppliers and Clients

### 1. Major Suppliers in the Last Two Calendar Year

Unit: TWD Thousands

Party	2020				2021				2022 first quarter			
	Name	Amount	As a percentage to 2020 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2021 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2022 first quarter net purchases (%)	Relationship with the issuer
1	Company E	331,119,065	33.16	N.A.	Company E	416,094,822	35.58	N.A.	Company E	93,032,130	34.87	N.A.
2	Company B	99,887,382	10.00	N.A.	Company B	115,391,469	9.87	N.A.	Company B	25,872,982	9.70	N.A.
	Others	567,562,431	56.84		Others	638,053,542	54.55		Others	147,881,371	55.43	
	Net Purchase	998,568,878	100.00		Net Purchase	1,169,539,833	100.00		Net Purchase	266,786,483	100.00	

### 2. Major Clients in the Last Two Calendar Years

Unit: TWD Thousands

Party	2020				2021				2022 first quarter			
	Name	Amount	As a percentage to 2020 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2021 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2022 first quarter net sales (%)	Relationship with the issuer
1	Company a	120,376,434	11.48	N.A.	Company a	144,069,158	11.66	N.A.	Company a	25,854,144	9.65	N.A.
2	Company d	431,621,595	41.15	N.A.	Company d	534,800,186	43.28	N.A.	Company d	116,428,936	43.47	N.A.
3	Company e	75,903,386	7.24	N.A.	Company e	116,116,250	9.40	N.A.	Company e	27,590,879	10.30	N.A.
4	Company f	240,039,272	22.88	N.A.	Company f	223,256,380	18.07	N.A.	Company f	43,302,139	16.17	N.A.
	Others	180,988,564	17.25		Others	217,440,041	17.59		Others	54,681,581	20.41	
	Net sales	1,048,929,251	100.00		Net sales	1,235,682,015	100.00		Net sales	267,857,679	100.00	

## 5.2.5 Production in the Last Two Years

Unit: 000 Units; TWD Thousands

Year Production volume/ value	2020			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products						
5C electronics	154,830	130,051	1,009,349,172	176,163	149,327	1,183,285,569

## 5.2.6 Shipments and Sales in the Last Two Years

Unit: 000 Units; TWD Thousands

Year Sales volume	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products								
5C electronics	769	3,095,681	130,581	1,045,833,570	1,156	5,067,681	148,156	1,230,614,334

## 5.3 Human Resources

Year		December 31, 2020	December 31, 2021	March 31, 2022
Number of employees		112,761	109,709	89,668
Average age		28.12	28.08	28.59
Average years of service		1.70	1.69	2.10
Academic qualifications	Doctoral Degree	0.04%	0.04%	0.05%
	Master's degree	3.18%	3.34%	4.06%
	University	15.80%	16.29%	19.76%
	High school/Below/others	80.98%	80.33%	76.13%

## 5.4 Environmental Protection Expenditure

### 1. Compal is an assembler of electronic products and produces no significant pollution

The Company is an information electronic product assembly plant, a non-high energy consumption, high water consumption and high pollution industry. In order to protect the environment, it fulfills its social responsibilities, saves energy and reduces carbon, and reduces the impact of global warming. The Taiwan and Mainland China plants together incurred expenses of TWD 48,928,875 (excluding regular maintenance and green R&D) in 2021. We are keeping the promises we made as an earth citizen and hope to make substantial contributions to the protection of the global environment. We will continue our commitment to efforts in this respect. In 2021 and as of the date of report published, Compal had no violation of environmental laws, and will keep abreast of relevant regulatory updates and respond immediately to reduce the risk of violations.

### 2. Compliance with EU RoHS directives

All Compal products are 100% compliant with EU RoHS Directives. There have been no cases of returns for non-compliance. The relevant specifications for the use of plasticizers DEHP, BBP, DBP and DIBP, which came into effect in 2019, and have been effective since July 2, 2018.

To manufacture environmentally friendly green products and meet the requirements of both international environmental laws and client demand, the Company has implemented "Management Standards for the Control of Environment-Related Substances in Parts and Materials" that covers all hazardous substances currently prohibited by law and banned by customers. We have implemented efficient and effective methods of inspection for hazardous substances using recognized component classification and risk control to establish a plant monitoring mechanism for oversight and verification.

### 3. Responsive strategies and possible expenses

In the future, the Company will continue to implement its environmental responsibilities including the boosting of staff knowledge of environmental matters, and spreading updated green living knowledge, the Company's response to government policy with respect to green consumption, and the regular priority assessment of green product content in procurement, as well as continuous improvement in the energy efficiency of our plants. This includes scrutiny for all kinds of possible violations of environmental regulations in the operations management system, and the mandate to have a timely response to all environmental laws.

## 5.5 Labor Relations

### 1. Availability and execution of employee welfare, education, training, and retirement policies. Elaboration of the agreements between employers and employees, and protection of employee rights.

#### ■ Employee welfare

In addition to all employees' statutory labor rights and to help them find a balance between work and personal life, both physical and mental, and to improve their vitality in the workplace, the Company has an Employee Benefits Committee, a Life Committee, and other groups responsible for promoting worker welfare. The employee health benefits and activities include a fitness center, a medical facility, periodic health checks,

recreational team competitions, family activities, travel, the arts, and leisure and all kinds. Group Life Insurance is covered by the Company that includes accident, medical, and cancer. Employee dependents may also join the scheme at a discounted rate, but at their own expense. We also have benefits such as scholarships for employees and their children.

The Company actively supports the government in resolving the low birth rate crisis and childcare policy in Taiwan. Since 2011, we have provided generous maternity grants for employees and their spouses and children. By the end of 2021, the Company had provided TWD 198.66 million in maternity allowances and bonuses. There were 43 counts of employees who took parenting leave, with the right to return to work, in 2021.

#### ■ Education and training

The Company set training credits and outlined the credit system according to the needs of each level. The Company also integrated all training records in an online learning platform to further assist the competent staff in keeping abreast of learning progress.

In 2021, 673 training sessions (both internal and external) were organized; these courses delivered 170,617 hours of training and 59,307 persons enrolled. The total training expenses were TWD 29,565,000. The training courses included:

- Orientation: New hire seminars and corporate culture experience camps were organized to help new hires better understand company culture, the current status of the industry, and Company strategy and vision.
- Language training: Basic to advanced English and Japanese courses that train employees to respond to customers and gives them a global vision through workspace situational training.
- Managerial skills Training: To establish a comprehensive blueprint of development level, strengthen core competency at all levels in such aspects as teamwork, issue analysis, innovative thinking... and soon, to conduct planning for Company talent training at various stages.
- Professional training: Categorized new professional knowledge lectures, courses, and experience heritage job training to enhance employee expertise and technology and to enhance Company core competitiveness through systematic management.
- E-learning: Offers related courses in new hire requisites, IT, Six Sigma, language, management, CSR, and occupational safety. The Company uses Internet learning and resource sharing to offer real-time learning. The effect is maximized with a complete learning and training mechanism that utilizes a comprehensive knowledge management system.

#### ■ Retirement system

To arrange retirement for employees, the Company has issued labor retirement rules, which stipulate the conditions and standards for retirement, application, as well as operation of labor Pension Preparation Fund based on law. A supervisory committee for the workers' retirement preparation fund has also been established. According to the Regulations for the Allocation and Management for the Pension Preparation Fund, we contribute and deposit labor pension preparation funds into a dedicated account at the Bank of Taiwan per

month to protect employees' rights. In accordance with the Labor Pension Act, we have contributed 6% pension into personal account for befitted employees. Also, for those who volunteered to contribute pension, the voluntary withholding rate was deducted from the employees' monthly wage to the individual retirement account of the Labor Insurance Bureau since 1st July in 2005.

■ **Employer-employee communications and the enforcement of worker rights**

The Company has always valued employer-employee relations and has communication channels available to facilitate two-way communication that allows the Company to respond to the thoughts and opinions of employees in a prompt manner. The Company not only has policies in place to protect employee rights, but also makes decisions in the best interests of its employees.

**2. Personnel management**

The Company has clear policies in place to manage human resources and to guide employee behavior. There are specific levels of approval authority and detailed rules to guide decisions concerning employee recruitment, promotion, appraisal, assignment, leave of absence, resignation, confidentiality agreements, reward and discipline. These policies and rules exist to eliminate subjective judgment and to create a fair, open, and systematic corporate culture.

**3. Work environment**

- Buildings are subjected to annual fire safety inspections and reports.
- Buildings, plants and equipment are inspected daily and maintained on a regular basis.
- The Company hires regular cleaning services to ensure the cleanliness of its work environment.

**4. Employee safety**

- Personnel entry and exit is controlled by a security system.
- Security personnel are stationed 24 hours a day to patrol plant premises and monitor the surveillance system.
- Lectures and rehearsals are organized annually to demonstrate proper responses to cases of emergency.

**5. Actual or estimated losses arising as a result of employment disputes in the recent year up to the publication date of this annual report, and any responsive measures taken**

- In 2021 and as of the date of report published, Company did not suffer any losses due to employment disputes: None
- Future plans and potential expenses: None

## 5.6 Information Security Management

### 1. Information Security Policies and Organizations

The Information Security Committee is the organization for the coordination and execution of Compal information security related operations and various activities. It has one chairman and one deputy chairman. According to management needs, several members may be set up, with the head of the department and above as ex officio members. An executive secretary is also set up to be responsible for administrative affairs. The Information Security Committee has an Information Security Implementation Team, which is composed of staff from the Information Security Team of the Information Headquarters, which handles the establishment, promotion, maintenance, audit and training of information security, and one person is appointed as the head of the Information Security Implementation Team. Report its implementation to the board of directors once a year. When necessary, the capital committee may invite external information security consultants to attend and serve as advisors.

Compal's Information Security Committee coordinates and discusses information security policies, objectives, resource scheduling and other issues, and holds management review meetings every six months to ensure the continuous applicability, relevance and effectiveness of ISMS, and maintain operational information security and compliance National laws and regulatory requirements for information security control. It defines the scope of ISMS, implements risk assessment and risk management tasks, determines acceptable risk levels, discuss the duties and responsibilities in information security related operations, and coordinate information security control measures and processing procedures. It advocates information security policies and information security management concepts, and promote the company's information security education and training.

In order to maintain the company's competitive advantage and valuable intellectual property, and ensure that the information and information system for product operation are properly protected, the Compal Business Center establishes, records, implements and maintains the Compal information security management system in accordance with the requirements of ISO27001 standard, internal audit to be conducted twice a year and enacts the information security policy as the highest guiding principle. The statement of information security is "to ensure continuous operation and improve customer satisfaction". Compal did not have any complaints about the violation of customer privacy or the loss of customer information in 2021.

Compal's asset security policy is as follows:

- Implement risk assessment of information assets.
- Maintain the confidentiality, integrity and availability of important information assets.
- Continuous improvement of information security system through Plan-Do-Check-Act (PDCA) management cycle.
- Make sure to abide by customer contract and ensure customer information security.
- Follow and comply with government information security regulations.
- The participation of all employees and subcontractors.

### 2. Information security strategy management and resources

In 2005, Compal passed the information security verification of ISO 27001:2005, and obtained the certificate of "Information Security Management System ISO 27001:2005" issued by BSI, and gradually expanded its

scope of verification, which is tracked twice a year and re-audited every three years. In 2014, the IT Center was included in the scope of verification in addition to the original R&D unit, and the verifications were reviewed again and approved. In 2015, Compal passed the verification of the new version of ISO 27001:2013, and obtained the certificate of "Information Security Management System ISO 27001:2013". In 2017& 2020, it passed the re-verification successively, and then it was re-verified every three years afterwards, meeting the requirements of the new version of the specification.

The scope of verification covers the IT Center, portable computer products R&D, All-in-one computer products, automotive electronic products and server products. In October 2020, the scope of verification was expanded to four plant compounds at Kunshan to ensure the effective operation of management system for information security.

The widespread use of computers and rapid development of Internet have greatly changed the way users store and share information. When companies improve production and management efficiency through technology and Internet, they have, as well, exposed their privacy and information security to risks. The six major information security goals are measured monthly to monitor the control measures of information security management. Risk assessment is executed regularly every six months. Risk evaluation is performed through asset values and business processes, and risk processing measures are performed for the high-level risks evaluated. BCP recovery exercises are executed regularly to ensure the validity of the BCP plan and that it meets the system recovery goals. To boost employees' awareness of information security, our employees are required to receive social engineering exercises and a briefing on information security and training.

Compal continues to strengthen control requirements for information security, reinforces company password policy, and adjusts the original password setting of previous 3 generations that cannot be reused repeatedly to 10 generations. Also, it has strengthened identity authentication mechanism for company account, and introduce two-factor authentication to enhance the security of remote login for internal resources to prevent illegal users from accessing company resources or customer information. Access to product information is controlled by account permissions, and the login password is changed regularly in accordance with the company's password policy. From time to time, it will, through announcements and quarterly advocacy to enhance employee awareness for information security, persistently review the network security planning of company, and implement all equipment connected to company network in compliance with regulations and protocols.

## 5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents
Patent licensing agreement	Phoenix Technologies Ltd.	Since 2010.1.1 Auto-renewed upon expiry	<ol style="list-style-type: none"> <li>1. Tool Licenses</li> <li>2. Source Code licenses</li> <li>3. Maintenance</li> </ol>
Trading and manufacturing agreement	Dell Products L.P.	Since 1997.06.26 Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, while the seller will grant the buyer proper licenses to use the products and provide after-sales technical services.
Trading and manufacturing agreement	Acer Inc.	Since 2001.10.01 Yearly Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, along with after-sales technical services provided by the seller.

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 1. Condensed Balance Sheet and Statement of Comprehensive Income

##### Consolidated Condensed Balance Sheet

Unit: TWD Thousands

Analysis		Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2022
		2017	2018	2019	2020	2021		
Current assets		321,782,654	362,745,250	343,154,813	424,460,635	487,115,390	476,061,727	
Property, plant, and equipment		18,179,367	20,418,228	19,972,347	22,085,340	26,990,364	28,118,386	
Intangible assets		1,284,660	1,516,253	1,553,342	1,506,101	1,548,508	1,648,286	
Other assets		22,109,740	15,115,092	17,967,917	18,873,622	21,441,078	24,002,371	
Total assets		363,356,421	399,794,823	382,648,419	466,925,698	537,095,340	529,830,770	
Current liabilities	Prior to distribution	231,955,732	274,207,898	255,820,033	335,524,716	402,242,095	398,468,240	
	After distribution	237,184,287	279,436,453	261,048,588	342,496,124	410,956,354 (Note 2)	-	
Non-current assets		22,752,717	12,425,077	12,069,042	15,411,332	13,313,442	14,038,386	
Total liabilities	Prior to distribution	254,708,449	286,632,975	267,889,075	415,555,537	412,506,626	412,506,626	
	After distribution	259,937,004	291,861,530	273,117,630	357,907,456	424,269,796 (Note 2)	-	
Equity attributable to parent company shareholders		101,895,584	105,723,646	105,972,633	106,832,505	111,360,265	107,385,573	
Ordinary shares		44,191,916	44,071,466	44,071,466	44,071,466	44,071,466	44,071,466	
Capital reserves		10,938,773	9,932,434	9,159,259	8,342,813	6,724,856	5,087,888	
Retained earnings	Prior to distribution	56,557,146	60,060,381	57,726,604	62,566,181	69,651,940	64,741,364	
	After distribution	52,149,999	55,653,234	53,319,457	57,277,605	62,600,505 (Note 2)	-	
Other equity interests		(8,911,004)	(7,459,388)	(4,103,449)	(7,266,708)	(8,206,750)	(5,633,898)	
Treasury stock		(881,247)	(881,247)	(881,247)	(881,247)	(881,247)	(881,247)	
Non-controlling interests		6,752,388	7,438,202	8,786,711	9,157,145	10,179,538	9,938,571	
Total equity	Prior to distribution	108,647,972	113,161,848	114,759,344	115,989,650	121,539,803	117,324,144	
	After distribution	103,419,417	107,933,293	109,530,789	109,018,242	112,825,544 (Note 2)	-	

Note: 1. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2022, has been reviewed by the CPA.

2. The amounts are approved by the Board of Directors meeting on March 15, 2022.

## Consolidated Condensed Statement of Comprehensive Income

Unit: TWD Thousands

Analysis	Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2022
		2017	2018	2019	2020	2021	
Net sales revenue		887,656,959	967,706,411	980,442,346	1,048,929,251	1,235,682,015	267,857,679
Gross profit		31,964,569	30,567,091	33,908,828	35,458,522	41,491,574	9,771,784
Net operating income		9,208,429	9,261,746	10,586,368	11,492,545	13,348,593	2,809,891
Non-operating income and expense		(1,094,152)	2,527,839	(578,492)	1,630,171	4,119,242	215,496
Net income before taxes		8,114,277	11,789,585	10,007,876	13,122,716	17,467,835	3,025,387
Net income from continuing operations		6,158,037	9,589,301	7,895,719	10,409,512	13,740,488	2,404,645
Net loss from discounting operations		-	-	-	-	-	-
Net income (loss)		6,158,037	9,589,301	7,895,719	10,409,512	13,740,488	2,404,645
Income (Loss) from Other comprehensive income (loss) (net after tax)		(4,604,412)	387,887	(1,534,980)	(3,341,346)	(1,237,908)	2,642,157
Comprehensive income		1,553,625	9,977,188	6,360,739	7,068,166	12,502,580	5,046,802
Net income attributes to shareholders of the Parent		5,749,525	8,913,365	6,955,899	9,361,893	12,632,667	2,157,178
Net income attributes to non-controlling interests		408,512	675,936	939,820	1,047,619	1,107,821	247,467
Comprehensive income attributed to owners of parent		1,189,818	9,278,187	5,456,508	6,083,542	11,445,530	4,714,397
Comprehensive income attributed to non-controlling interests		363,807	699,001	904,231	984,624	1,057,050	332,405
Earnings per share (unit: dollar)		1.32	2.05	1.60	2.15	2.90	0.50

Note: 1. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2022 has been reviewed by the CPA.

## Parent-Company-Only Condensed Balance Sheet

Unit: TWD Thousands

Analysis		Financial Summary for The Last Five Years (Note 1)					As of March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		240,677,588	265,372,906	245,522,829	296,383,073	348,914,103	N.A.
Property, plant, and equipment		2,092,272	2,128,181	2,620,638	2,604,893	2,484,963	
Intangible assets		146,813	378,745	438,334	436,548	431,936	
Other assets		85,179,393	87,932,981	89,201,687	89,526,637	95,517,212	
Total assets		328,096,066	355,812,813	337,783,488	388,951,151	447,348,214	
Current liabilities	Prior to distribution	203,492,102	237,882,742	220,871,943	268,466,052	324,236,031	
	After distribution	208,780,678	243,171,318	226,160,519	275,517,487	333,050,325 (Note 2)	
Non-current assets		22,708,380	12,206,425	10,938,912	13,652,594	11,751,918	
Total liabilities	Prior to distribution	226,200,482	250,089,167	231,810,855	282,118,646	335,987,949	
	After distribution	231,489,058	255,377,743	237,099,431	289,170,081	344,802,243 (Note 2)	
Ordinary shares		44,191,916	44,071,466	44,071,466	44,071,466	44,071,466	
Capital reserves		10,938,773	9,932,434	9,159,259	8,342,813	6,724,856	
Retained earnings	Prior to distribution	56,557,146	60,060,381	57,726,604	62,566,181	69,651,940	
	After distribution	52,149,999	55,653,234	53,319,457	57,277,605	62,600,505 (Note 2)	
Other equity interests		(8,911,004)	(7,459,388)	(4,103,449)	(7,266,708)	(8,206,750)	
Treasury stock		(881,247)	(881,247)	(881,247)	(881,247)	(881,247)	
Total equity	Prior to distribution	101,895,584	105,723,646	105,972,633	106,832,505	111,360,265	
	After distribution	96,667,029	100,495,091	100,744,078	99,861,097	102,646,006 (Note 2)	

Note: 1. The financial information is audited and certified by the CPA every year.

2. The amount approved by Board of Directors on March 15, 2022.

## ■ Parent-Company-Only Condensed Statement of Comprehensive Income

Unit: TWD Thousands

Analysis \ Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2022
	2017	2018	2019	2020	2021	
Net sales revenue	841,309,602	911,050,122	916,280,028	991,279,270	1,171,613,858	N.A.
Gross profit	21,544,440	21,880,841	24,849,149	23,218,044	27,904,355	
Net operating income	5,170,549	6,936,706	8,536,952	6,079,726	7,578,392	
Non-operating income and expense	1,508,171	3,021,610	(713,273)	4,347,551	6,864,576	
Net income before taxes	6,678,720	9,958,316	7,823,679	10,427,277	14,442,968	
Net income from continuing operations	5,749,525	8,913,365	6,955,899	9,361,893	12,632,667	
Net loss from discounting operations	-	-	-	-	-	
Net income (loss)	5,749,525	8,913,365	6,955,899	9,361,893	12,632,667	
Income (loss) from other comprehensive income (net after tax)	(4,559,707)	364,822	(1,499,391)	(3,278,351)	(1,187,137)	
Comprehensive income	1,189,818	9,278,187	5,456,508	6,083,542	11,445,530	
Earnings per share(unit: dollar)	1.32	2.05	1.60	2.15	2.90	

Note: 1.The financial information is audited and certified by the CPA every year.

## ■ Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2017	KPMG	Kuo, Kuan Ying; Au, Yiu Kwan	Unqualified opinion
2018	KPMG	Chien, Szu Chuan; Au, Yiu Kwan	Unqualified opinion
2019	KPMG	Chien, Szu Chuan; Au, Yiu Kwan	Unqualified opinion
2020	KPMG	Chien, Szu Chuan; Au, Yiu Kwan	Unqualified opinion
2021	KPMG	Kuo, Kuan Ying ; Chien, Szu Chuan	Unqualified opinion

## 6.2 Five-Year Financial Analysis

### Consolidated Financial Analysis

Analysis		Year	Financial Analysis for the Last Five Years					As of March 31, 2022
			2017	2018	2019	2020	2021	
Capital Structure (%)	Debt ratio		70.09	71.70	70.01	75.16	77.37	77.86
	Long term fund to property, plants, and equipment ratio		722.80	615.07	635.02	594.97	499.63	467.18
Liquidity analysis	Current ratio (%)		138.72	132.29	134.14	126.51	121.10	119.47
	Quick ratio (%)		108.19	103.06	102.94	97.39	92.13	84.91
	Interest coverage		7.25	5.47	4.67	12.42	17.65	10.24
Operating Performance Analysis	Accounts receivable turnover (times)		5.03	5.08	4.96	4.95	4.73	4.04
	Average collection turnover		72.56	71.85	73.58	73.73	77.16	90.35
	Inventory turnover (times)		14.55	12.61	12.01	11.61	11.31	8.22
	Accounts payable turnover (times)		6.30	6.33	6.34	5.89	5.64	4.80
	Average inventory turnover days		25.08	28.95	30.39	31.43	32.27	44.40
	Property, plant and equipment turnover (times)		45.36	50.14	48.55	49.88	50.36	38.88
	Total assets turnover(times)		2.49	2.54	2.51	2.47	2.46	2.01
Profitability Analysis	Return on total assets (%)		2.01	3.08	2.57	2.67	2.90	0.50
	Return on equity (%)		5.57	8.65	6.93	9.02	11.57	2.01
	Operating income to paid-in capital ratio (%)		18.36	26.75	22.71	29.78	39.64	6.86
	Net margin (%)		0.69	0.99	0.81	0.99	1.11	0.90
	Earnings per share (dollar)		1.32	2.05	1.60	2.15	2.90	0.50
Cash flow	Cash flow ratio (%)		(Note1)	(Note1)	8.18	4.25	(Note1)	-
	Cash flow adequacy ratio (%)		48.05	44.84	37.92	35.94	27.41	-
	Cash reinvestment ratio (%)		(Note1)	(Not1)	9.89	5.48	(Note1)	-
Leverage	Operating leverage		1.63	1.60	1.61	1.54	1.52	-
	Financial leverage		1.16	1.40	1.35	1.11	1.09	-

Note: 1. The ratio is negative.

2. The financial ratio has changed by up to 20% in the past two years:

- Interest coverage 、 Return on equity 、 Operating income to paid-in capital ratio 、 Earnings per share :  
Mainly due to the increase in profit compared to the earlier period.
- Cash Flow Adequacy Ratio: Mainly due to increase in business growth, inventory amount and capital expenditures.

3. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2022 has been reviewed by the CPA.

## ■ Formula

### 1. Financial Structure

- (1) Debt Ratio = Total liabilities/Total assets
- (2) Ratio of long-term capital to property, plants, and equipment = (Net shareholders' equity + Long-term liability)/Net property, plants, and equipment

### 2. Solvency

- (1) Current ratio = Current Assets/Current liability
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liability
- (3) Interest coverage ratio = Net income before income tax and interest expense/Interest expense

### 3. Operating Efficiency

- (1) Accounts receivable (including accounts receivable and notes receivable from business activities) turnover = Net sales/Average accounts receivable balance (including accounts receivable and notes receivable from business activities)
- (2) A/R turnover days = 365/accounts receivable turnover
- (3) Inventory turnover = Cost of Goods Sold/Average inventory balance
- (4) Accounts payable (including accounts payable and notes payable from business activities) turnover = Cost of goods sold/Average accounts payable balance (including accounts payable and notes payable from business activities)
- (5) Inventory turnover days = 365/Inventory turnover
- (6) Property, plants, and equipment turnover = Net sales/Average Net Property, plants, and equipment
- (7) Total assets turnover = Net sales/Average Total assets

### 4. Profitability

- (1) Return on assets = [PAT + Interest expense × (1 - interest rate)]/average asset balance
- (2) Return on equity = PAT/average net equity
- (3) Pre-tax income to paid-in capital = Net income before taxes/Issued capital stock
- (4) Net profit ratio = PAT/Net sales
- (5) EPS = (PAT - preferred stock dividends)/weighted average outstanding shares

### 5. Cash Flow

- (1) Cash flow ratio = Cash flow from operating activities/Current liability
- (2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities/Most recent 5-year (Capital expenditure + increases in inventory + cash dividend)
- (3) Cash reinvestment ratio = (Cash flow from operating activities - cash dividend)/(Gross fixed assets + long-term investment + other assets + working capital)

### 6. Leverage

- (1) Operating leverage = (Net revenue - variable cost of goods sold and operating expense)/operating income
- (2) Financial leverage = Operating income/(Operating income - interest expenses)

■ The preceding formula for calculating the earnings per share must pay attention to the following:

1. Based on the weighted average number of ordinary shares rather than on the number of shares that have been issued at the end of the year.

2. Those who have cash replenishment or treasury shares must consider the circulation period and calculate the weighted average number of shares.
3. Where there is a surplus to increase capital or capital surplus to increase capital, the proportion of capital increase must be retrospectively adjusted when calculating the earnings per share for the previous annual and semi-annual periods, and there is no need to consider the capital increase issuance period.
4. If the preferred stock is a non-convertible accumulative preferred stock, its annual dividends (whether issued or not) must be subtracted from the net profit after tax, or the net loss after tax must be added. If the preferred stock is non-cumulative and in the case of net profit after tax, the preferred stock dividends must be deducted from the net profit after tax. If it is a loss, no adjustment is required.

■ When measuring cash flow, special attention should be paid to the following items:

1. The net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the number of cash outflows of capital investment per year.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventory at the end of the year decreases, it is calculated as zero.
4. The cash dividends include cash dividends from ordinary stocks and preferred stocks.
5. The gross value of property, plant, and equipment refers to the total amount of real property, plant, and equipment before depreciation.

■ According to their nature, the issuer shall classify the various operating costs and operating expenses into fixed and variable terms. If there is any estimation or subjective judgment, the issuer must pay attention to rationality and maintain consistency.

■ If the Company's shares are those without par value or at par value of NT\$10 per share, the former calculation for the ratio of paid-in capital shall be calculated based on the equity ratio attributable to the owner of the parent company in the balance sheet.

## Parent-Company-Only Financial Analysis

Analysis		Year	Financial Analysis for the Last Five Years					As of March 31, 2022
		2017	2018	2019	2020	2021		
Capital Structure (%)	Debt ratio	68.94	70.29	68.63	72.53	75.11	N.A.	
	Long term fund to property, plants, and equipment ratio	5,955.44	5,541.36	4,461.19	4,625.34	4,954.29		
Liquidity analysis	Current ratio (%)	118.27	111.56	111.16	110.40	107.61		
	Quick ratio (%)	96.92	89.79	88.45	89.44	88.77		
	Interest coverage	7.85	6.14	4.97	15.81	21.84		
Operating Performance Analysis	Accounts receivable turnover (times)	5.06	5.08	4.97	4.87	4.64		
	Average collection turnover	72.13	71.80	73.46	75.01	78.73		
	Inventory turnover (times)	23.11	18.82	17.55	18.29	19.59		
	Accounts payable turnover (times)	5.65	5.95	5.86	5.73	5.72		
	Average inventory turnover days	15.79	19.39	20.79	19.95	18.62		
	Property, plants, and equipment turnover (times)	398.31	431.73	385.90	379.40	460.37		
	Total assets turnover(times)	2.56	2.66	2.64	2.73	2.80		
Profitability Analysis	Return on total assets (%)	2.00	3.06	2.46	2.73	3.15		
	Return on equity (%)	5.54	8.59	6.57	8.80	11.58		
	Operating income to paid-in capital ratio (%)	15.11	22.60	17.75	23.66	32.77		
	Net margin (%)	0.68	0.98	0.76	0.94	1.08		
	Earnings per share (dollar)	1.32	2.05	1.60	2.15	2.90		
Cash flow	Cash flow ratio (%)	(Note1)	(Note1)	6.80	(Note1)	(Note1)		
	Cash flow adequacy ratio (%)	11.48	5.45	(Note1)	(Note1)	(Note1)		
	Cash reinvestment ratio (%)	(Note1)	(Note1)	8.29	(Note1)	(Note1)		
Leverage	Operating leverage	2.86	2.59	2.43	3.17	2.94		
	Financial leverage	1.23	1.39	1.30	1.13	1.10		

Note: 1.The ratio is negative.

2. The financial ratio has changed by up to 20% in the past two years:

- Interest coverage: Mainly due to the increase in income before tax compared to the earlier period.
- Property, plants, and equipment turnover: Mainly due to the increase in net revenue compared to the earlier period.
- Return on equity: Mainly due to the increase in net income compared to the earlier period.
- Operating income to paid-in capital ratio: Mainly due to the increase in income before tax compared to the earlier period.
- Earnings per share: Mainly due to the increase in net income compared to the earlier period.

3. The financial information is audited and certified by the CPA every year.

## ■ Formula

### 1. Financial Structure

- (1) Debt Ratio = Total liabilities/Total assets
- (2) Ratio of long-term capital to property, plants, and equipment = (Net shareholders' equity + Long-term liability)/Net property, plants, and equipment

### 2. Solvency

- (1) Current ratio = Current Assets/Current liability
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liability
- (3) Interest coverage ratio = Net income before income tax and interest expense/Interest expense

### 3. Operating Efficiency

- (1) Accounts receivable (including accounts receivable and notes receivable from business activities) turnover = Net sales/Average accounts receivable balance (including accounts receivable and notes receivable from business activities)
- (2) A/R turnover days = 365/accounts receivable turnover
- (3) Inventory turnover = Cost of Goods Sold/Average inventory balance
- (4) Accounts payable (including accounts payable and notes payable from business activities) turnover = Cost of goods sold/Average accounts payable balance (including accounts payable and notes payable from business activities)
- (5) Inventory turnover days = 365/Inventory turnover
- (6) Property, plants, and equipment turnover = Net sales/Average Net Property, plants, and equipment
- (7) Total assets turnover = Net sales/Average Total assets

### 4. Profitability

- (1) Return on assets = [PAT + Interest expense × (1 - interest rate)]/average asset balance
- (2) Return on equity = PAT/average net equity
- (3) Pre-tax income to paid-in capital = Net income before taxes/Issued capital stock
- (4) Net profit ratio = PAT/Net sales
- (5) EPS = (PAT - preferred stock dividends)/weighted average outstanding shares

### 5. Cash Flow

- (1) Cash flow ratio = Cash flow from operating activities/Current liability
- (2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities/Most recent 5-year (Capital expenditure + increases in inventory + cash dividend)
- (3) Cash reinvestment ratio = (Cash flow from operating activities - cash dividend)/(Gross fixed assets + long-term investment + other assets + working capital)

### 6. Leverage

- (1) Operating leverage = (Net revenue - variable cost of goods sold and operating expense)/operating income
- (2) Financial leverage = Operating income/(Operating income - interest expenses)

■ The preceding formula for calculating the earnings per share must pay attention to the following:

1. Based on the weighted average number of ordinary shares rather than on the number of shares that have been issued at the end of the year.

2. Those who have cash replenishment or treasury shares must consider the circulation period and calculate the weighted average number of shares.
3. Where there is a surplus to increase capital or capital surplus to increase capital, the proportion of capital increase must be retrospectively adjusted when calculating the earnings per share for the previous annual and semi-annual periods. There is no need to consider the capital increase issuance period.
4. If the preferred stock is a non-convertible accumulative preferred stock, its annual dividends (whether issued or not) must be subtracted from the net profit after tax, or the net loss after tax must be added. If the preferred stock is non-cumulative and in the case of net profit after tax, the preferred stock dividends must be deducted from the net profit after tax. If it is a loss, no adjustment is required.

■ When measuring cash flow, special attention should be paid to the following items:

1. The net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the number of cash outflows of capital investment per year.
3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventory at the end of the year decreases, it is calculated as zero.
4. The cash dividends include cash dividends from ordinary stocks and preferred stocks.
5. The gross value of property, plant, and equipment refers to the total amount of real property, plant, and equipment before depreciation.

■ The issuer shall classify the various operating costs and operating expenses into fixed and variable terms according to their nature. If there is any estimation or subjective judgment, the issuer must pay attention to rationality and maintain consistency.

■ If the Company's shares are those without par value or at par value of NT\$10 per share, the former calculation for the ratio of paid-in capital shall be calculated based on the equity ratio attributable to the owner of the parent company in the balance sheet.

### **6.3 Audit Committee's Report for the Most Recent Year**

#### **Audit Committee's Review Report**

The Company's 2021 financial statements, business report and proposal for distribution of earnings have been approved by the Audit Committee and by the Board of Directors. Kuan-Ying Kuo and Szu-Chuan Chien, certified public accountants of KPMG, have completed the audit of the 2021 financial statements and issued an audit report relating thereto. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report.

To Compal Electronics, Inc. 2022 Annual General Shareholders' Meeting

Chairman of the Audit Committee: Min Chih Hsuan

March 15, 2022

#### **6.4 Consolidated Financial Statements and Independent Auditors' Report**

Please refer to Attachment I.

#### **6.5 Parent-Company-Only Financial Statements and Independent Auditors' Report**

Please refer to Attachment II.

#### **6.6 Status of Financial Difficulties for the Company and its Subsidiaries**

Incidence of financial difficulties for the Company and subsidiaries between the periods of 2021 to the publication date of this annual report: None.

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: TWD Thousands

Analysis \ Year	2021	2020	Difference	
			Amount	%
Current Assets	487,115,390	424,460,635	6,265,755	14.76
Investments accounted for using equity method	8,369,312	7,949,925	419,387	5.28
Property, plant and equipment	26,990,364	22,085,340	4,905,024	22.21
Other Assets	14,620,274	12,429,798	2,190,476	17.62
<b>Total Assets</b>	<b>537,095,340</b>	<b>466,925,698</b>	<b>70,169,642</b>	<b>15.03</b>
Current Liabilities	402,242,095	335,524,716	66,717,379	19.88
Other Liabilities	13,313,442	15,411,332	(2,097,890)	(13.61)
<b>Total Liabilities</b>	<b>415,555,537</b>	<b>350,936,048</b>	<b>64,619,489</b>	<b>18.41</b>
Ordinary Share	44,071,466	44,071,466	-	-
Capital surplus	6,724,856	8,342,813	(1,617,957)	(19.39)
Retained Earnings	69,651,940	62,566,181	7,085,759	11.33
Other Equity Interests	(8,206,750)	(7,266,708)	(940,042)	12.94
Treasury stock	(881,247)	(881,247)	-	-
Non-controlling Equity	10,179,538	9,157,145	1,022,393	11.16
<b>Total Equity</b>	<b>121,539,803</b>	<b>115,989,650</b>	<b>5,550,153</b>	<b>4.79</b>

Note: Analysis of variations exceeding 20% and amounting to more than NTD10 million:

- Increase in property, plant and equipment: Mainly due to the addition of machinery and other operating equipment.

- **Effect of changes on the Company's financial position and Future response actions:**

Judging from the aforementioned causes, the effect from changes on the Company's financial position in the last two years are normal outcomes from standard operating activities.

## 7.2 Analysis of Financial Performance

Unit: TWD Thousands

Analysis	Year	2021	2020	Difference	
				Amount	%
Net Sales		1,235,682,015	1,048,929,251	186,752,764	17.80
Cost of Sales		1,194,190,441	1,013,470,729	180,719,712	17.83
Gross Profit		41,491,574	35,458,522	6,033,052	17.01
Operating Expenses		28,142,981	23,965,977	4,177,004	17.43
Operating Income		13,348,593	11,492,545	1,856,048	16.15
Non-operating Income and Expenses		4,119,242	1,630,171	2,489,071	152.68
Profit Before Tax		17,467,835	13,122,716	4,345,119	33.11
Less: Income Tax Expense		3,727,347	2,713,204	1,014,143	37.38
Net Profit (loss)		13,740,488	10,409,512	3,330,976	32.00
Other Comprehensive Income (after tax)		(1,237,908)	(3,341,346)	2,103,438	(62.95)
Total Comprehensive Income		12,502,580	7,068,166	5,434,414	(76.89)

Note: Analysis of variations exceeding 20%:

- Increase in non-operating income and expenses: Mainly due to the profits from disposal of property, plant and equipment in current year.
- Increase in profit before tax: Mainly due to the increase in net profit and net non-operating income.
- Increase in income tax expenses: Mainly due to the increase in net profit.
- Increase in net profit (loss): Mainly due to the increase in profit before tax.
- Decrease in other comprehensive income (after tax) loss: Mainly due to the decrease in the loss of exchange differences on translation of foreign financial statements.
- Increase in total comprehensive income: Mainly due to the increase in profit before tax.

### Forecast for sales for next year and basis for the forecast. Potential impact on the Company's finances and sales in the future and response plan:

- Forecast for sales for next year and basis for the forecast  
 Covid-19 pandemic remains, geopolitical risks intensified by the Ukraine war and the US and China competition, as well as the consumer demand impacted from inflations, which all caused the uncertainties in the global economic and industrial changes for 2022, where the Company has to react with operational flexibility and solid execution. Despite many industrial research institutions hold the conservative views for the upcoming year, the Company's forward progress hasn't been stopped from taking numerous new measures with customers. Moreover, as digitization, automation and teamwork continue to develop, the Company is going to capture the new opportunities via related technologies and products development, among them, the 5G technologies, auto electronics, and smart medical and healthcare will be the key focus in the mid- to long-term. The related market analysis please refer to page 130~135 for "Industry Overview—current and future industry prospects".
- Potential impact on the Company's finances and sales in the future and response plan:  
 In light of the growth in operation and future investments, the Company has established relevant financial strategies.

## 7.3 Analysis of Cash Flow

### 7.3.1 Cash Flow Analysis for the Current Year

Unit: TWD Thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Other Cash Inflow (Outflow) (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Financing of Cash Deficit	
				Investment Plans	Financing Plans
89,126,923	(23,834,383)	9,869,563	75,162,103	-	-

Note: 1. Other Cash Inflow (Outflow) includes the Cashflow in investing activities, financing activities, and foreign exchange impacts.

2. Analysis of the change of 2021 cash flows:

- Net cash outflow in operating activities: Mainly due to profit making and increase of net changes of Accounts receivable, inventory, accounts payables from operating activities.
- Net cash outflow in investing activities: Mainly due to the purchase of property, plants, and equipment.
- Net inflow of financing activities: Mainly due to the loan increase and distribution of cash dividend.

3. Financing of cash deficits and liquidity analysis: There is no cash deficits situation.

### 7.3.2 Cash Flow Analysis for the Coming Year

The Company takes the prudent planning and aims to maintain the stable cash liquidity, as the cash balance in the beginning of the year plus the net cash inflows from operating activities are adequate in meeting the Company's investing and financing needs.

## 7.4 Major Capital Expenditures

### 7.4.1 Major Capital Expenditures and Sources of Capital

Unit: TWD Thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure 2021
Property, plant and equipment	Cash flow generated from operations and loans	2022	11,737,557	11,737,557

### 7.4.2 Expected Benefits

The Company's major capital expenditure is invested to meet the needs of business growth and capacity expansion. Meanwhile to increase the automation equipment to enhance the production efficiency and achieve the goal of smart manufacturing, in which to build the Company's long-term competitiveness.

## **7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year**

### **1. Investment policy**

- (1) Competition in the industry has accelerated and Compal is in full thrust integration mode. “Enlightened Living and Computing with a Green Connection” is the Compal vision. Our long-term investment strategies are to focus on products that relate to our core business, to provide the best quality in computing, communications, consumer, cloud and connection, to provide full solutions in cost and technology, and to put emphasis on our partner’s compliance with labor regulations, and the avoidance of human trafficking and slavery. We also want to strengthen the core resources, through vertical integration, diversification, and strategic investments or acquisitions as well as integration and horizontal competition.
- (2) Improve post investment performance, strengthen the integration of Group resources and strategic partnerships with investment businesses, facilitate the cooperation between the Company and invested business, and require their full compliance with labor regulations and those against human trafficking and slavery. Connect related customers to an information network, and form strategic alliances with other industries. Sustain the performance of operating output in social, economic, and environmental aspects using a high standard of specification. This includes increasing efficiency and productivity, improving the rights of the workers, proper economic development, and environmentally friendly production in a clean operating base. The Company fully supports investment companies with good performance to plan for IPO to accelerate the realization of good returns on investments.

### **2. Main causes of profits or losses incurred on investments, and any corrective actions planned**

The 2021 consolidated profits from investment using the equity method came to approximately TWD 448 million, coming mainly from the performance of Ascendant Private Equity Investment Ltd, and Lipo Holding Co., Ltd.

### **3. 2022 investment plans**

The long-term investment plan next year will be based on the Company’s operating policy to position ourselves as the pioneer provider of mobile device solutions and provide products, through the integration of R&D resources and clients, of an all-in-one computer, TV, AE and enterprise servers. The Company follows the principle of steady operation and always focuses on our core businesses. We will expand on the foundation of our existing businesses, make some vertical integration where appropriate, and expand horizontally into related activities, while continuing to grow our core business.

In the vertical integration of upstream and downstream businesses that are not involved in hardware production, we will also expand the number of our developers and the proportion of software and firmware, to increase the value of their tangible assets and bring in value from additional sales.

We expect horizontal mergers and expansions to help develop full IoT solutions for our clients which include applications in cross-industry automation, industrial computers, security control, the healthcare industry, cars, smart medical, smart cities, smart buildings, restaurants and retail outlets, with the primary aim of providing new investment opportunities and challenges.

In practice, apart from achieving internal growth under the existing business framework, we also accept the possibility of mergers, acquisitions, joint ventures, technical calibrations, and investment activities through bilateral or multi-lateral collaboration between business entities.

The Company and affiliates will proceed with the aforementioned expansion based on the consideration of whether the expansion can strengthen the Group’s advantage and assessment of reasonable risks. In terms of reinvestments, we follow the above mentioned principles and set basic principles in the following three directions:

- (1) The vertical integration of upstream and downstream businesses to increase the proportion of self-made parts and improve overall competitiveness.
- (2) Horizontal mergers and expansion of related products and services, as well as other industries that provide prominent synergy or growth.
- (3) Develop technology which is beneficial to the Company or its affiliates, or invest in assets that provide synergy or growth.

## 7.6 Analysis of Risk Management

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Corporate Finance, and Future Response Measures

Unit: TWD Thousands; %

Items	2021
Net interest revenue and expense	968,177
Net gain on foreign currency exchange transaction (including valuation of financial instruments)	542,569

Regarding interest rate and inflation, the company will monitor interest rate changes closely and strive for most favorable loan rate, use idle funds in low-risk bank deposits and money market funds to reduce the impact of interest rate and inflation changes on the company.

The Company is export-oriented, sales and purchase of the Company are mainly accounted in USD. The change and movement of exchange rate have a considerable impact on annual profit and loss. To minimize the impact on the Company's operating profit/loss, the Company mainly utilizes hedging such as forward foreign exchange contracts and swaps to minimize the risks of exchange rate movements. In the future, the quotation strategy will be adjusted in a timely manner depending on the fluctuation of the exchange rate. The financial department collects and evaluates the relevant information and trend of the foreign currency market, and accommodate the needs of fund and make foreign currency exchange transaction in time to reduce risk.

### 7.6.2 Policies, Main Causes of Profits or Losses, and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. The Company does not make high-risk, high-leveraged investments.
2. The Company only offers financing to its related parties, mainly providing short-term financing for their operating needs.
3. The Company is engaged in endorsement and guarantee activities which are only negotiated between subsidiaries and the parent company. The arrangements are covered by proper Endorsement and Guarantee Procedures.
4. The Company uses a hedging strategy for assets and liabilities valued in foreign currencies. Such hedging, done through forward foreign exchange contracts and swap trading, covers the amount of net assets and liabilities to achieve the objective of risk aversion.
5. In addition to prudent evaluation and control of the execution of related policies, the Company also relies on regulations such as "Guidelines for Handling Acquisition and Disposal of Assets", "Endorsement and Guarantee Procedures", "Third Party Lending Procedures", and "Procedures for the Handling of Derivatives Trading".

### **7.6.3 Future Research and Development Projects and Corresponding Budget**

Other than the Company's efforts in innovation and improvement of computers, TVs, and other peripheral products, the Company also deems innovative research and development works as a niche for the Company's sustainable growth. Various R&D programs are developed and proposed by the R&D team based on their forecast of new technologies, understand of market trends, and integration of add-on function. They also team with clients to meet their market planning and detail product developments.

In general, the Company usually has less than a one-year product development cycle and aims to shorten the R&D cycle year after year. The IT industry is highly competitive, and the timing of product development is of vital importance. The rapid growth of sales has made the quality, experience, and capacity of R&D a decisive factor that will become the key as to whether the Company can achieve its business target and whether the existing customers continue their cooperation with the Company. The 2022 R&D expenses are expected to be TWD 16.5 billion.

### **7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales**

The Company's management team is paying close attention to any policies or regulations that may impact the Company's operations. In 2021, the Company made all the necessary responses to significant changes in international and domestic policies and regulations, without a significant impact on Company operation.

### **7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales**

The constant arrival of new technology products to replace dated ones has changed the habits of users. This has consequently led to the emergence of different demands, and the development of ARM and Android has also impacted Wintel, which used to monopolize the market. Not only that, the emergence of cloud applications has also resulted in significant changes in the traditional PC market. The rising technology trend of IoT, Artificial Intelligence (AI), and 5G communication will also bring significant developments of industry as well as market opportunities. To cope with these changes, the Company has expanded new businesses to its existing product lines to embrace the latest industrial trends. As such, the Company has established its Innovation Center that is responsible for following and studying the latest developments in market trends. Not only that, the Innovation Center is also involved in the development of innovative products, technologies, and designs to strengthen the Company's research on consumer behavior and thereby provide more accurate market segregation and product positioning to satisfy user needs. At the same time, we will also focus on boosting our innovative technology capabilities and plans for future product and market opportunities.

### **7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures**

Compal has concentrated on the IT and Communications industry for many years and has firmly adhered to a business philosophy of transcendence, sincerity, and harmony in a culture of ethics and honesty. We aim to be the best in world-class professional design, manufacturing, and services. As we pursue business growth, we

always remember our obligations as a corporate citizen. We have strengthened corporate governance, fulfilled corporate social responsibility, and have established a good corporate image. In recent years, the Company business has expanded, the number of employees has increased, and our global production branches have increased in number. We have become acutely aware of the need for periodic checks of the external environment, a self-management system, and operational strategies for the early detection of potential corporate crises and the need for concrete and positive response plans and corrective measures.

For many years, Compal has placed amongst the Top 500, Top 2000 businesses, and Top 2000 manufacturers in Taiwan by Fortune, Forbes Magazine, and Commonwealth Magazine respectively, and has placed the distinction of the Award in the “Taiwan Corporate Sustainability Awards” organized by the Taiwan Institute of Sustainable Energy. These prestigious awards once again reaffirmed the Company’s corporate image. There was no company crisis in 2021 nor was there any significant event that affected the Company image in any way.

#### **7.6.7 Expected Benefits from, Risks Relating to, and Response to Merger and Acquisition Plans**

In addition to continued cultivation of the existing information and communication technology (ICT) operations and enhancement of the core profit base, we are actively seeking out upcoming industries for merger, acquisition, joint venture, or technical collaboration, with the aim being to move into industrial computing, medical networking, IoT networking, vehicle networking and the medical equipment market. We will maintain stable development of existing businesses and also move ahead of the curve in other areas which have high growth momentum.

The Company will integrate resources to increase R&D capacity, improve operational efficiency, and increase competitiveness. We expect to benefit from synergy, have a positive impact on future shareholder equity, and maintain adequate control of organizational integration matters and financial risks.

#### **7.6.8 Expected Benefits from, Risks Relating to, and Response to Factory Expansion Plans: None**

#### **7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None**

#### **7.6.10 Effects of, Risks Relating to, and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None**

#### **7.6.11 Effects of, Risks Relating to, and Response to the Changes in Management: None**

#### **7.6.12 Litigation or Non-litigation Matters**

Inventec Corporation (“Inventec”), because of its former employees joined Compal Group, submitted a complaint to the Taiwan Taipei District Prosecutors Office asserting the Company has committed trade secret/copyright infringement. In August 2019, the Taiwan Taipei District Prosecutors Office brought criminal charges against the Company. In order to protect the Company’s rights and interests, the Company has retained outside counsels to defend such litigation. Considering to the fact that whether the Company has committed the trade

secret/copyright infringement depending on whether Inventec's former employees are convicted, the Taipei District Court judge therefore issued a ruling and according to which the Court made a stay of the criminal proceedings pending the determination of related criminal proceedings against those employees. Currently, the criminal proceedings against those employees is still in progress before the court. The Company cannot make any reasonable estimation regarding the possible impact on its business operation.

### **7.6.13 Other Major Risks**

#### **■ Other**

International conglomerates face many risks such as regulatory compliance, business competition, localization, and globalization. It is the responsibility of each Company employee to turn such challenges into future opportunity. Ex ante risk identification, weekly risk assessment and prevention, and post-crisis management, have all been added to the Company target management cycle (PDCA), key performance indicators (KPI), and control system for internal use. Such processes allow the dedicated units responsible for these specific risks to establish rigorous and rapid means for response and a problem-solving culture. By working through regular and unscheduled reviews and combining education, training and a performance risk appraisal system, they can cope with significantly different kinds of risk management based on local conditions. The Company did not face any significant risk in 2021.

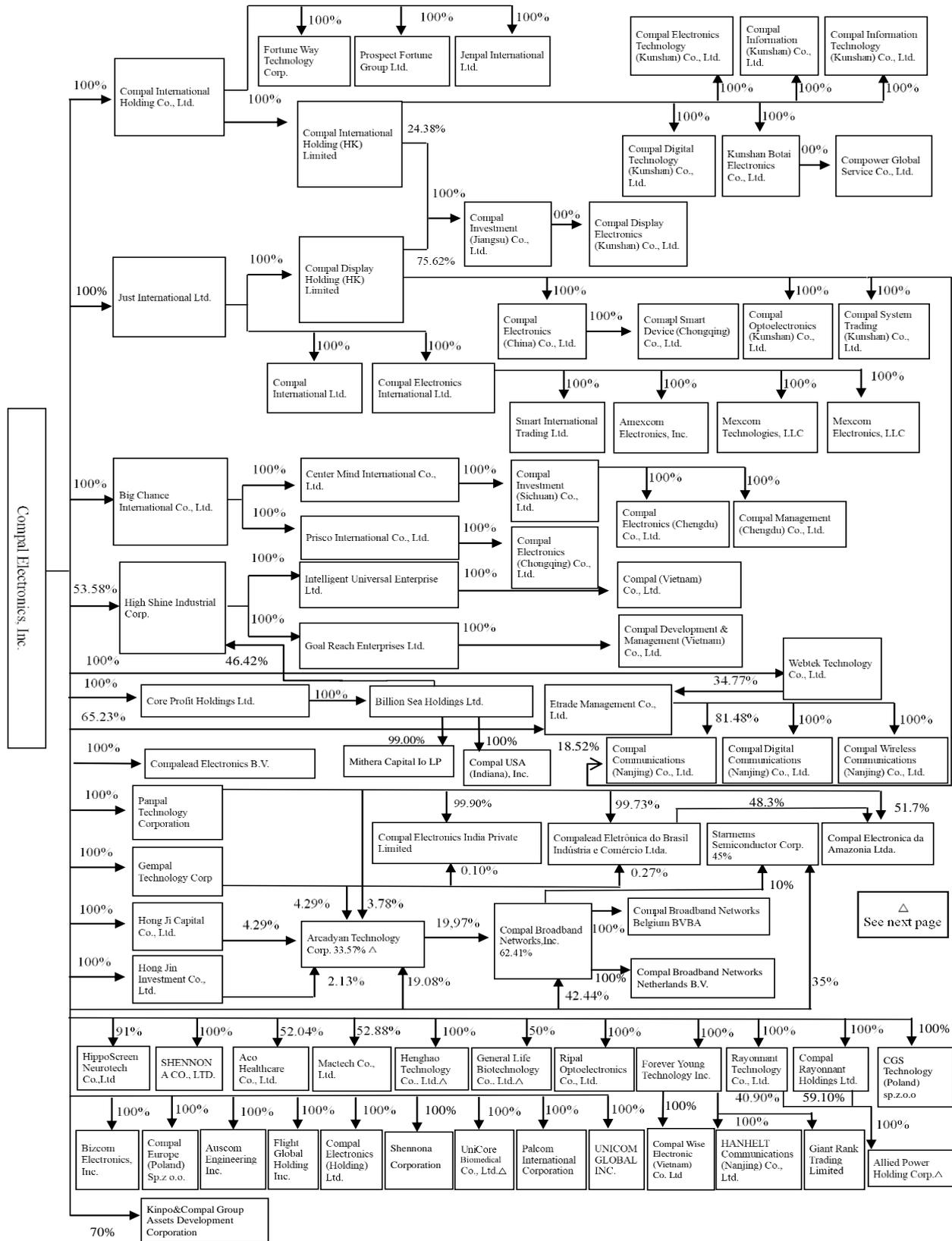
### **7.7 Other material issues: None**

# VIII. Special Disclosure

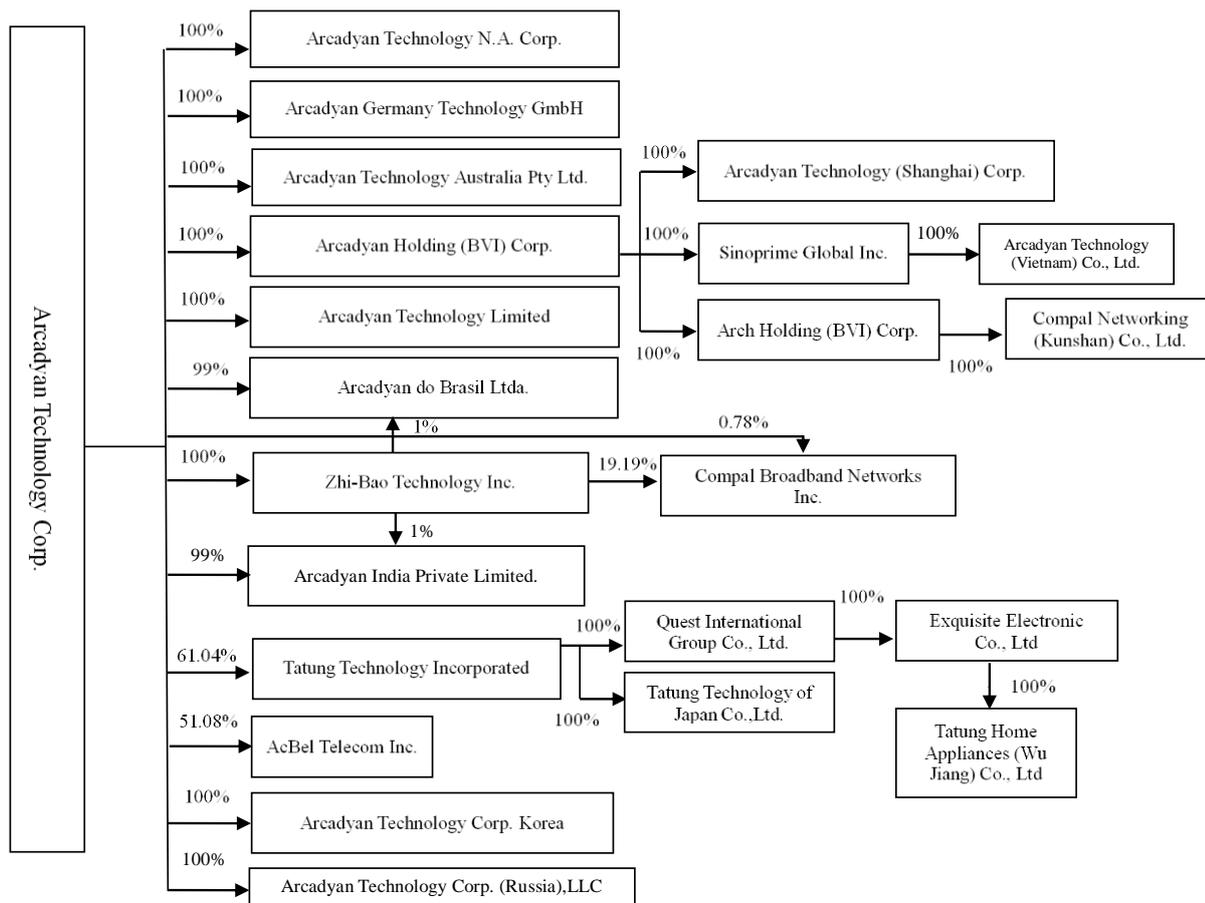
## 8.1 Summary of Affiliated Companies (As of Dec 31, 2021)

### 8.1.1 Affiliated enterprises report

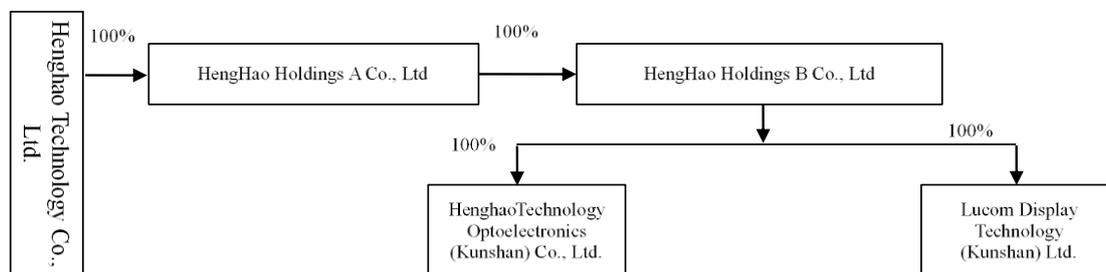
#### 1. Chart



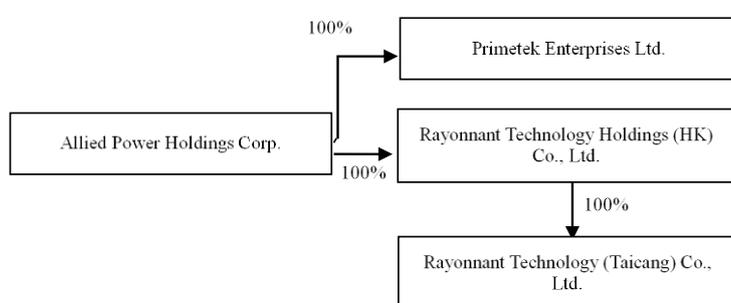
### Arcadyan Technology Affiliated Business Organization Chart



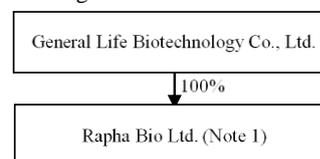
### Henghao Technology Co., Ltd. Affiliated Organization Chart



### Allied Power Affiliated Business Organization Chart



### General Life Biotechnology Affiliated Business Organization Chart



### UniCore Biomedical Affiliated Business Organization Chart



Note 1: Complete the liquidation process on July, 2021.

Note 2: UniCore Biomedical Co., Ltd. and Raycore Biotech Co., Ltd. merged on February, 2022. UniCore Biomedical Co., Ltd. is the surviving company, Raycore Biotech Co., Ltd. is a disappearing company.

## 2. Backgrounds of affiliated enterprises (December 31, 2021)

Unit: Thousand dollars

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Electronics, Inc.	1984.06.01	No. 581 and 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 44,071,466	Manufacturing, processing and trading of notebooks, computer monitors, LCD TVs, cellphones, and electronic parts
Compal International Holding Co., Ltd.	2000.01.12	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 53,001	General investments
Compal International Holding (HK) Limited	2008.08.11	Unit 1405-1406 Dominion Centre 43-59 Queen's road east, Wanchai, Hong Kong	USD 74,803	General investments
Compal Electronics Technology (Kunshan) Co., Ltd.	2000.05.19	No. 25, Third Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	USD 12,000	Production of notebooks, cellphones and electronics
Compal Information (Kunshan) Co., Ltd.	2003.01.07	No. 15, Third Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	USD 12,000	Production of notebooks, tablets and electronics
Compal Information Technology (Kunshan) Co., Ltd.	2003.06.20	No. 58, First Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	USD 24,000	Production of notebooks and electronics
Compal Digital Technology (Kunshan) Co., Ltd.	2010.03.05	No.59, First Avenue, Kunshan Economic and Technological Development Zone, Kunshan, Jiangsu, China	USD 20,000	Production and sale of notebooks, cellphones and digital products
Kunshan Botai Electronics Co., Ltd.	2001.08.20	No. 189, Qianjin Dong Lu, Kunshan Development Zone, Jiangsu Province, China	USD 1,000	Production and after-sale service of notebooks and cellphones
Compower Global Service Co., Ltd.	2012.04.23	Building 3, No.9, Second Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	RMB 2,000	Maintenance and after-sale service of notebooks and cellphones
Prospect Fortune Group Ltd.	2000.01.18	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 1	General investments
Jenpal International Ltd.	2010.12.27	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 7,350	General investments
Fortune Way Technology Corp.	2015.12.18	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 14,900	General investments
Just International Ltd.	1992.08.25	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 48,010	General investments
Compal Display Holding (HK) Limited	2008.08.11	Unit 1405-1406 Dominion Centre 43-59 Queen's road east, Wanchai, Hong Kong	USD 62,298	General investments

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Electronics (China) Co., Ltd.	1995.12.25	No. 189, Qian Jin East Road, Development Zone, Kunshan, Jiangsu, P.R. China	USD 37,000	Manufacturing and sale of displays
Compal Smart Device (Chongqing) Co.,LTD.	2018.04.13	No.18-5,Baohong Avenue,Liangjiang New District,Chongqing,China(No.DO 5,Zone D, Airport Section of Lianglu Cuntan Free Trade Port)	RMB 60,000	Development, production and sale of communication equipment, cellphones, computers and smart watches, and provision of relevant technical services
Compal Optoelectronics (Kunshan) Co., Ltd.	2003.02.28	No. 189, Qian Jin East Road, Development Zone, Kunshan, Jiangsu, P.R. China	USD 12,100	Production and sale of LCD TVs
Compal System Trading (Kunshan) Co., Ltd.	2007.10.24	No. 435 Weiye Road, Kunshan City Development Area, Jiangsu, China	USD 1,400	International trade and distribution of computers and electronic components
Compal Investment (Jiangsu) Co., Ltd.	2011.02.17	No. 189, Qian Jin East Road, Development Zone, Kunshan, Jiangsu, P.R. China	USD 15,600	General investments
Compal Display Electronics (Kunshan) Co., Ltd.	2011.03.30	No. 189, Qian Jin East Road, Development Zone, Kunshan, Jiangsu, P.R. China	USD 15,000	Production and sale of LCD TVs
Compal International Ltd.	1997.04.15	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 500	General investments
Compal Electronics International Ltd.	1997.04.22	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 9,245	General investments
Smart International Trading Ltd.	1998.09.03	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 1	General investments
Amexcom Electronics, Inc.	2011.07.22	318 N. Carson Street, #208, Carson City, NV 89701, USA	USD 1,000	Sale and maintenance of LCD TVs
Mexcom Technologies, LLC	2011.07.22	318 N. Carson Street, #208, Carson City, NV 89701, USA	USD 1	General investments
Mexcom Electronics, LLC	2011.07.22	318 N. Carson Street, #208, Carson City, NV 89701, USA	USD 8,234	General investments
Big Chance International Co., Ltd.	2011.04.01	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 90,820	General investments
Center Mind International Co., Ltd.	2011.04.01	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 80,820	General investments
Compal Investment (Sichuan) Co., Ltd.	2011.04.01	No. 6, Shenglong Street, Wuhou District, Chengdu, Sichuan	USD 80,820	External investment and consultation service
Compal Electronics (Chengdu) Co., Ltd.	2011.04.02	No. 88, Sec.1, ZongBao Avenue Chengdu Hi-tech Comprehensive Bonded Zone (Shuangliu),Shuangliu County, Chengdu, Sichuan, China	USD 80,000	Development and production of notebooks, tablets, digital products, networking switches, wireless APs, and auto electronics

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Management (Chengdu) Co., Ltd.	2011.05.25	No. 6, Shenglong Street, Wuhou District, Chengdu, Sichuan	USD 800	Management consultation, training, business information, tax advisory, investment consultation, and investment management
Prisco International Co., Ltd.	2011.06.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 10,000	General investments
Compal Electronics (Chongqing) Co., Ltd.	2011.06.02	No.10-3, BaoHong Avenue, YuBei District, ChongQing, China (No.A03, ZoneA, Airport Section of LiangLu CunTan Free Trade Port Area)	USD 10,000	Development, production and sale of notebooks and related components, and provision of maintenance and after-sale services
Core Profit Holdings Ltd.	2012.04.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 147,000	General investments
Billion Sea Holdings Ltd.	2012.04.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 147,000	General investments
Mithera Capital lo LP	2019.06.01	PO Box 472, 2F, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands	USD 5,050	General investments
Compal USA (Indiana), Inc.	2010.12.16	1 Technology Way Logansport, Indiana 46947, USA	US\$5,400	OEM of automotive electronic products
High Shine Industrial Corp.	2007.07.04	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 79,700	General investments
Intelligent Universal Enterprise Ltd.	2007.08.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 67,000	General investments
Compal (Vietnam) Co., Ltd.	2007.10.04	Ba Thien Industrial Zone, Ba Hien Town, Binh Xuyen District, Vinh Phuc Province, Vietnam	VND 1,398,683,500	Production, development, sale and repair of notebooks, computer monitors, LCD TVs and electronic components
Goal Reach Enterprises Ltd.	2007.07.03	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 12,700	General investments
Compal Development and Management (Vietnam) Co., Ltd.	2007.07.03	Ba Thien Industrial Zone, Binh Xuyen County, Vinh Phuc Province, Vietnam	VND 216,428,500	Construction and investment of infrastructures at Ba-Thien Industrial Zone, Vietnam
Panpal Technology, Inc.	1997.08.20	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 5,000,000	General investments
Gempal Technology, Inc.	1997.10.29	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 900,000	General investments
Hong Ji Capital, Inc.	2004.06.28	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 1,000,000	General investments
Hong Jin Investment, Inc.	2004.07.02	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 295,000	General investments

<b>Company name</b>	<b>Date of establishment</b>	<b>Address</b>	<b>Paid-up capital</b>	<b>Main business activities or products</b>
Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	2008.07.15	Rua Kanebo 175, Galpões C1 a C6, e C12 Distrito Industrial, Jundiaí, São Paulo, CEP:13213-090, Brazil	BRL 20,109	Production and after-sale service of notebooks, cellphones and electronics
Compal Electronics India Private Limited	1996.05.21	Flat No. 412A, Building No.43, Chiranjiv Tower, Nehru Place, New Delhi, 110019, India	INR 386,000	Production and after-sale service of cellphones
Compal Electronica da Amazonia Ltda	2020.09.14	Rua Javari nº 1055, LOTE 2.47, ECV, Distrito Industrial I, Manaus AM, CEP 69.075-110, Brazil	BRL 23,500	Production of notebooks and electronics
Arcadyan Technology Corporation	2003.05.09	8F, No. 8, Section 2, Guangfu Road, East District, Hsinchu City	TWD 2,164,926	Research, development, production and sale of WLAN, integrated digital home and mobile office products
Arcadyan Technology N.A. Corp.	2003.07.30	5450 Thornwood Dr, Unit J Floor 2 San Jose CA 95123-1222, USA	USD 669	Sale of wireless networking products
Arcadyan Germany Technology GmbH	2007.04.11	Koelner Strasse 10b D-65760 Eschborn, Germany	EUR 25	Sale and technical support of wireless networking products
Arcadyan Technology Corporation Korea	2014.10.16	103-1109RM SK Ventium 166, Gosan-ro, Gunpo-si, Gyeonggi-do, Republic of Korea 15850	KRW 100,000	Sale of wireless networking products
Arcadyan do Brasil Ltda.	2015.04.24	Travessa Francisca Rios nº 48, Centro, Pouso Alegre, Minas Gerais	BRL 9,682	Sale of wireless networking products
Arcadyan India Private Limited	2021.03.25	Fifth Floor, Unit-F516, The Sapphire, Sector 49, Gurgaon,Gurgaon, Haryana, 122018	INR 35,000	Sale of wireless networking products
Arcadyan Technology Limited	2016.08.16	Charlotte House 500 Charlotte Road Sheffield South Yorkshire S2 4ER, United Kingdom	GBP 50	Technical support for wireless networking products
Arcadyan Technology Australia Pty Ltd	2017.03.28	37 Midlothian Street Malvern East VIC 3145, Australia	AUD 50	Sale of wireless networking products
Arcadyan Technology Corporation (Russia), LLC.	2020.06.02	17/2, Skakovaya street, floor 7, room 2, Moscow, Russia, 125040	RUB 20,000	Sale of wireless networking products
Arcadyan Holding (BVI) Corp.	2007.03.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 64,780	General investments
Sinoprime Global Inc.	2004.12.29	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 29,050	General investments
Arcadyan Technology (Shanghai) Corp.	2002.04.17	Room 1308, Block 20, No. 487 Tianlin Road, Xuhui District, Shanghai, China	USD 8,100	Research and sale of wireless networking products
Arcadyan Technology (Vietnam) Co., Ltd.	2019.03.26	Lot D4-5-6, Thang Long Vinh Phuc Industrial Zone, Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	USD 29,000	Production and sale of wireless products
Arch Holding (BVI) Corp.	2007.05.24	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 10,550	General investments

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Networking (Kunshan) Co., Ltd.	2006.06.26	No. 520 Nanbang Road, Economic and Technological Development Zone, Kunshan, Jiangsu, China, China	USD 12,450	Production and sale of wireless products
Zhi-Bao Technology Inc.	2009.08.10	8F., No. 8, Sec. 2, Guangfu Rd., East Dist., Hsinchu City	TWD 349,800	General investments
Tatung Technology Inc.	2008.01.21	10F, No. 288, Section 6, Civic Boulevard, Xinyi District, Taipei City	TWD 410,000	Development and sale of digital home electronics
Tatung Technology of Japan Co., Ltd.	2018.11.22	1 Chome-2-18, Mita, Minato-ku, Tokyo-to, Japan	JPY 35,000	Sale of digital home electronics
Quest International Group Co., Ltd.	2012.12.11	Unit 25,2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,200	General investments
Exquisite Electronic Co., Ltd.	2012.02.03	Unit 25,2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,170	General investments
Tatung Home Appliances (Wu Jiang) Co., Ltd.	2001.02.13	No. 508 Youming Road, Songling Town, Wujiang District, Suzhou, Jiangsu, China	USD 3,350	Production and sale of digital home electronics
Acbel Telecom Inc.	2004.11.29	5F, No. 58, Lane 188, Ruiguang Road, Neihu District, Taipei City	TWD 87,990	General investments
Compal Broadband Networks Inc.	2009.08.19	13F-1, No. 1, Taiyuan 1st Street, Zhubei City, Hsinchu County	TWD 684,704	Development and sale of cable modems, set-top boxes and communication products
Compal Broadband Networks Belgium BVBA	2017.01.01	Bekersveld 19, 2630 Aartselaar, Belgium	EUR 200	Import and export of broadband networking products and related components, and provision of technical support and consultation services
Compal Broadband Networks Netherlands B.V.	2019.11.25	Het Poortgebouw Beech Avenue 54-62 Schiphol 1119 PW the Netherlands	EUR 200	Import and export of broadband networking products and related components, and provision of technical support and consultation services
Henghao Technology Co., Ltd.	2010.12.10	No. 2-1, Wenhua Rd., Hsin-chu Industrial Park, Hukou Shiang, Hsin-chu County 30352, Taiwan R.O.C.	TWD 200,150	Manufacturing of electronic components, computers and peripherals
HengHao Holdings A Co., Ltd.	2010.12.10	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 46,882	General investments
HengHao Holdings B Co., Ltd.	2010.12.14	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 46,882	General investments
HengHao Optoelectronics Technology (Kunshan) Co., Ltd.	2010.05.07	No.520, Nanbang Rd., Kunshan City, Jiangsu Province, China	USD 40,000	Production touch panels and related components
Lucom Display Technology (Kunshan) Ltd.	2010.11.01	No.520, Nanbang Rd., Kunshan City, Jiangsu Province, China	USD 15,000	Production touch panels and LCD displays
Mactech Inc.	2000.05.23	No. 89, Land 36, Section 2, Tanxing Road, Tanyang Village, Tanzi District, Taichung City	TWD 411,458	Manufacturing of machinery and lighting equipment, retail sale of machinery, and international trade
Ripal Optotronics Co, Ltd.	2013.8.26	2F, No. 256, Section 3, Zhongzheng Road, Rende District, Tainan City	TWD 60,000	Manufacturing of home appliances and audiovisual electronics

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Rayonnant Technology Co., Ltd	2010.03.23	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 295,000	Manufacturing and sale of computers and peripherals
Compal Rayonnant Holdings Ltd.	2011.12.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 12,500	General investments
Allied Power Holding Corp.	2005.04.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 21,151	General investments
Primetek Enterprises Ltd.	2005.01.28	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 3,151	General investments
Rayonnant Technology Holdings (HK) Co., Ltd.	2010.03.31	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	USD 18,000	General investments
Rayonnant Technology (Taicang) Co., Ltd.	2010.06.04	No.9 Tainan Road, Industry Park, Taicang, Jiangsu, China	USD 18,000	Development and production of aluminum and magnesium alloy-based products
Bizcom Electronics, Inc.	1992.04.13	1361 EL Camino Real, Santa Clara, CA 95050, USA	USD 100	Marketing and after-sale of computer monitors and notebooks
Compal Europe (Poland) Sp. z o.o.	2008.03.05	Jędrzejowska 85 93-636, Łódź, Poland	PLN 6,804	Maintenance and after-sale service of notebooks and cellphones
CGS Technology (Poland) Sp. z o.o.	2020.09.15	Jędrzejowska 85 93-636, Łódź, Poland	PLN 12,296	Maintenance and after-sale service of notebooks and cellphones
Auscom Engineering Inc.	2008.10.27	One Dell Way, MSC PS2-88, Round Rock, Texas 78682, USA	USD 3,000	Development of notebooks and related components, hardware and software
Flight Global Holding Inc.	2007.08.09	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 89,755	General investments
Compalead Electronics B.V.	2014.02.19	Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands	USD 6,427	General investments
General Life Biotechnology Co., Ltd.	1999.01.16	No.581-1, Ruiguang Rd., Neihu Dist., Taipei City	TWD 300,000	Production and wholesaling of medical equipment
Etrade Management Co., Ltd.	2000.07.05	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 71,900	General investments
Compal Communications (Nanjing) Co., Ltd.	2003.09.23	No.68-2, Suyuan Road, Export Processing Zone (South Area). Jiangning Nanjing China	USD 27,000	Production of cellphones and tablets
Compal Digital Communications (Nanjing) Co., Ltd.	2004.03.26	No.77 Gaohu Street, Jiangning Economic and Technological Development Zone, Nanjing, China	USD 5,800	Production of cellphones and tablets
Compal Wireless Communications (Nanjing) Co., Ltd.	2006.02.13	No.68-2, Suyuan Road, Export Processing Zone (South Area). Jiangning, Nanjing, China	USD 49,000	Production of cellphones and tablets

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Webtek Technology Co., Ltd.	2000.07.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 100	General investments
Forever Young Technology Inc.	2004.11.25	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 50	General investments
Giant Rank Trading Limited	2004.11.25	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD -	Sale of cellphones
HANHELT Communications (Nanjing) Co., Ltd.	2009.03.11	Room 301 3rd floor 43#, Headquarters Park, NO.70# Phoenix Road Jiangning District, Nanjing, China	USD 2,000	Development of electronic communication equipment
Compal Wise Electronic (Vietnam) Co., Ltd.	2020.07.15	Binh Xuyen Industrial Zone, Dao Duc Town, Binh Xuyen District, Vinh Phuc Province, Vietnam	VND 46,180,000	Production and sale of cellphones, tablets, smart watches, communication equipments and electronics, and provision of relevant technical services
Unicom Global. Inc.	2006.03.21	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 290,000	Manufacturing and retail of computers and electronic components
Palcom International Corporation	2006.03.22	8F, No. 385, Yangguang St., Neihu District, Taipei City	TWD 100,000	Sale of cellphones
Compal Electronics (Holding) Ltd.	1997.04.22	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 1	General investments
UniCore Biomedical Co., Ltd.	2018.01.25	1F, No. 50, Section 1, Jiuzong Road, Neihu District, Taipei city	TWD 200,000	Management consultation, leasing, and wholesale/retail of medical equipment
Shennona Corporation	2018.01.10	1361 EL Camino Real, Santa Clara, CA 95050, USA	USD 1,100	Medical care IoT business
HippoScreen Neurotech Corp.	2019.01.28	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 100,000	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
SHENNONA CO., LTD.	2019.03.21	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 6,000	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
Aco Healthcare Co.,Ltd.	2019.02.20	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 30,748	wholesale/retail of Computer Software, Software Design Services, Data Processing Services, Electrical Machinery, Supplies Manufacturing, wholesale/retail of Electronic Materials, wholesale/retail of Precision Instruments, Product Designing, Biotechnology Services and International Trade
Starmems Semiconductor Corp.	2021.04.21	6, No. 10, Taiyuan 1st Street, Zhubei City, Hsinchu County	TWD 100,000	Research and development of microelectromechanical (MEMS) technology in semiconductor process and manufacture and production of electronic components

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Kinpo&Compal Group Assets Development Corporation	2021.12.21	No. 581 &581-1, Ruiguang Road, Neihu District, Taipei City	TWD 750,000	Real estate development leasing and related management business

### 3. Business activities and relationships of affiliated enterprises (December 31, 2021)

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
Investment holding company	Compal International Holding Co., Ltd.	Holds investment interest in Compal International Holding (HK) Limited, Prospect Fortune Group Ltd., Jenpal International Ltd., and Fortune Way Technology Corp.
	Compal International Holding (HK) Limited	Holds investment interest in Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., and Compal Investment (Jiangsu, China) Co., Ltd.
	Jenpal International Ltd.	General investments
	Fortune Way Technology Corp.	General investments
	Just International Ltd.	Holds investment interest in Compal Display Holding (HK) Limited, Compal International Ltd., and Compal Electronics International Ltd.
	Compal Display Holding (HK) Limited	Holds investment interest in Compal Electronics (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Investment (Jiangsu, China) Co., Ltd., and Compal Communications (Nanjing) Co., Ltd.
	Compal Investment (Jiangsu) Co., Ltd.	Holds investment interest in Compal Display Electronics (Kunshan) Co., Ltd.
	Compal Electronics International Ltd.	Holds investment interest in Smart International Trading Ltd., Amexcom Electronics, Inc., Mexcom Technologies, LLC, and Mexcom Electronics, LLC
	Mexcom Technologies, LLC	General investments
	Mexcom Electronics, LLC	General investments
	Big Chance International Co., Ltd.	Holds investment interest in Center Mind International Co., Ltd. and Prisco International Co., Ltd.
	Center Mind International Co., Ltd.	Holds investment interest in Compal Investment (Sichuan) Co., Ltd.
	Compal Investment (Sichuan) Co., Ltd.	Holds investment interest in Compal Electronics (Chengdu) Co., Ltd. and Compal Management (Chengdu) Co., Ltd.
	Prisco International Co., Ltd.	Holds investment interest in Compal Electronics (Chongqing) Co., Ltd.
	Core Profit Holdings Ltd.	Holds investment interest in Billion Sea Holdings Ltd.
	Billion Sea Holdings Ltd.	Holds investment interest in High Shine Industrial Corp., Mithera Capital Io LP, and Compal USA (Indiana), Inc.
	Mithera Capital Io LP	General investments
	High Shine Industrial Corp.	Holds investment interest in Intelligent Universal Enterprise Ltd. and Goal Reach Enterprises Ltd.
	Intelligent Universal Enterprise Ltd.	Holds investment interest in Compal (Vietnam) Co., Ltd.
	Goal Reach Enterprises Ltd.	Holds investment interest in Compal Development and Management (Vietnam) Co., Ltd.
	Panpal Technology Corporation	General investments
	Gempal Technology Co., Ltd.	General investments
	Hong Ji Capital Co., Ltd.	General investments
	Hong Jin Investment Co., Ltd.	General investments
	Compal Rayonnant Holdings Ltd.	General investments
	Allied Power Holding Corp.	General investments
Flight Global Holding Inc.	General investments	

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	Compalead Electronics B.V.	General investments
	Etrade Management Co., Ltd.	General investments
	Compal Electronics (Holding) Ltd.	General investments
	Arcadyan Holding (BVI) Corp.	Holds investment interest in Sinoprime Global Inc., Arch Holding (BVI) Corp., and Arcadyan Technology (Shanghai) Corp.
	Arch Holding (BVI) Corp.	Holds investment interest in Compal Networking (Kunshan) Co., Ltd.
	Zhi-Bao Technology Inc.	Holds investment interest in Compal Broadband Networks Inc. , Arcadyan do Brasil Ltda. and Arcadyan India Private Limited
	Quest International Group Co., Ltd.	Holds investment interest in Exquisite Electronic Co., Ltd.
	Exquisite Electronic Co., Ltd.	Holds investment interest in Tatung Home Appliances (Wu Jiang) Co., Ltd.
	Acbel Telecom Inc. (Note)	General investments
	Rayonnant Technology Holdings (HK) Co., Ltd.	General investments
	HengHao Holdings A Co., Ltd.	General investments
	HengHao Holdings B Co., Ltd.	General investments
	Primetek Enterprises Ltd.	General investments
	Sinoprime Global Inc.	Holds investment interest in Arcadyan Technology (Vietnam) Co., Ltd.
	Prospect Fortune Group Ltd.	General investments
	Compal International Ltd.	General investments
	Webtek Technology Co., Ltd.	General investments
	Forever Young Technology Inc.	General investments
Smart International Trading Ltd.	General investments	
Electronic products wholesaling	Compal System Trading (Kunshan) Co., Ltd.	International trade and distribution of computers and electronic components
	Giant Rank Trading Limited	Sale of cellphones
	Palcom International Corporation	Sale of cellphones
	Arcadyan Technology N.A. Corp.	Sale of wireless networking products
	Arcadyan Technology Corporation Korea	Sale of wireless networking products
	Arcadyan do Brasil Ltda.	Sale of wireless networking products
	Arcadyan Technology Australia Pty Ltd.	Sale of wireless networking products
	Tatung Technology Inc.	Development and sale of digital home electronics
	Tatung Technology of Japan Co., Ltd.	Sale of digital home electronics
	Arcadyan Germany Technology GmbH	Sale and technical support of wireless networking products
	Arcadyan Technology Corporation (Russia), LLC.	Sale of wireless networking products
	Arcadyan India Private Limited	Sale of wireless networking products
	Compal Broadband Networks Belgium BVBA	Import and export of broadband networking products and related components, and provision of technical support and consultation services
	Compal Broadband Networks Netherlands B.V.	Import and export of broadband networking products and related components, and provision of technical support and consultation services
	Aco Healthcare Co.,Ltd.	wholesale/retail of Computer Software, Software Design Services, Data Processing Services, Electrical Machinery, Supplies Manufacturing, wholesale/retail of Electronic Materials, wholesale/retail of Precision Instruments, Product Designing, Biotechnology Services, International Trade
Starmems Semiconductor Corp.	Research and development of microelectromechanical (MEMS) technology in semiconductor process and manufacture and production of electronic components	
Electronic products manufacturing	Compal Electronics, Inc.	Manufacturing, processing and trading of notebooks, computer monitors, LCD TVs, cellphones, and electronic parts
	Compal Electronics Technology (Kunshan)	Production of notebooks, cellphones and electronics

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	Co., Ltd.	
	Compal Information (Kunshan) Co., Ltd.	Production of notebooks, tablets and electronics
	Compal Information Technology (Kunshan) Co., Ltd.	Production of notebooks and electronics
	Compal Digital Technology (Kunshan) Co., Ltd.	Production and sale of notebooks, cellphones and digital products
	Kunshan Botai Electronics Co., Ltd.	Production and after-sale service of notebooks and cellphones
	Compal Electronics (China) Co., Ltd.	Manufacturing and sale of displays
	Compal Smart Device (Chongqing) Co., Ltd.	Development, production and sale of communication equipment, cellphones, computers and smart watches, and provision of relevant technical services
	Compal Optoelectronics (Kunshan) Co., Ltd.	Production and sale of LCD TVs
	Compal Display Electronics (Kunshan) Co., Ltd.	Production and sale of LCD TVs
	Amexcom Electronics, Inc.	Sale and maintenance of LCD TVs
	Compal Electronics (Chengdu) Co., Ltd.	Development and production of notebooks, tablets, digital products, networking switches, wireless APs, and auto electronics
	Compal Electronics (Chongqing) Co., Ltd.	Development, production and sale of notebooks and related components, and provision of maintenance and after-sale services
	Compal (Vietnam) Co., Ltd.	Production, development, sale and repair of notebooks, computer monitors, LCD TVs and electronic components
	Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	Production and after-sale service of notebooks, cellphones and electronics
	Compal Electronica da Amazonia Ltda	Production of notebooks and electronics
	Unicom Global. Inc	Manufacturing and retail of computers and electronic components
	Arcadyan Technology Corp.	Research, development, production and sale of WLAN, integrated digital home and mobile office products
	Compal Broadband Networks Inc.	Development and sale of cable modems, set-top boxes and communication products
	Henghao Technology Co., Ltd.	Manufacturing of electronic components, computers and peripherals
	Mactech Co., Ltd.	Manufacturing of machinery and lighting equipment, retail sale of machinery, and international trade
	Rayonnant Technology Co., Ltd.	Manufacturing and sale of computers and peripherals
	Compal Communications (Nanjing) Co., Ltd.	Production of cellphones and tablets
	Compal Digital Communications (Nanjing) Co., Ltd.	Production of cellphones and tablets
	Compal Wireless Communications (Nanjing) Co., Ltd.	Production of cellphones and tablets
	RiPAL Optotronics Co., Ltd.	Manufacturing of home appliances and audiovisual electronics
	Compal Electronics India Private Limited	Production and after-sale service of cellphones
	Compal Networking (Kunshan) Co., Ltd.	Production and sale of wireless products
	Arcadyan Technology (Vietnam) Co., Ltd.	Production and sale of wireless products
	Tatung Home Appliances (Wu Jiang) Co., Ltd.	Production and sale of digital home electronics
	HengHao Optoelectronics Technology (Kunshan) CO., LTD	Production touch panels and related components
	Rayonnant Technology (Taicang) Co., Ltd.	Development and production of aluminum and magnesium alloy-based products
	Lucom Display Technology (Kunshan) Ltd.	Production touch panels and LCD displays
	Compower Global Service Co., Ltd.	Maintenance and after-sale service of notebooks and cellphones
	Compal Management (Chengdu) Co., Ltd.	Management consultation, training, business information, tax

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
		advisory, investment consultation, and investment management
	HANHELT Communications (Nanjing) Co., Ltd.	Development of electronic communication equipment
	Bizcom Electronics, Inc.	Marketing and after-sale of computer monitors and notebooks
	Compal Europe (Poland) Sp. z o.o.	Maintenance and after-sale service of notebooks and cellphones
	CGS Technology (Poland) Sp. z.o.o.	Maintenance and after-sale service of notebooks and cellphones
	Auscom Engineering Inc.	Development of notebooks and related components, hardware and software
	Compal Wise Electronic (Vietnam) Co., Ltd.	Production and sale of cellphones, tablets, smart watches, communication equipments and electronics, and provision of relevant technical services
	Compal USA (Indiana), Inc.	OEM of automotive electronic products
Construction and development	Compal Development and Management (Vietnam) Co., Ltd.	Construction and investment of infrastructures at Ba-Thien Industrial Zone, Vietnam
	Kinpo&Compal Group Assets Development Corporation	Real estate development leasing and related management business
Leasing and management consulting	UniCore Biomedical Co., Ltd.	Management consultation, leasing, and wholesale/retail of medical equipment
	HippoScreen Neurotech Corp.	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
	SHENNONA CO., LTD.	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
Manufacturing and sale of medical equipment	General Life Biotechnology Co., Ltd.	Manufacturing and sale of medical equipment
Medical care	Shennona Corporation	Medical care IoT business
Technical service	Arcadyan Technology (Shanghai) Corp.	Research and sale of wireless networking products
	Arcadyan Technology Limited	Technical support for wireless networking products

Note : The company had been resolved by the Board of Directors to be dissolved and liquidated on October 28, 2021

#### 4. Directors, Supervisors, and President of affiliated enterprises

December 31, 2021

Unit: TWD Thousands; shares; %

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Compal Electronics, Inc.	Chairman	Sheng-Hsiung Hsu	8,975,401	0.20%
	Director and President	Jui-Tsung Chen	35,352,587	0.80%
	Director	Binpal Investment Co., Ltd. (Representative: Wen-Being Hsu )	5,000,000	0.11%
	Director	Kinpo Electronics, Inc. (Representative: Chieh-Li Hsu)	151,628,692	3.44%
	Director	Charng-Chyi Ko	7,896,867	0.18%
	Director	Sheng-Chieh Hsu	9,204,201	0.21%
	Director	Yen-Chia Chou	8,022,874	0.18%
	President and Director	Chung-Pin Wong	6,618,618	0.15%
	Director	Chiung-Chi Hsu	2,117,731	0.05%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Ming-Chih Chang	1,919,489	0.04%
	Director	Anthony Peter Bonadero	0	0%
	Director	Sheng-Hua Peng	835,000	0.02%
	Independent Director	Min-Chih Hsuan	0	0.00%
	Independent Director	Duei Tsai	0	0.00%
	Independent Director	Wen-Chung Shen	2,836,000	0.06%
	Representative	Wen-Being Hsu	5,000,000	0.11%
	Representative	Chieh-Li Hsu	4,117,569	0.09%
Compal International Holding Co., Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	53,001,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	53,001,000	100.00%
Compal International Holding (HK) Limited	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	74,802,500	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	74,802,500	100.00%
Compal Electronics Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 332,160	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 332,160	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 332,160	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 332,160	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Information (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 332,160	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 332,160	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 332,160	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 332,160	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Information Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 664,320	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 664,320	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 664,320	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 664,320	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Digital Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 553,600	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 553,600	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 553,600	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 553,600	100.00%
	President	Ming-Chih Chang	0	0.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Kunshan Botai Electronics Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 27,680	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 27,680	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Ming-Chih Chang)	TWD 27,680	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 27,680	100.00%
	President	Ming-Chih Chang	0	0.00%
Compower Global Service Co., Ltd.	Executive Director	Kunshan Botai Electronics Co., Ltd. (Representative: Chung-Pin Wong)	TWD 8,680	100.00%
	Supervisor	Kunshan Botai Electronics Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 8,680	100.00%
	President	Ming-Chih Chang	0	0.00%
Prospect Fortune Group Ltd.	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	1,000	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	1,000	100.00%
Jenpal International Ltd.	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	7,350,000	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	7,350,000	100.00%
Fortune Way Technology Corp.	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	14,900,000	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	14,900,000	100.00%
Just International Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	48,010,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	48,010,000	100.00%
Compal Display Holding (HK) Limited	Director	Just International Ltd. (Representative: Sheng-Hsiung Hsu )	62,297,500	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen )	62,297,500	100.00%
Compal Electronics (China) Co., Ltd.	Chairman	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 1,024,160	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 1,024,160	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 1,024,160	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 1,024,160	100.00%
	President	Fu-Chuan Chang	0	0.00%
Compal Smart Device (Chongqing) Co., Ltd.	Chairman	Compal Electronics (China) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 260,395	100.00%
	Director	Compal Electronics (China) Co., Ltd. (Representative: Chung-Pin Wong )	TWD 260,395	100.00%
	Director	Compal Electronics (China) Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 260,395	100.00%
	Supervisor	Compal Electronics (China) Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 260,395	100.00%
	President	Sheng-Hua Peng	0	0.00%
Compal Optoelectronics	Chairman	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 334,928	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
(Kunshan) Co., Ltd.	Director	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 334,928	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 334,928	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 334,928	100.00%
	President	Fu-Chuan Chang	0	0.00%
Compal System Trading (Kunshan) Co., Ltd.	Chairman	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 38,752	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 38,752	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 38,752	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Cheng-Chiang Wang)	TWD 38,752	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Investment (Jiangsu) Co., Ltd.	Chairman	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 431,808	100.00%
	Director	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 431,808	100.00%
	Director	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 431,808	100.00%
	Supervisor	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 431,808	100.00%
	President	Sheng-Hua Peng	0	0.00%
Compal Display Electronics (Kunshan) Co., Ltd.	Chairman	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 415,200	100.00%
	Director	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 415,200	100.00%
	Director	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 415,200	100.00%
	Supervisor	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 415,200	100.00%
	President	Sheng-Hua Peng	0	0.00%
Compal International Ltd.	Director	Just International Ltd. (Representative: Sheng-Hsiung Hsu )	500,000	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen )	500,000	100.00%
Compal Electronics International Ltd.	Director	Just International Ltd. (Representative: Sheng-Hsiung Hsu )	9,245,000	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen )	9,245,000	100.00%
Smart International Trading Ltd.	Director	Compal Electronics International Ltd. (Representative: Sheng-Hsiung Hsu )	1,000	100.00%
	Director	Compal Electronics International Ltd. (Representative: Jui-Tsung Chen )	1,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Amexcom Electronics, Inc.	Director	Compal Electronics International Ltd. (Representative: Sheng-Hua Peng)	1,000,000	100.00%
	Director	Compal Electronics International Ltd. (Representative: Hsin-Kung Mao)	1,000,000	100.00%
	Director	Compal Electronics International Ltd. (Representative: Chung-Pin Wong)	1,000,000	100.00%
	President	Hsin-Kung Mao	0	0.00%
Mexcom Technologies, LLC	Director	Compal Electronics International Ltd. (Representative: Hsin-Kung Mao )	TWD 28	100.00%
Mexcom Electronics, LLC	Director	Compal Electronics International Ltd. (Representative: Hsin-Kung Mao )	TWD 227,917	100.00%
Big Chance International Co., Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	90,820,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	90,820,000	100.00%
Center Mind International Co., Ltd.	Director	Big chance International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	80,820,000	100.00%
	Director	Big chance International Co., Ltd. (Representative: Jui-Tsung Chen )	80,820,000	100.00%
Compal Investment (Sichuan) Co., Ltd.	Chairman	Center Mind International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 2,237,098	100.00%
	Director	Center Mind International Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 2,237,098	100.00%
	Director	Center Mind International Co., Ltd. (Representative: Chung-Pin Wong)	TWD 2,237,098	100.00%
	Supervisor	Center Mind International Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 2,237,098	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Electronics (Chengdu) Co., Ltd.	Chairman	Compal Investment (Sichuan) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 2,214,400	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 2,214,400	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 2,214,400	100.00%
	Supervisor	Compal Investment (Sichuan) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 2,214,400	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Management (Chengdu) Co., Ltd.	Chairman	Compal Investment (Sichuan) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 22,144	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 22,144	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 22,144	100.00%
	Supervisor	Compal Investment (Sichuan) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 22,144	100.00%
	President	Ming-Chih Chang	0	0.00%
Prisco International Co., Ltd.	Director	Big chance International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	10,000,000	100.00%
	Director	Big chance International Co., Ltd. (Representative: Jui-Tsung Chen )	10,000,000	100.00%
Compal Electronics (Chongqing) Co., Ltd.	Chairman	Prisco International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 276,800	100.00%
	Director	Prisco International Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 276,800	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Prisco International Co., Ltd. (Representative: Chung-Pin Wong)	TWD 276,800	100.00%
	Supervisor	Prisco International Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 276,800	100.00%
	President	Ming-Chih Chang	0	0.00%
Core Profit Holdings Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	147,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	147,000,000	100.00%
Billion Sea Holdings Ltd.	Director	Core Profit Holdings Ltd. (Representative: Sheng-Hsiung Hsu )	147,000,000	100.00%
	Director	Core Profit Holdings Ltd. (Representative: Jui-Tsung Chen )	147,000,000	100.00%
Mithera Capital Lo LP	Director	Billion Sea Holdings Ltd. (Representative: David Liao )	TWD 138,400	99.00%
Compal USA (Indiana), Inc.	Chairman	Billion Sea Holdings Ltd. (Representative: Chung-Pin Wong )	1,000	100.00%
	Director	Billion Sea Holdings Ltd. (Representative: Jui-Tsung Chen )	1,000	100.00%
	Director	Billion Sea Holdings Ltd. (Representative: Ta-Chun Wang)	1,000	100.00%
High Shine Industrial Corp.	Director	Compal Electronics, Inc. and Billion Sea Holdings Ltd. (Representative: Sheng-Hsiung Hsu )	79,700,000	100.00%
	Director	Compal Electronics, Inc. and Billion Sea Holdings Ltd. (Representative: Jui-Tsung Chen )	79,700,000	100.00%
Intelligent Universal Enterprise Ltd.	Director	High Shine Industrial Corp. (Representative: Sheng-Hsiung Hsu )	67,000,000	100.00%
	Director	High Shine Industrial Corp. (Representative: Jui-Tsung Chen )	67,000,000	100.00%
Compal (Vietnam) Co., Ltd.	Director	Intelligent Universal Enterprise Ltd. (Representative: Jui-Tsung Chen )	TWD 1,854,560	100.00%
Goal Reach Enterprises Ltd.	Director	High Shine Industrial Corp. (Representative: Sheng-Hsiung Hsu )	12,700,000	100.00%
	Director	High Shine Industrial Corp. (Representative: Jui-Tsung Chen )	12,700,000	100.00%
Compal Development and Management (Vietnam) Co., Ltd.	Director	Goal Reach Enterprises Ltd. (Representative: Jui-Tsung Chen )	TWD 351,536	100.00%
Panpal Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	500,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang )	500,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	500,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	500,000,000	100.00%
Gempal Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	90,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	90,000,000	100.00%
	Director	Compal Electronics, Inc.	90,000,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Sheng-Hua Peng)		
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	90,000,000	100.00%
Hong Ji Capital Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	100,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	100,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	100,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	100,000,000	100.00%
Hong Jin Investment Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	29,500,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	29,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	29,500,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	29,500,000	100.00%
Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	President	Hsiao-Li Chao	0	0.00%
Compal Electronica da Amazonia Ltda	President	Hsiao-Li Chao	0	0.00%
Compal Electronics India Private Limited	President	Guo-Dung Yu	0	0.00%
	Director	UJJAWAL SINGH KATIYAR	0	0.00%
	Director	Cheng-Chiang Wang	0	0.00%
Arcadyan Technology Corp.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	41,304,504	19.08%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	41,304,504	19.08%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	41,304,504	19.08%
	Director	Compal Electronics, Inc. (Representative: Chung-Pao Liu)	41,304,504	19.08%
	Director	Che-He Wei	0	0.00%
	Director and President	Chao-Peng Tseng	202,669	0.09%
	Independent Director	Ying-Jen Li	0	0.00%
	Independent Director	Ching-Jang Wen	0	0.00%
	Independent Director	Wen-An Yang	0	0.00%
Arcadyan Technology N.A. Corp.	Director	Arcadyan Technology Corp. (Representative: Yen-Ju Lin)	1,000	100.00%
	President	Yen-Ju Lin	0	0.00%
Arcadyan Germany Technology GmbH	Managers	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	500	100.00%
Arcadyan Technology Corporation Korea	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	20,000	100.00%
Arcadyan do Brasil Ltda.	Managers	Nien-Che, Hsiung	964,510	99.00%
Arcadyan	Director	Arcadyan Technology Corp.	50,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Technology Limited		(Representative: Chao-Peng Tseng)		
	Director	Arcadyan Technology Corp. (Representative: Keng-Tien Lin)	50,000	100.00%
Arcadyan Technology Australia Pty Ltd.	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	50,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu )	50,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Linda, Chu )	50,000	100.00%
Arcadyan Technology Corporation (Russia), LLC.	Managers	Isakova Nadezhda Pavlovna	0	100.00%
Arcadyan Holding (BVI) Corp.	Chairman	Arcadyan Technology Corp. (Representative: Jui-Tsung Chen )	64,780,148	100.00%
	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	64,780,148	100.00%
Sinoprime Global Inc.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen )	29,050,000	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	29,050,000	100.00%
Arcadyan Technology (Vietnam)Co., Ltd	Chairman Director	Sinoprime Global Inc. (Representative: Chao-Peng Tseng)	0	100.00%
Arch Holding (BVI) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen )	34,900	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	34,900	100.00%
Arcadyan Technology (Shanghai) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Fong-Yu, Lu )	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chung-Pao, Liu)	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chien-Lin Chen )	TWD 224,208	100.00%
	Supervisor	Arcadyan Holding (BVI) Corp. (Representative: Shih-Wei Huang)	TWD 224,208	100.00%
	President	Chung-Pao, Liu	0	0.00%
Compal Network Information Technology (Kunshan) Co., Ltd.	Chairman	Arch Holding (BVI) Corp. (Representative: Fong-Yu, Lu )	TWD 344,616	100.00%
	Director	Arch Holding (BVI) Corp. (Representative: Jui-Tsung Chen )	TWD 344,616	100.00%
	Director	Arch Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	TWD 344,616	100.00%
	Supervisor	Arch Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	TWD 344,616	100.00%
	President	Chung-Pao, Liu	0	0.00%
Zhi-Bao Technology Inc	Chairman	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	34,980,000	100.00%
	Director	Arcadyan Technology Corp.	34,980,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Cheng-Chiang Wang)		
	Director	Arcadyan Technology Corp. (Representative: Ching-Hsiung Lu)	34,980,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu )	34,980,000	100.00%
	Supervisor	Arcadyan Technology Corp. (Representative: Shih-Wei Huang)	34,980,000	100.00%
	President	Chao-Peng Tseng	0	0.00%
Tatung Technology Inc.	Chairman	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu)	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng )	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Chien-Lin Chen)	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Nien-Che, Hsiung)	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Chih-Fang Lee)	25,027,910	61.04%
	Director	Shang Chi Investment Co., Ltd. (Representative: Chia-Tien Lin )	1,027,056	2.51%
	Director	Chunghwa Investment Holding Company (Representative: Chih-Chen Chien)	4,570,830	11.15%
	Supervisor	Ya-Ling Chiang	0	0.00%
	Supervisor	Chih-Cheng Huang	0	0.00%
	Supervisor	Chi Sheng Investment Co., Ltd. (Representative: Chang-Chuan Lin)	2,727,272	6.65%
	President	Kuei-Che Huang	1,062,935	2.59%
Tatung Technology of Japan Co., Ltd.	Director	Tatung Technology Inc. (Representative: Fong-Yu, Lu)	700	100.00%
	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	700	100.00%
Quest International Group Co., Ltd.	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	1,200,000	100.00%
	Director	Tatung Technology Inc. (Representative: Fong-Yu, Lu)	1,200,000	100.00%
Exquisite Electronic Co., Ltd.	Director	Quest International Group Co., Ltd. (Representative: Chao-Peng Tseng)	1,170,000	100.00%
	Director	Quest International Group Co., Ltd. (Representative: Fong-Yu, Lu)	1,170,000	100.00%
Tatung Home Appliances (Wu Jiang) Co., Ltd.	Chairman	Exquisite Electronic Co., Ltd. (Representative: Fong-Yu, Lu )	TWD 92,728	100.00%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chao-Peng Tseng)	TWD 92,728	100.00%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chung-Pao Liu)	TWD 92,728	100.00%
	Supervisor	Exquisite Electronic Co., Ltd. (Representative: Shih-Wei Huang)	TWD 92,728	100.00%
	President	Chung-Pao Liu	0	0.00%
Acbel Telecom Inc.	Chairman	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	4,494,111	51.08%
	Director	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu )	4,494,111	51.08%
	Director	AcBel Polytech Inc.	4,292,216	48.78%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Chieh-Li Hsu)		
	Supervisor	Shih-Wei Huang	0	0.00%
	President	Fong-Yu, Lu	0	0.00%
Arcadyan India Private Limited	Director	Arcadyan Technology Corp. (Representative: Nien-Che, Hsiung)	3,500,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Yi-Shu Lee )	3,500,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: RAJ KUMAR BHOLA)	3,500,000	100.00%
Compal Broadband Networks Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,060,176	42.44%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	29,060,176	42.44%
	Director	Realsun Investment Co., Ltd (Representative: Tsai , Jon-Jinn )	3,575,000	5.22%
	Director	Compal Electronics, Inc. (Representative: Yu- Ho Wang)	29,060,176	42.44%
	Independent Director	Wong, Jen-Zen	0	0.00%
	Independent Director	Mao, Yin-Wen	0	0.00%
	Independent Director	Chen, Miao- Ling	0	0.00%
	President	Yu- Ho Wang	1,286,810	1.88%
Compal Broadband Networks Belgium BVBA	Director	Compal Broadband Networks Inc. (Representative: Yu- Ho Wang)	20,300	100.00%
Compal Broadband Networks Netherlands B.V.	Director	Compal Broadband Networks Inc. (Representative: Shao- Yang Chiu )	20,300	100.00%
Henghao Technology Co.,Ltd.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	20,014,952	100.00%
	Vice Chairman and President	Compal Electronics, Inc. (Representative: Chen-Chang Hsu)	20,014,952	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	20,014,952	100.00%
	Director	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	20,014,952	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	20,014,952	100.00%
HengHao Holdings A Co., Ltd.	Director	Henghao Technology Co., Ltd. (Representative: Sheng-Hsiung Hsu )	46,882,000	100.00%
	Director	Henghao Technology Co., Ltd. (Representative: Chung-Pin Wong)	46,882,000	100.00%
HengHao Holdings B Co., Ltd.	Director	HengHao Holdings A Co., Ltd. (Representative: Sheng-Hsiung Hsu )	46,882,000	100.00%
	Director	HengHao Holdings A Co., Ltd. (Representative: Chung-Pin Wong)	46,882,000	100.00%
HengHao Optoelectronics Technology (Kunshan) CO., LTD	Chairman	HengHao Holdings B Co., Ltd. (Representative: Chen-Chang Hsu)	TWD 1,107,200	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Chia-Tien Liu)	TWD 1,107,200	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Jui-Hsiang Yang)	TWD 1,107,200	100.00%
	Supervisor	HengHao Holdings B Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 1,107,200	100.00%
	President	Chen-Chang Hsu	0	0.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Lucom Display Technology (Kunshan) Ltd.	Chairman	HengHao Holdings B Co., Ltd. (Representative: Chen-Chang Hsu)	TWD 415,200	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Chia-Tien Liu )	TWD 415,200	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Jui-Hsiang Yang )	TWD 415,200	100.00%
	Supervisor	HengHao Holdings B Co., Ltd. (Representative: Hsiu-Chuan Hsu)	TWD 415,200	100.00%
	President	Chen-Chang Hsu	0	0.00%
Mactech Inc.	Chairman	Compal Electronics, Inc. (Representative: Yung-Ching Chang)	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Chen-Chang Hsu)	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	21,756,192	52.88%
	Director	Wen-Pin Kuo	1,301,505	3.16%
	Director	Chuan-Kuei Lin	1,609,172	3.91%
	Supervisor	Chyou-Jui Wei	0	0.00%
Rayonnant Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,500,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Pao-Jui Cheng)	29,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsi-Kuan Chen)	29,500,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	29,500,000	100.00%
Compal Rayonnant Holdings Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	12,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	12,500,000	100.00%
Allied Power Holding Corp.	Director	Compal Rayonnant Holdings Ltd. (Representative: Chung-Pin Wong)	12,500,000	59.10%
	Director	Rayonnant Technology Co., Ltd. (Representative: Pao-Jui Cheng)	8,651,000	40.90%
Primetek Enterprises Ltd.	Director	Allied Power Holding Corp. (Representative: Chung-Pin Wong)	3,151,000	100.00%
	Director	Allied Power Holding Corp. (Representative: Pao-Jui Cheng)	3,151,000	100.00%
Rayonnant Technology Holdings (HK) Co., Ltd.	Director	Allied Power Holding Corp. (Representative: Chyou-Jui Wei)	18,000,000	100.00%
	Director	Allied Power Holding Corp. (Representative: Pao-Jui Cheng)	18,000,000	100.00%
Rayonnant Technology (Taichang) Co., Ltd.	Chairman	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Pao-Jui Cheng)	TWD 498,240	100.00%
	Director	Rayonnant Technology Holdings (HK) Co., Ltd (Representative: Cheng-Chiang Wang).	TWD 498,240	100.00%
	Director	Rayonnant Technology Holdings (HK) Co., Ltd.	TWD 498,240	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Hsi-Kuan Chen)		
	Supervisor	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Chyou-Jui Wei)	TWD 498,240	100.00%
	President	Pao-Jui Cheng	0	0.00%
Bizcom Electronics, Inc.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	100,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	100,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	100,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang )	100,000	100.00%
Compal Europe (Poland) Sp. z o.o.	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang )	136,080	100.00%
	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	136,080	100.00%
CGS Technology (Poland) Sp. z o.o.	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	245,911	100.00%
	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang )	245,911	100.00%
Auscom Engineering Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	3,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Min-Tung Weng)	3,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	3,000,000	100.00%
Flight Global Holding Inc.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	89,755,495	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	89,755,495	100.00%
RiPAL Optotronics Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	6,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	6,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	6,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	6,000,000	100.00%
Compal Electronics (Holding) Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	1,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	1,000	100.00%
Etrade Management Co., Ltd.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	46,900,000	65.23%
Compal Communications (Nanjing) Co., Ltd.	Chairman	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 747,360	100.00%
	Director	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Cheng-Chiang Wang)	TWD 747,360	100.00%
	Director	Etrade Management Co., Ltd. and Compal	TWD 747,360	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		Display Holding (HK) Limited (Representative: Chung-Shing Tan)		
	Supervisor	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Guo-Dung Yu)	TWD 747,360	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Digital Communications (Nanjing) Co., Ltd.	Chairman	Etrade Management Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 160,544	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 160,544	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Chung-Shing Tan)	TWD 160,544	100.00%
	Supervisor	Etrade Management Co., Ltd. (Representative: Guo-Dung Yu)	TWD 160,544	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Wireless Communications (Nanjing) Co., Ltd.	Chairman	Etrade Management Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 1,356,320	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 1,356,320	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Chung-Shing Tan)	TWD 1,356,320	100.00%
	Supervisor	Etrade Management Co., Ltd. (Representative: Guo-Dung Yu)	TWD 1,356,320	100.00%
	President	Ming-Chih Chang	0	0.00%
Webtek Technology Co., Ltd	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	100,000	100.00%
Forever Young Technology Inc.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	50,000	100.00%
HANHELT Communications (Nanjing) Co., Ltd.	Chairman and President	Forever Young Technology Inc. (Representative: Sheng-Hua Peng)	TWD 55,360	100.00%
	Director	Forever Young Technology Inc. (Representative: Chung-Shing Tan)	TWD 55,360	100.00%
	Director	Forever Young Technology Inc. (Representative: Wen-Da Hsu)	TWD 55,360	100.00%
	Supervisor	Forever Young Technology Inc. (Representative: Jyh-Shyan Liang)	TWD 55,360	100.00%
Compal Wise Electronic (Vietnam) Co., Ltd.	Director	Forever Young Technology Inc. (Representative : Jui-Tsung Chen)	TWD 55,360	100.00%
Unicom Global. Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	29,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	29,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsin-Kung Mao)	29,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	29,000,000	100.00%
Palcom International Corporation	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	10,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	10,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	10,000,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Supervisor	Compal Electronics, Inc. (Representative: Guo-Dung Yu)	10,000,000	100.00%
Compalead Electronics B.V.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	6,426,516	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsin-Kung Mao)	6,426,516	100.00%
General Life Biotechnology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	15,000,000	50.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	15,000,000	50.00%
	Director	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	15,000,000	50.00%
	Director	Alltek Technology Corp. (Representative: Yu-Wen Wu)	6,922,940	23.08%
	Director	WK Technology Fund IV (Representative: Tien-Hao Wang)	992,000	3.31%
	Supervisor	China Development Industrial Bank	2,520,000	8.40%
	Supervisor	Sheng-Hua Peng	0	0.00%
Giant Rank Trading Limited	Director	Forever Young Technology Inc. (Representative: Jui-Tsung Chen )	-	100.00%
UniCore Biomedical Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Tzu-Chen Yen)	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	20,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Shu-Fen Ning)	20,000,000	100.00%
Raycore Biotech Co., Ltd.	Chairman	UniCore Biomedical Co., Ltd. (Representative: Jui-Tsung Chen)	1,275,000	51.00%
	Director	Raypal Biomedical Co., Ltd. (Representative: Yen-Liang Lin)	1,225,000	49.00%
	Director	UniCore Biomedical Co., Ltd. (Representative: Chyou-Jui Wei)	1,275,000	51.00%
	Supervisor	UniCore Biomedical Co., Ltd. (Representative: Shu-Fen Ning)	1,275,000	51.00%
Shennona Corporation	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	2,600,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Wei Chang Chen)	2,600,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	2,600,000	100.00%
HippoScreen Neurotech Corp.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	9,100,000	91.00%
	Director	Compal Electronics, Inc. (Representative: Wei Chang Chen)	9,100,000	91.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	9,100,000	91.00%
	Director	Po-Jen Liu	54,000	0.54%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Long-Song Lin	90,000	0.9%
	Supervisor	Cheng-Chiang Wang	0	0.00%
SHENNONA CO., LTD.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	600,000	100.00%
Aco Healthcare Co.,Ltd.	Chairman	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	100,000,000	52.04%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	100,000,000	52.04%
	Director	Compal Electronics, Inc. (Representative: Hsuan-Bin Chen)	100,000,000	52.04%
	Director	Jian-Hung Liu	22,227,778	11.57%
	Director	Shu-Chin Su	22,227,778	11.57%
	Supervisor	Chyou-Jui Wei	0	0.00%
Starmems Semiconductor Corp.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	3,500,000	35.00%
	Vice Chairman	Compal Electronics, Inc. (Representative: Yu- Ho Wang)	3,500,000	35.00%
	Director	Realsun Investments Co., Ltd. (Representative: Hou-Wei Lin)	2,300,000	23.00%
	Supervisor	Shiu-Hung Lu	0	0.00%
Kinpo&Compal Group Assets Development Corporation	Chairman	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	52,500,000	70.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	52,500,000	70.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	52,500,000	70.00%
	Director	AcBel Polytech Inc. (Representative: Chieh-Li Hsu)	22,500,000	30.00%
	Supervisor	Ching-Hsiung Lu	0	0.00%

Note: Limited liability companies are shown in terms of amount and percentage of capital contribution. (Exchange rates for amount of capital contribution: USD 1: TWD 27.68, CNY 1: TWD 4.3399, and VND 1: TWD 0.001222.)

## 5. Overview of Operating Status for Affiliated Companies in 2021

Unit: TWD Thousands

Company Name	Capital	Total Asset	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD ) (After tax)
Compal Electronics, Inc.	44,071,466	447,348,214	335,987,949	111,360,265	1,171,613,858	7,578,392	12,632,667	2.90
Compal International Holding Co., Ltd. and subsidiaries	1,787,680	120,864,262	83,466,918	37,397,344	548,369,589	2,013,423	3,060,284	57.74
Just International Ltd. and subsidiaries	1,460,443	81,749,017	72,171,105	9,577,912	179,309,786	509,704	2,038,308	42.46
Big Chance International Co., Ltd. and subsidiaries	2,636,051	36,684,653	29,505,456	7,179,197	202,550,016	861,051	788,352	8.68
Core Profit Holdings Ltd.	4,318,860	7,499,427	919,144	6,580,283	139,805	(37,464)	(569,898)	(3.88)
High Shine Industrial Corp. and subsidiaries	2,370,974	20,690,805	20,165,644	525,161	35,581,039	(878,055)	(856,715)	(10.75)
Panpal Technology Corporation and subsidiaries	5,000,000	13,720,531	7,858,635	5,861,896	10,698,284	31,851	18,876	0.04
Gempal Technology Co., Ltd.	900,000	2,166,154	19,776	2,146,378	-	(261)	145,664	1.62
Hong Ji Capital Co., Ltd.	1,000,000	1,136,939	151	1,136,788	-	(196)	89,224	0.89
Hong Jin Investment Co., Ltd.	295,000	359,348	130	359,218	-	(191)	39,395	1.34
UniCore Biomedical Co., Ltd. and subsidiaries	200,000	107,799	5,918	101,881	16,507	(21,239)	(21,226)	(1.06)
Shennona Corporation	32,665	1,098	-	1,098	-	(92)	(92)	(0.04)
Arcadyan Technology Corp. and subsidiaries	2,164,926	33,901,113	20,978,000	12,923,113	38,240,058	2,199,087	1,701,800	8.60
Compal Broadband Networks Inc. and subsidiaries	684,704	3,239,504	1,614,787	1,624,717	2,906,921	83,833	32,744	0.49
Henghao Technology Co., Ltd. and subsidiaries	200,150	8,286,082	8,770,235	(484,153)	11,927,618	19,230	(425,641)	(21.27)

Company Name	Capital	Total Asset	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD ) (After tax)
Mactech Co., Ltd.	411,458	663,687	119,886	543,801	263,977	15,205	41,445	1.01
Ripal Optotronics CO, LTD.	60,000	157,858	55,784	102,074	143,525	21,580	21,471	3.58
General life Biotechnology Co., Ltd. and subsidiaries	300,000	753,490	422,886	330,604	408,407	24,914	24,917	0.83
Rayonnant Technology Holdings Ltd.,	295,000	782,278	631,493	150,785	2,023,818	11,041	35,093	1.19
Compal Rayonnant Holdings Ltd. and subsidiaries	377,328	1,169,796	940,938	228,858	2,290,790	59,114	43,721	3.50
Bizcom Electronics, Inc.	36,369	441,032	36,473	404,559	87,229	(20,460)	(19,042)	(190.42)
Compal Europe (Poland) Sp.z o.o.	90,156	286,153	289,250	(3,097)	221,317	(7,101)	(20,160)	(148.15)
CGS Technology (Poland) Sp.z o.o.	89,669	86,856	1	86,855	-	(1,228)	(1,700)	(6.91)
Auscom Engineering Inc.	101,747	182,943	57,596	125,347	200,043	13,073	4,074	1.36
Flight Global Holding Inc.	2,754,741	4,826,929	74,599	4,752,330	-	(144)	(62,830)	(0.70)
Compalead Electronics B.V.	197,463	767,803	-	767,803	-	(729)	1,706	0.27
Etrade Management Co., Ltd.& subsidiaries	2,224,029	8,245,694	8,242,959	2,735	17,170,814	337,322	336,037	4.67
Webtek Technology Co., Ltd.	3,340	679,564	-	679,564	-	(92)	494	4.94
Forever Young Technology Inc. & subsidiaries	1,575	1,903,478	598,926	1,304,552	263,097	12,036	12,658	253.16
Unicom Global Inc.	290,000	617,034	654,337	(37,303)	1,007,988	59,202	53,840	1.86
Palcom International Corporation	100,000	135,333	22,210	113,123	89,638	5,500	4,426	0.44
Compal Electronics (Holding) Ltd.	34	3,260,334	-	3,260,334	-	-	-	-
HippoScreen Neurotech Corp.	100,000	55,252	4,279	50,973	1,206	(25,226)	(25,053)	(2.51)
SHENNONA CO., LTD.	6,000	19,038	15,918	3,120	31,232	404	382	0.64
Aco Healthcare Co.,Ltd.	30,748	62,536	5,865	56,671	8,713	(34,045)	(31,249)	(0.16)

Company Name	Capital	Total Asset	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD ) (After tax)
Sarmems Semiconductor Corp.	100,000	101,654	4,593	97,061	2,840	(3,712)	(2,940)	(0.29)
Kinpo&Compal Group Assets Development Corporation	750,000	750,120	-	750,120	-	-	120	-

6. Common shareholders in controlling and controlled companies: None

### **8.1.2 Consolidated financial statements of affiliated enterprises**

#### **Representation Letter**

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.

Chairman: Sheng-Hsiung Hsu (Rock Hsu)

Date: March 15, 2022

### **8.1.3 Affiliation reports: None**

**8.2 Private Placement of Securities in the Most Recent Year: None**

**8.3 Company Shares Held or Disposed by Subsidiaries in the Most Recent Year:**

Unit: TWD thousands; Shares; %

Name of Subsidiary	Share Capital Acquired	Funding Source	Percentage of Shares Held by the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed	Investment Gain (Loss)	Shareholdings and Amount as of March 31, 2022	Collateralized	Amount of Endorsements Made for the Subsidiary	Amount Loaned to the Subsidiary
Panpal Technology Corporation	TWD 5,000,000,000	Proprietary capital	100%	-	-	-	-	31,648,082 shares TWD 559,812,000	N.A.	-	-
Gempal Technology Co., Ltd.	TWD 900,000,000	Proprietary capital	100%	-	-	-	-	18,369,349 shares TWD 321,435,000	N.A.	-	-

Note: Impacts on the Company's financial performance and position: none of the subsidiaries had acquired or disposed the Company's shares in the current year up till the publication date of this annual report, hence there were no impacts.

**8.4 Other supplementary notes, where applicable: None**

**8.5 Any Events in 2021 and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Interests or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None**

# **Compal Electronics, Inc.**

**Chairman: Sheng-Hsiung Hsu (Rock Hsu)**

**Chief Executive Officer (CEO): Chung-Pin Wong (Martin Wong)**

# **Attachment I**

**COMPAL ELECTRONICS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

**Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan**  
**Telephone: (02)8797-8588**

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## Representation Letter

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements and is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.

Chairman: Sheng-Hsiung Hsu (Rock Hsu)

Date: March 15, 2022



安侯建業聯合會計師事務所  
KPMG

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## Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

### Inventory valuation

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

### Description of key audit matters:

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

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

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

### **Other Matter**

Compal Electronics Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

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

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)  
March 15, 2022

**Notes to Readers**

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

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
<b>Current assets:</b>									
1100 Cash and cash equivalents (note (6)(a))	\$ 75,162,103	14.0	89,126,923	19.1	2100 Short-term borrowings (note (6)(m))	\$ 118,422,407	22.0	92,838,733	19.9
1110 Current financial assets at fair value through profit or loss (note (6)(b))	400,754	0.1	2,245,254	0.5	2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	1,589	-	136,617	-
1170 Notes and accounts receivable, net (note (6)(e))	288,436,522	53.7	231,830,964	49.7	2125 Current financial liabilities for hedging (note (6)(d))	-	-	2,192	-
1180 Notes and accounts receivable due from related parties, net (notes (6)(e) and (7))	1,729,332	0.3	378,934	0.1	2130 Current contract liabilities (note (6)(w))	1,065,954	0.2	820,016	0.2
1200 Other receivables, net (notes (6)(e) and (7))	2,445,690	0.5	1,628,657	0.3	2170 Notes and accounts payable	220,549,039	41.1	196,837,439	42.2
1310 Inventories (note (6)(f))	115,012,365	21.4	96,151,959	20.6	2180 Notes and accounts payable to related parties (note (7))	3,517,324	0.7	2,888,624	0.6
1470 Other current assets (note (8))	<u>3,928,624</u>	<u>0.7</u>	<u>3,097,944</u>	<u>0.6</u>	2200 Other payables (note (7))	29,701,088	5.5	23,397,683	5.0
	<u>487,115,390</u>	<u>90.7</u>	<u>424,460,635</u>	<u>90.9</u>	2230 Current tax liabilities	7,013,976	1.3	5,378,651	1.2
<b>Non-current assets:</b>					2250 Current provisions (note (6)(q))	1,204,115	0.2	870,050	0.2
1550 Investments accounted for using equity method (note (6)(g))	8,369,312	1.6	7,949,925	1.7	2280 Current lease liabilities (note (6)(p))	625,292	0.1	377,161	0.1
1510 Non-current financial assets at fair value through profit or loss (note (6)(b))	259,778	-	201,608	0.1	2300 Other current liabilities	2,037,822	0.4	1,470,466	0.3
1517 Non-current financial assets at fair value through other comprehensive income (note (6)(c))	6,235,063	1.2	4,817,011	1.0	2365 Current refund liabilities	2,035,437	0.4	1,574,469	0.3
1600 Property, plant and equipment (notes (6)(k) and (8))	26,990,364	5.0	22,085,340	4.7	2321 Bonds payable, current portion (note (6)(o))	326,571	0.1	-	-
1755 Right-of-use assets (note (6)(l))	3,066,218	0.6	3,496,952	0.8	2322 Long-term borrowings, current portion (note (6)(n))	<u>15,741,481</u>	<u>2.9</u>	<u>8,932,615</u>	<u>1.9</u>
1780 Intangible assets (note (8)(h))	1,548,508	0.3	1,506,101	0.3		<u>402,242,095</u>	<u>74.9</u>	<u>335,524,716</u>	<u>71.9</u>
1840 Deferred tax assets (note(6)(s))	1,646,524	0.3	1,514,208	0.3	<b>Non-Current liabilities:</b>				
1990 Other non-current assets (note (8))	<u>1,864,183</u>	<u>0.3</u>	<u>893,918</u>	<u>0.2</u>	2530 Bonds payable (note (6)(o))	-	-	980,219	0.2
	<u>49,979,950</u>	<u>9.3</u>	<u>42,465,063</u>	<u>9.1</u>	2540 Long-term borrowings (note (6)(n))	9,219,032	1.7	10,401,738	2.2
					2570 Deferred tax liabilities (note(6)(s))	1,226,805	0.2	992,470	0.2
					2580 Non-current lease liabilities (note (6)(p))	1,679,504	0.3	1,910,601	0.4
					2640 Non-current net defined benefit liability (note(6)(r))	822,033	0.2	786,173	0.2
					2670 Non-current liabilities, others (note (6)(g))	<u>366,068</u>	<u>0.1</u>	<u>340,131</u>	<u>0.1</u>
						<u>13,313,442</u>	<u>2.5</u>	<u>15,411,332</u>	<u>3.3</u>
						<u>415,555,537</u>	<u>77.4</u>	<u>350,936,048</u>	<u>75.2</u>
					<b>Total liabilities</b>				
					<b>Equity:</b>				
					<b>Equity attributable to owners of parent (note (6)(t)):</b>				
					3110 Ordinary share	44,071,466	8.2	44,071,466	9.4
					3200 Capital surplus	6,724,856	1.2	8,342,813	1.8
					3300 Retained earnings	69,651,940	13.0	62,566,181	13.4
					3400 Other equity interest	(8,206,750)	(1.5)	(7,266,708)	(1.6)
					3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
						<u>111,360,265</u>	<u>20.7</u>	<u>106,832,505</u>	<u>22.8</u>
					36XX <b>Non-controlling interests</b>	10,179,538	1.9	9,157,145	2.0
					<b>Total equity</b>	<u>121,539,803</u>	<u>22.6</u>	<u>115,989,650</u>	<u>24.8</u>
<b>Total assets</b>	<u>\$ 537,095,340</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>	<b>Total liabilities and equity</b>	<u>\$ 537,095,340</u>	<u>100.0</u>	<u>466,925,698</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

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

	<u>2021</u>		<u>2020</u>		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
4000	Net sales revenue (notes (6)(w) and (7))	\$1,235,682,015	100.0	1,048,929,251	100.0
5000	Cost of sales (notes (6)(f),(6)(r), (7) and (12))	<u>1,194,190,441</u>	<u>96.6</u>	<u>1,013,470,729</u>	<u>96.6</u>
	<b>Gross profit</b>	<u>41,491,574</u>	<u>3.4</u>	<u>35,458,522</u>	<u>3.4</u>
	<b>Operating expenses: (notes (6)(r) and (12))</b>				
6100	Selling expenses	7,088,418	0.6	4,604,361	0.4
6200	Administrative expenses	4,562,706	0.4	4,198,621	0.4
6300	Research and development expenses	<u>16,491,857</u>	<u>1.3</u>	<u>15,162,995</u>	<u>1.5</u>
		<u>28,142,981</u>	<u>2.3</u>	<u>23,965,977</u>	<u>2.3</u>
	<b>Net operating income</b>	<u>13,348,593</u>	<u>1.1</u>	<u>11,492,545</u>	<u>1.1</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note (6)(y))	2,017,314	0.2	1,636,257	0.2
7210	Other gains and losses, net (notes (6)(d), (6)(g), (6)(k), (6)(y) and (6)(aa))	2,511,423	0.2	261,043	-
7050	Finance costs (notes (6)(o) and (6)(p))	(1,049,137)	(0.1)	(1,149,215)	(0.1)
7190	Other income (note (6)(y))	648,106	-	493,920	0.1
7590	Miscellaneous disbursements	(52,513)	-	(47,491)	-
7670	Impairment loss (note (6)(k))	(404,513)	-	-	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (note (6)(g))	<u>448,562</u>	<u>-</u>	<u>435,657</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>4,119,242</u>	<u>0.3</u>	<u>1,630,171</u>	<u>0.2</u>
7900	<b>Profit from continuing operations before tax</b>	<u>17,467,835</u>	<u>1.4</u>	<u>13,122,716</u>	<u>1.3</u>
7950	<b>Less: Income tax expenses (note (6)(s))</b>	<u>3,727,347</u>	<u>0.3</u>	<u>2,713,204</u>	<u>0.3</u>
	<b>Profit</b>	<u>13,740,488</u>	<u>1.1</u>	<u>10,409,512</u>	<u>1.0</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans	(56,056)	-	(65,862)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	630,396	0.1	(78,590)	-
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	135,751	-	(54,128)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note (6)(s))	<u>50,190</u>	<u>-</u>	<u>2,632</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>659,901</u>	<u>0.1</u>	<u>(201,212)</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(1,892,168)	(0.2)	(3,323,038)	(0.3)
8368	Gains (losses) on hedging instrument (note (6)(z))	2,192	-	2,679	-
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	(25,372)	-	161,498	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note (6)(s))	<u>(17,539)</u>	<u>-</u>	<u>(18,727)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(1,897,809)</u>	<u>(0.2)</u>	<u>(3,140,134)</u>	<u>(0.3)</u>
8300	<b>Other comprehensive income</b>	<u>(1,237,908)</u>	<u>(0.1)</u>	<u>(3,341,346)</u>	<u>(0.3)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 12,502,580</u>	<u>1.0</u>	<u>7,068,166</u>	<u>0.7</u>
	<b>Profit, attributable to:</b>				
8610	Profit, attributable to owners of parent	\$ 12,632,667	1.0	9,361,893	0.9
8620	Profit, attributable to non-controlling interests	<u>1,107,821</u>	<u>0.1</u>	<u>1,047,619</u>	<u>0.1</u>
		<u>\$ 13,740,488</u>	<u>1.1</u>	<u>10,409,512</u>	<u>1.0</u>
	<b>Comprehensive income attributable to:</b>				
8710	Comprehensive income (loss), attributable to owners of parent	\$ 11,445,530	0.9	6,083,542	0.6
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>1,057,050</u>	<u>0.1</u>	<u>984,624</u>	<u>0.1</u>
		<u>\$ 12,502,580</u>	<u>1.0</u>	<u>7,068,166</u>	<u>0.7</u>
	<b>Earnings per share (note (6)(v))</b>				
9750	<b>Basic earnings per share</b>	<u>\$ 2.90</u>		<u>2.15</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 2.86</u>		<u>2.12</u>	

See accompanying notes to consolidated financial statements.

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

	Equity attributable to owners of parent															
											Total other equity interest			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	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						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						Total retained earnings					
<b>Balance at January 1, 2020</b>	\$ 44,071,466	9,159,259	19,719,150	7,467,831	30,539,623	57,726,604	(3,794,980)	(306,763)	(1,706)	(4,103,449)	(881,247)	105,972,633	8,786,711	114,759,344		
Profit for the year ended December 31, 2020	-	-	-	-	9,361,893	9,361,893	-	-	-	-	-	9,361,893	1,047,619	10,409,512		
Other comprehensive income	-	-	-	-	(48,219)	(48,219)	(3,093,997)	(137,062)	927	(3,230,132)	-	(3,278,351)	(62,995)	(3,341,346)		
Total comprehensive income	-	-	-	-	9,313,674	9,313,674	(3,093,997)	(137,062)	927	(3,230,132)	-	6,083,542	984,624	7,068,166		
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	-	1,735	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,735	-	1,735		
Changes in equity of associates and joint ventures accounted for using equity method	-	2,228	-	-	(9,055)	(9,055)	-	8,978	-	8,978	-	2,151	-	2,151		
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021		
Others	-	999	-	-	-	-	-	-	-	-	-	999	-	999		
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	-	-	-	-	-	-	-	-	-	-	-	-	(614,190)	(614,190)		
Balance at December 31, 2020	44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505	9,157,145	115,989,650		
Profit for the year ended December 31, 2021	-	-	-	-	12,632,667	12,632,667	-	-	-	-	-	12,632,667	1,107,821	13,740,488		
Other comprehensive income	-	-	-	-	(40,067)	(40,067)	(1,855,728)	707,754	904	(1,147,070)	-	(1,187,137)	(50,771)	(1,237,908)		
Total comprehensive income	-	-	-	-	12,592,600	12,592,600	(1,855,728)	707,754	904	(1,147,070)	-	11,445,530	1,057,050	12,502,580		
Appropriation and distribution of retained earnings:																
Legal reserve appropriated	-	-	924,672	-	(924,672)	-	-	-	-	-	-	-	-	-		
Special reserve appropriated	-	-	-	3,164,965	(3,164,965)	-	-	-	-	-	-	-	-	-		
Cash dividends of ordinary share	-	-	-	-	(5,288,576)	(5,288,576)	-	-	-	-	-	(5,288,576)	-	(5,288,576)		
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)		
Changes in ownership interests in subsidiaries	-	61,825	-	-	(25,946)	(25,946)	-	14,709	-	14,709	-	50,588	-	50,588		
Changes in equity of associates and joint ventures accounted for using equity method	-	2,132	-	-	(49,878)	(49,878)	-	49,878	-	49,878	-	2,132	-	2,132		
Adjustments of capital surplus for cash dividends received by subsidiaries	-	80,027	-	-	-	-	-	-	-	-	-	80,027	-	80,027		
Others	-	918	-	-	-	-	-	-	-	-	-	918	-	918		
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(142,441)	(142,441)	-	142,441	-	142,441	-	-	-	-		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(34,657)	(34,657)		
<b>Balance at December 31, 2021</b>	<b>\$ 44,071,466</b>	<b>6,724,856</b>	<b>21,339,412</b>	<b>7,266,708</b>	<b>41,045,820</b>	<b>69,651,940</b>	<b>(8,744,705)</b>	<b>537,830</b>	<b>125</b>	<b>(8,206,750)</b>	<b>(881,247)</b>	<b>111,360,265</b>	<b>10,179,538</b>	<b>121,539,803</b>		

See accompanying notes to consolidated financial statements.

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 17,467,835	13,122,716
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	6,903,111	6,192,985
Increase (decrease) in expected credit loss	(17,646)	(17,314)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,170)	(9,575)
Finance cost	1,049,137	1,149,215
Interest income	(2,017,314)	(1,636,257)
Dividend income	(143,686)	(108,996)
Compensation cost of share-based payments	33,407	72,507
Share of loss (profit) of associates and joint ventures accounted for using equity method	(448,562)	(435,657)
Gain on disposal of property, plant and equipment, and right-of-use assets	(1,969,560)	(25,499)
Gain on disposal of investments	-	(29,757)
Impairment loss	404,513	-
Others	706	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>3,790,936</u>	<u>5,151,652</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in financial assets at fair value through profit or loss	1,844,499	(898,874)
Decrease (increase) in notes and accounts receivable	(57,806,973)	(40,455,446)
Decrease (increase) in other receivables	(746,025)	521,393
Decrease (increase) in inventories	(18,649,166)	(17,718,421)
Decrease (increase) in other current assets	(434,580)	(25,283)
Decrease (increase) in other non-current assets	(251,890)	16,537
<b>Total changes in operating assets</b>	<u>(76,044,135)</u>	<u>(58,560,094)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in financial liabilities at fair value through profit or loss	(135,028)	130,763
Increase (decrease) in notes and accounts payable	24,215,948	55,280,286
Increase (decrease) in other payables	5,961,832	666,404
Increase (decrease) in refund liabilities	460,968	192,095
Increase (decrease) in provisions	334,065	39,293
Increase (decrease) in contract liabilities	245,938	(136,439)
Increase (decrease) in other current liabilities	567,356	(519,777)
Others	45,798	60,122
<b>Total changes in operating liabilities</b>	<u>31,696,877</u>	<u>55,712,747</u>
<b>Total changes in operating assets and liabilities</b>	<u>(44,347,258)</u>	<u>(2,847,347)</u>
<b>Total adjustments</b>	<u>(40,556,322)</u>	<u>2,304,305</u>
Cash inflow generated from operations	(23,088,487)	15,427,021
Interest received	1,975,718	1,490,940
Dividends received	302,344	230,451
Interest paid	(1,033,955)	(1,214,506)
Income taxes paid	(1,990,003)	(1,672,465)
<b>Net cash flows from (used in) operating activities</b>	<u>(23,834,383)</u>	<u>14,261,441</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(859,403)	(106,044)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	-	52,105
Acquisition of investments accounted for using equity method	(17,189)	(215,076)
Proceeds from disposal of investments accounted for using equity method	-	38,952
Net cash flow from acquisition of subsidiaries	(197,002)	-
Proceeds from liquidation of investments	17,472	6,933
Acquisition of property, plant and equipment	(11,737,557)	(6,878,804)
Proceeds from disposal of property, plant and equipment and right-of-use assets	3,801,301	174,054
Acquisition of intangible assets	(960,300)	(480,424)
Acquisition of right-of-use assets	-	(317,808)
Decrease in restricted assets	(936,497)	-
Others	(173,940)	(186,317)
<b>Net cash flows from (used in) investing activities</b>	<u>(11,063,115)</u>	<u>(7,912,429)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	25,424,931	31,886,889
Proceeds from long-term borrowings	50,106,091	61,553,700
Repayments of long-term borrowings	(44,479,931)	(67,967,785)
Payment of lease liabilities	(835,037)	(846,836)
Cash dividends paid	(6,971,407)	(5,228,555)
Change in non-controlling interests	(692,982)	(688,469)
Others	26,093	92,634
<b>Net cash flows from (used in) financing activities</b>	<u>22,577,758</u>	<u>18,801,578</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(1,645,080)</u>	<u>(2,583,064)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(13,964,820)</u>	<u>22,567,526</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>89,126,923</u>	<u>66,559,397</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 75,162,103</u>	<u>89,126,923</u>

See accompanying notes to consolidated financial statements.

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

**(1) Company history**

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2022.

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations), the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

(Continued)

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

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

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

(Continued)

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	Panpal held 31,648 thousand shares of the Company as of December 31, 2021, which represented 0.7% of the Company's outstanding shares.
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	Gempal held 18,369 thousand shares of the Company as of December 31, 2021, which represented 0.4% of the Company's outstanding shares.
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	"	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. ("Arcadyan")	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	34%	35%	The Group had the ability to control Arcadyan. (Note 1)
The Company	Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	
"	Mactech Co., Ltd. ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	
"	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	91%	70%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
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%	
”	Aco Smartcare Co., Ltd. (“Aco Smartcare”)	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	
”	Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Group”)	Real estate development leasing and related management business	70%	-	Kinpo&Compal Group was established in December 2021.
”	Shennona Corporation (“Shennona”)	Medical care IOT business	100%	100%	
”	Auscom Engineering Inc. (“Auscom”)	R&D of notebook PC related products and components	100%	100%	
”	Just International Ltd. (“Just”)	Investment	100%	100%	
”	Compal International Holding Co., Ltd. (“CIH”)	”	100%	100%	
”	Compal Electronics (Holding) Ltd. (“CEH”)	”	100%	100%	
”	Bizcom Electronics, Inc. (“Bizcom”)	Warranty services and marketing of monitors and notebook PCs	100%	100%	
”	Flight Global Holding Inc. (“FGH”)	Investment	100%	100%	
The Company and BSH	High Shine Industrial Corp. (“HSI”)	”	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. (“CEP”)	Maintenance and warranty services of notebook PCs	100%	100%	
”	Big Chance International Co., Ltd. (“BCI”)	Investment	100%	100%	
”	Compal Rayonnant Holdings Limited (“CRH”)	”	100%	100%	
”	Core Profit Holdings Limited (“CORE”)	”	100%	100%	
”	Compalead Electronics B.V. (“CPE”)	”	100%	100%	
”	CGS Technology (Poland) Sp. z o.o. (“CGSP”)	Maintenance and warranty services of notebook PCs	100%	100%	
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEB”)	Manufacturing of notebook PCs	100%	100%	
”	Compal Electronics India Private Limited (“CEIN”)	Manufacturing and warranty service of mobile phones	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda. (“CEA”)	Manufacturing of notebook PCs	100%	100%	
Just	Compal Display Holding (HK) Limited (“CDH (HK)”)	Investment	100%	100%	
”	Compal Electronics International Ltd. (“CIP”)	”	100%	100%	
”	Compal International Ltd. (“CPI”)	”	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
			December 31, 2021	December 31, 2020	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	100%	100%	
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	"	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	
"	Fortune Way Technology Corp. ("FWT")	"	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. ("CET")	Manufacturing of notebook PCs	100%	100%	
"	Compal Information (Kunshan) Co., Ltd. ("CIC")	"	100%	100%	
"	Coompal Information Technology (Kunshan) Co., Ltd. ("CIT")	"	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	
"	Compal Digital Technology (Kunshan) Co., Ltd. ("CDT")	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	
BT	Compower Global Service Co., Ltd. ("CGS")	Maintenance and warranty service of notebook PCs	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. ("CIJ")	Investment	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
The Company	Palcom International Corporation (“Palcom”)	Sales of mobile phones	100%	100%	
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	”	100%	100%	
”	Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	”	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	R&D and manufacturing of electronic communication equipment	100%	100%	
”	Giant Rank Trading Ltd. (“GIA”)	Sales of mobile phones	100%	100%	
”	Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	
Arcadyan	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Sales of wireless network products	100%	100%	
”	Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	Technical support and sales of wireless network products	100%	100%	
”	Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	Sales of wireless network products	100%	100%	
”	Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	Investment	100%	100%	
”	Arcadyan Technology Limited (“Arcadyan UK”)	Technical support of wireless network products	100%	100%	
”	Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	Sales of wireless network products	100%	100%	
”	Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	Sales of wireless network products	100%	100%	
”	Zhi-Bao Technology Inc. (“Zhi-Bao”)	Investment	100%	100%	
”	Tatung Technology Inc. (“TTP”)	R&D and sales of household digital electronic products	61%	61%	
”	AcBel Telecom Inc. (“AcBel Telecom”)	Investment	51%	51%	The company had decided its dissolution and liquidation on October 28, 2021.
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	Sales of wireless network products	100%	100%	
”	Arcadyan India Private Limited (“Arcadyan India”)	Sales of wireless network products	100%	-	The subsidiary was incorporated on March 25, 2021.

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
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	62%	64%	
CBN	Compal Broadband Networks Belgium BVBA ("CBNB")	Import and export business, technical support and consulting service of broadband networks	100%	100%	
"	Compal Broadband Networks Netherlands B.V. ("CBNN")	"	100%	100%	
The Company and CBN	Starmems Semiconductor Corp. ("Starmems")	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	45%	-	The subsidiary was incorporated in April, 2021 and the Group has substantial control over it.
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment	100%	100%	
"	Arcadyan Technology (Shanghai) Corp. ("SVA Arcadyan")	R&D and sales of wireless network products	100%	100%	
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless network products	100%	100%	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless network products	100%	100%	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment	100%	100%	
"	Tatung Technology of Japan Co., Ltd. ("TTJC")	Sales of household digital electronic products	100%	100%	
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("THAC")	Manufacturing of household digital electronic products	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. ("IUE")	Investment	100%	100%	
"	Goal Reach Enterprises Ltd. ("Goal")	"	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. ("CVC")	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	
Goal	Compal Development & Management (Vietnam) Co., Ltd. ("CDM")	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. ("APH")	Investment	100%	100%	
APH	Primetek Enterprises Limited ("PEL")	"	100%	100%	
"	Rayonnant Technology (HK) Co., Ltd. ("Rayonnant Technology (HK)")	"	100%	100%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2021	December 31, 2020	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	
HHA	HengHao Holdings B Co., Ltd. (“HHB”)	“	100%	100%	
HHB	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	
“	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	100%	
BCI	Center Mind International Co., Ltd. (“CMI”)	Investment	100%	100%	
“	Prisco International Co., Ltd. (“PRI”)	“	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. (“CIS”)	Outward investment and consulting services	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. (“CEQ”)	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	
CIS	Compal Electronics (Chengdu) Co., Ltd. (“CEC”)	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	
“	Compal Management (Chengdu) Co., Ltd. (“CMC”)	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	
CORE	Billion Sea Holdings Limited (“BSH”)	Investment	100%	100%	
BSH	Mithera Capital Io LP (“Mithera”)	“	99%	99%	
“	Compal USA (Indiana), Inc. (“CIN”)	OEM of automotive electronic products	100%	-	The Group acquired 100% of its shares in September 2021.
GLB	Rapha Bio Ltd. (“RBL”)	Detector and feature	-	100%	The liquidation had been completed in July 2021.
Unicore	Raycore Biotech Co., Ltd. (“Raycore”)	Animal medication retail and wholesale	100%	51%	Raycore was merged with Unicore in February, 2022. Unicore was the surviving company and Raycore was the dissolved company.

Note 1: The Group holds less than half of the voting rights of the company, but the Group considers that the rest of the company's shareholding is extremely dispersed. The previous procedures for the participation of other shareholders in the shareholders' meeting show that the Group has the actual ability to unilaterally dominate the relevant activities, and there is no indication that there is an agreement among the other shareholders to make collective decisions, so the Group treats the company as a subsidiary.

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

(d) Foreign currency

(i) Foreign currency transaction

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

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

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

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

(ii) Foreign operations

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

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

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

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

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

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

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(f) Cash and cash equivalents

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

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

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

(g) Financial instruments

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (“FVOCI”)

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

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

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

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

(Continued)

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

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

3) Fair value through profit or loss ("FVTPL")

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

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

4) Impairment of financial assets

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

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

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

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

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

2) Financial liabilities at fair value through profit or loss

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

3) Other financial liabilities

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

4) Derecognition of financial liabilities

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

5) Offsetting of financial assets and liabilities

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

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

(iii) Derivative financial instruments and hedge accounting

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

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

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

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

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

Cash flow hedges

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

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

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

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

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

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

(j) Joint venture

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

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

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

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

- 1) Buildings: 9~50 years
- 2) Building improvement: 2~30 years
- 3) Machinery and equipment: 2~14 years
- 4) Research equipment: 3~10 years
- 5) Modeling equipment: 0.5~5 years
- 6) Other equipment: 0.25~10 years

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

(l) Leases

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

(ii) As a lessee

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

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

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

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

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

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- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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

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

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

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

(iii) As a lessor

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

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(m) Intangible assets

(i) Goodwill

1) Initial recognition

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

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

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

(ii) Research & Development

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

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

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

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

(iii) Other intangible assets

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

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(iv) Subsequent expenditure

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

(v) Amortization

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

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

- 1) Patents: the shorter of contract period and estimated useful lives
- 2) Royalty: amortized by contract period
- 3) Computer software: 1~7 years
- 4) Copyright: 10 years

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

(n) Impairment of non-derivative financial assets

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

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

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

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

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

(o) Provisions

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

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

(p) Treasury stock

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

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

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(q) Recognition of Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

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

2) Financing components

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

(r) Employee benefits

(i) Defined contribution plans

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

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(ii) Defined benefit plans

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

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

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

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

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

(iii) Short term employee benefits

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

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(s) Share-based payment

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

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

(t) Income taxes

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

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

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

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

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

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

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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

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

(u) Business combination

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

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

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

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

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

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(v) Earnings per share

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

(w) Operating segments

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

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

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

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

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

(a) Recognition and measurement of refund liabilities

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

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(b) Valuation of inventories

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

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

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 18,472	18,637
Checking accounts and demand deposits	17,073,664	19,537,842
Time deposits	58,069,967	69,560,444
Bonds purchased under resale agreements	<u>-</u>	<u>10,000</u>
	<b><u>\$ 75,162,103</u></b>	<b><u>89,126,923</u></b>

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets		
Structured deposits	\$ -	2,234,184
Stock unlisted in domestic markets	137,540	100,190
Fund in domestic or foreign markets	399,550	101,419
Derivative instruments not used for hedging		
Foreign exchange contracts	120,897	-
Swap contracts	<u>2,545</u>	<u>11,069</u>
Total	<b><u>\$ 660,532</u></b>	<b><u>2,446,862</u></b>
Current	\$ 400,754	2,245,254
Non-current	<u>259,778</u>	<u>201,608</u>
	<b><u>\$ 660,532</u></b>	<b><u>2,446,862</u></b>

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	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Financial liabilities held-for-trading:</b>		
Derivative instruments not used for hedging		
Foreign exchange contracts	\$ 1,589	130,865
Swap contracts	-	5,752
	<b>\$ 1,589</b>	<b>136,617</b>

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:

<b>December 31, 2021</b>				
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>	
<b>Derivative financial assets:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 33,000	EUR to USD	January 10, 2022 ~ May 09, 2022	
Forward exchange sold	EUR 1,500	EUR to TWD	January 5, 2022	
Forward exchange purchased	USD 181,700	USD to BRL	January 5, 2022 ~ June 20, 2022	
<b>Swap contracts:</b>				
Currency Swap	USD 21,000	USD to TWD	February 14~March 14, 2022	
<b>Derivative financial liabilities:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange purchased	USD 5,000	USD to CNY	January 26, 2022	
Forward exchange sold	EUR 7,000	EUR to USD	February 18, 2022 ~ March 4, 2022	
<b>December 31, 2020</b>				
	<b>Contract amount (in thousand)</b>	<b>Currency</b>	<b>Maturity date</b>	
<b>Derivative financial assets:</b>				
<b>Swap contracts:</b>				
Currency swap	USD 37,000	USD to TWD	January 13~February 26, 2021	
<b>Derivative financial liabilities:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 49,000	EUR to USD	January 13~April 14, 2021	
Forward exchange purchased	USD 122,300	USD to BRL	January 7~August 26, 2021	
<b>Swap contracts:</b>				
Currency swap	USD 45,500	USD to TWD	March 12~April 29, 2021	

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

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 3,350,210	1,972,849
Stock listed in foreign markets	695,728	491,243
Stock unlisted in domestic markets	1,879,166	2,152,542
Stock unlisted in foreign markets	<u>309,959</u>	<u>200,377</u>
Total	<b><u>\$ 6,235,063</u></b>	<b><u>4,817,011</u></b>

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

In order to strengthen business cooperation with its related party, Kinpo Electronics, Inc. (“Kinpo”), the Group acquired 46,197 thousand common stocks of Kinpo from its related party, Jipo Investment Inc. in May 2021, with a transaction price amounting to \$616,864. The transaction has been completed and the price has been fully paid.

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

During 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.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2021 and 2020, will be \$311,753 and \$240,851, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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

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

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(d) Financial instruments used for hedging

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Cash flow hedge:</b>		
<b>Financial liabilities used for hedging:</b>		
Forward exchange contracts	\$ -	2,192

(ii) Cash flow hedge

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

As of December 31, 2021, the Group did not enter into any hedge contract.

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

	<b>December 31, 2020</b>			
<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>	
<b>Derivative financial liabilities used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 6,000	EUR to USD	April 29~June 29, 2021	1.2192

(iii) For the years ended December 31, 2021 and 2020, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$0 and \$67, respectively, recorded as "other gains and losses, net".

(iv) For the years ended December 31, 2021 and 2020, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss is recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

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## (e) Notes and accounts receivable

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Notes receivables from operating activities	\$ 81,244	40,059
Accounts receivables – measured at amortized cost	261,179,612	197,650,813
Accounts receivables – fair value through other comprehensive income	<u>32,796,946</u>	<u>38,429,954</u>
	294,057,802	236,120,826
Less: allowance for uncollectible accounts	<u>(3,891,948)</u>	<u>(3,910,928)</u>
	<b><u>\$ 290,165,854</u></b>	<b><u>232,209,898</u></b>
Notes and accounts receivable	<b><u>\$ 288,436,522</u></b>	<b><u>231,830,964</u></b>
Notes and accounts receivable – related parties	<b><u>\$ 1,729,332</u></b>	<b><u>378,934</u></b>

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

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

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

<b>December 31, 2021</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 268,016,952	0%	-	No
Level B	14,524,868	0.47%	68,262	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 286,337,354</u></b>		<b><u>3,863,796</u></b>	
<b>December 31, 2020</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 213,584,823	0%	-	No
Level B	11,779,368	0.57%	66,757	No
Level C	<u>3,817,340</u>	100%	<u>3,817,340</u>	Yes
	<b><u>\$ 229,181,531</u></b>		<b><u>3,884,097</u></b>	

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

<b>December 31, 2021</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,142,077	0%	-	No
Level B	5,042,739	0.10%	4,913	No
Level C	517,585	1.00%	5,192	No
Level D	-	-	-	-
Level E	18,047	100%	18,047	Yes
	<b>\$ 7,720,448</b>		<b>28,152</b>	
<b>December 31, 2020</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,705,044	0%	-	No
Level B	3,772,573	0.10%	3,814	No
Level C	443,092	1.00%	4,431	No
Level D	-	-	-	-
Level E	18,586	100%	18,586	Yes
	<b>\$ 6,939,295</b>		<b>26,831</b>	

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Overdue 1 to 180 days	\$ 1,338,940	2,073,442
Overdue 181 to 365 days	7,679	104,264
	<b>\$ 1,346,619</b>	<b>2,177,706</b>

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

	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ 3,910,928	3,928,716
Impairment losses recognized (reversed)	(18,227)	(18,694)
Effect of changes in exchange rates	(753)	906
Balance at December 31	<b>\$ 3,891,948</b>	<b>3,910,928</b>

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

The Group entered into accounts receivable factoring agreements with banks. As of December 31, 2021 and 2020, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,600,000 thousand and EUR 15,000 thousand, USD 1,600,000 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, 2021 and 2020, the factored account receivable with no advance amounting \$958 and \$42,550, respectively, is accounted for as other receivables.

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

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

December 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>33,594,209</u>	<u>-</u>	<u>33,593,251</u>	<u>958</u>	<u>-</u>	<u>33,594,209</u>	0.47%~0.86%
December 31, 2020							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>42,597,772</u>	<u>-</u>	<u>42,555,222</u>	<u>42,550</u>	<u>-</u>	<u>42,597,772</u>	0.58%~0.93%

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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## (f) Inventories

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Finished goods	\$ 22,625,832	23,237,892
Work in progress	9,683,904	9,630,864
Raw materials	82,224,084	62,694,104
Raw materials in transit	<u>478,545</u>	<u>589,099</u>
	<b><u>\$ 115,012,365</u></b>	<b><u>96,151,959</u></b>

- (i) For the years ended December 31, 2021 and 2020, inventory cost recognized as cost of sales amounted to \$1,194,190,441 and \$1,013,470,729, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted \$1,938,800 and \$97,090 for the years ended December 31, 2021 and 2020, respectively.
- (iii) As of December 31, 2021 and 2020, the Group did not provide any inventories as collaterals for its loans.

## (g) Investments accounted for using equity method

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Associates	\$ 8,453,133	8,036,165
Joint venture	<u>(17,587)</u>	<u>(17,106)</u>
	8,435,546	8,019,059
Plus: credit balance of investment in equity method (other non-current liability)	43,020	43,177
Less: unrealized profits or losses	<u>(109,254)</u>	<u>(112,311)</u>
	<b><u>\$ 8,369,312</u></b>	<b><u>7,949,925</u></b>

## (i) Associates

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,847,809	2,075,813
Avalue Technology Inc. ("Avalue")	<u>849,180</u>	<u>828,286</u>
	<b><u>\$ 3,696,989</u></b>	<b><u>2,904,099</u></b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- 2) The Group's share of the net gain (loss) of associates was as follows:

	<u>2021</u>	<u>2020</u>
The Group's share of the gain (loss) of associates	<u>\$ 448,467</u>	<u>436,165</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of individually immaterial associates	<u>\$ 8,453,133</u>	<u>8,036,165</u>

	<u>2021</u>	<u>2020</u>
The Group's share of the net income (loss) of associates:		
Profit (loss) from continuing operations	\$ 448,467	436,165
Other comprehensive income	<u>110,379</u>	<u>107,370</u>
Total comprehensive income	<u>\$ 558,846</u>	<u>543,535</u>

- 4) For the year ended December 31, 2020, the Group had sold parts of its shares held in Allied Circuit and Avalue, 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>December 31, 2021</u>	<u>December 31, 2020</u>
The carrying amount of the Group's interests in all individually insignificant joint ventures	<u>\$ (17,587)</u>	<u>(17,106)</u>
	<u>2021</u>	<u>2020</u>
The Group's share of the net income (loss) of joint ventures:		
Losses from continuing operations (also the total comprehensive losses)	<u>\$ 95</u>	<u>(508)</u>

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- (iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.
- (iv) As of December 31, 2021 and 2020, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Acquisition of the subsidiary

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

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

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

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

(i) Consideration transferred

Cash	\$ <u><u>226,421</u></u>
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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(ii) The identifiable assets acquired and the liabilities assumed

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

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

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

Consideration transferred	\$ 226,421
Less: fair value of identifiable net assets	<u>(187,207)</u>
	<u><u>\$ 39,214</u></u>

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

(i) Changes in subsidiaries' equity

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

1) Subsidiaries' employee stock options exercised

CBN issued 38 thousand and 45 thousand new shares because of its employees' exercised stock options in 2021 and 2020, respectively, which resulted in the reduce of the Group's ownership of CBN by 0.02% and 0.03%, respectively.

2) Issuance of new shares for cash of subsidiaries

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

3) Issuance of subsidiaries' restricted shares

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

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

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

5) The acquisition of additional equity in the subsidiary

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

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

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

(j) Material non-controlling interests of subsidiaries

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

		<b>Percentage of non-controlling interests</b>	
<b>Subsidiaries</b>	<b>Main operation place</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Arcadyan Technology Corporation	Taiwan	66 %	65 %

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

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Arcadyan's collective financial information

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Current assets	\$ 28,532,932	24,721,922
Non-current assets	5,368,181	4,085,304
Current liabilities	(20,476,963)	(15,368,928)
Non-current liabilities	<u>(501,037)</u>	<u>(1,476,302)</u>
Net assets	<b><u>\$ 12,923,113</u></b>	<b><u>11,961,996</u></b>
Non-controlling interests	<b><u>\$ 8,796,235</u></b>	<b><u>8,024,032</u></b>
	<b>2021</b>	<b>2020</b>
Sales revenue	<b><u>\$ 38,240,058</u></b>	<b><u>33,765,295</u></b>
Net income	\$ 1,701,800	1,630,605
Other comprehensive income	<u>(77,222)</u>	<u>(97,919)</u>
Comprehensive income	<b><u>\$ 1,624,578</u></b>	<b><u>1,532,686</u></b>
Profit, attributable to non-controlling interests	<b><u>\$ 1,083,011</u></b>	<b><u>1,033,182</u></b>
Comprehensive income, attributable to non-controlling interests	<b><u>\$ 1,032,457</u></b>	<b><u>970,772</u></b>
Net cash flows from operating activities	\$ (1,524,264)	3,352,208
Net cash flows from investing activities	(1,789,637)	(884,623)
Net cash flows from financing activities	2,240,204	(974,048)
Effect of exchange rate changes on cash and cash equivalents	<u>(35,292)</u>	<u>(21,328)</u>
Net increase (decrease) in cash and cash equivalents	<b><u>\$ (1,108,989)</u></b>	<b><u>1,472,209</u></b>

(k) Property, plant and equipment

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

	<b>Land</b>	<b>Buildings and building improvement</b>	<b>Machinery</b>	<b>Other equipment</b>	<b>Under construction and prepayment for purchase of equipment</b>	<b>Total</b>
Cost:						
Balance on January 1, 2021	\$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Acquisition through business combination	10,892	87,477	162,654	4,376	-	265,399
Additions	479,377	693,335	3,164,422	1,598,322	6,125,821	12,061,277
Disposals and derecognitions	-	(1,893,781)	(915,011)	(1,142,655)	-	(3,951,447)
Reclassifications	43,694	378,343	2,011,033	229,103	(2,662,173)	-
Effect of movements in exchange rates	<u>(1,138)</u>	<u>(401,448)</u>	<u>(915,221)</u>	<u>(831,423)</u>	<u>(90,951)</u>	<u>(2,240,181)</u>
Balance on December 31, 2021	<b><u>\$ 2,476,919</u></b>	<b><u>17,383,799</u></b>	<b><u>32,006,068</u></b>	<b><u>11,743,420</u></b>	<b><u>4,593,482</u></b>	<b><u>68,203,688</u></b>

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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, 2020	\$ 1,705,220	16,966,779	27,044,641	11,289,433	1,310,558	58,316,631
Additions	16,540	1,555,668	2,043,593	1,670,528	2,491,792	7,778,121
Disposals and derecognitions	-	(40,637)	(781,081)	(484,944)	-	(1,306,662)
Reclassifications	222,769	568,695	1,419,898	267,958	(2,479,320)	-
Effect of movements in exchange rates	(435)	(530,632)	(1,228,860)	(857,278)	(102,245)	(2,719,450)
Balance on December 31, 2020	<u>\$ 1,944,094</u>	<u>18,519,873</u>	<u>28,498,191</u>	<u>11,885,697</u>	<u>1,220,785</u>	<u>62,068,640</u>
Depreciation and impairments loss:						
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Acquisition through business combination	-	18,824	148,912	4,290	-	172,026
Depreciation for the period	-	923,523	2,566,033	1,947,870	-	5,437,426
Impairment loss	-	-	378,072	26,441	-	404,513
Disposals and derecognitions	-	(622,536)	(812,833)	(1,009,328)	-	(2,444,697)
Effect of movements in exchange rates	-	(185,398)	(1,597,679)	(556,167)	-	(2,339,244)
Balance on December 31, 2021	<u>\$ -</u>	<u>10,989,522</u>	<u>21,254,150</u>	<u>8,969,652</u>	<u>-</u>	<u>41,213,324</u>
Balance on January 1, 2020	\$ -	10,352,434	19,850,259	8,141,591	-	38,344,284
Depreciation for the period	-	905,054	2,369,810	1,569,827	-	4,844,691
Disposals and derecognitions	-	(39,988)	(656,216)	(461,903)	-	(1,158,107)
Effect of movements in exchange rates	-	(362,391)	(992,208)	(692,969)	-	(2,047,568)
Balance on December 31, 2020	<u>\$ -</u>	<u>10,855,109</u>	<u>20,571,645</u>	<u>8,556,546</u>	<u>-</u>	<u>39,983,300</u>
Carrying amounts:						
Balance on December 31, 2021	<u>\$ 2,476,919</u>	<u>6,394,277</u>	<u>10,751,918</u>	<u>2,773,768</u>	<u>4,593,482</u>	<u>26,990,364</u>
Balance on January 1, 2020	<u>\$ 1,705,220</u>	<u>6,614,345</u>	<u>7,194,382</u>	<u>3,147,842</u>	<u>1,310,558</u>	<u>19,972,347</u>
Balance on December 31, 2020	<u>\$ 1,944,094</u>	<u>7,664,764</u>	<u>7,926,546</u>	<u>3,329,151</u>	<u>1,220,785</u>	<u>22,085,340</u>

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

In order to activate the assets of the Group, the Board of Directors approved a resolution on May 7, 2021, that the subsidiary CDE and Kunshan Xincheng Construction Development Co., Ltd., a non-related party, signed a real estate purchase and sale contract. The transaction targets include land use rights and existing land building, with the transaction price of \$4,147,946 (CNY \$956,012 thousand) in total. The Group has completed the above transaction. The Group recognized a disposal gain of \$1,961,419, which was accounted for as other gains and losses, after deducting the book value of assets and related transaction costs from the transaction price.

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

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## (l) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and Other</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	996,820	-	22,824	1,019,644
Deductions	(362,689)	(679,921)	-	(28,923)	(1,071,533)
Effect of movements in exchange rates	(45,447)	(31,336)	(328)	(248)	(77,359)
Balance on December 31, 2021	<u>\$ 859,993</u>	<u>3,664,030</u>	<u>76,602</u>	<u>68,622</u>	<u>4,669,247</u>
Balance on January 1, 2020	\$ 1,110,813	2,809,991	86,661	88,712	4,096,177
Additions	317,808	954,736	-	6,797	1,279,341
Deductions	(106,518)	(350,896)	(9,460)	(19,825)	(486,699)
Effect of movements in exchange rates	(53,974)	(35,364)	(271)	(715)	(90,324)
Balance on December 31, 2020	<u>\$ 1,268,129</u>	<u>3,378,467</u>	<u>76,930</u>	<u>74,969</u>	<u>4,798,495</u>
Depreciation and impairment loss:					
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	52,675	805,895	12,326	20,421	891,317
Deductions	(37,698)	(512,348)	-	(28,923)	(578,969)
Effect of movements in exchange rates	(78)	(10,411)	(175)	(198)	(10,862)
Balance on December 31, 2021	<u>\$ 69,655</u>	<u>1,458,825</u>	<u>36,900</u>	<u>37,649</u>	<u>1,603,029</u>
Balance on January 1, 2020	\$ 31,587	659,467	22,270	32,681	746,005
Depreciation for the period	25,354	801,567	12,138	32,690	871,749
Deductions	-	(258,054)	(9,368)	(18,742)	(286,164)
Effect of movements in exchange rates	(2,185)	(27,291)	(291)	(280)	(30,047)
Balance on December 31, 2020	<u>\$ 54,756</u>	<u>1,175,689</u>	<u>24,749</u>	<u>46,349</u>	<u>1,301,543</u>
Carrying amount:					
Balance on December 31, 2021	<u>\$ 790,338</u>	<u>2,205,205</u>	<u>39,702</u>	<u>30,973</u>	<u>3,066,218</u>
Balance on January 1, 2020	<u>\$ 1,079,226</u>	<u>2,150,524</u>	<u>64,391</u>	<u>56,031</u>	<u>3,350,172</u>
Balance on December 31, 2020	<u>\$ 1,213,373</u>	<u>2,202,778</u>	<u>52,181</u>	<u>28,620</u>	<u>3,496,952</u>

## (m) Short-term borrowings

The details of short-term borrowings were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Unsecured bank loans	<u>\$ 118,422,407</u>	<u>92,838,733</u>
Unused credit line for short-term borrowings	<u>\$ 113,777,000</u>	<u>95,910,000</u>
Range of interest rates	<u>0.05%~2.95%</u>	<u>0.25%~2.58%</u>

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

(Continued)

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

## (n) Long-term borrowings

The details of long-term borrowings were as follows:

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

<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Annual range of interest rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	0.66%~0.98%	2021~2023	\$ 11,900,000
Unsecured bank loans	USD	0.69%~0.92%	2021~2022	7,205,440
Secured bank loans	TWD	1%~1.5%	2022~2025	228,913
Less: current portion				(8,932,615)
Total				<b>\$ 10,401,738</b>
Unused credit lines for long-term borrowings				<b>\$ 15,327,000</b>

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

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

## (o) Unsecured convertible corporate bonds

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	(1,433)	(18,527)
Unamortized issuance costs on corporate bonds payable	(496)	(1,254)
Accumulated converted amount	(671,500)	-
Balance of bonds payable of the reporting date	<b>\$ 326,571</b>	<b>980,219</b>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<b>\$ 15,987</b>	<b>48,667</b>

(Continued)

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

	<u>2021</u>	<u>2020</u>
Interest expenses	\$ <u>11,968</u>	<u>13,727</u>

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

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

- 1) Coupon rate: 0%
- 2) Duration: three years (June 6, 2019~June 6, 2022)
- 3) Repayment

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

- 4) Terms of conversion
  - a) The bondholder may opt to have its bonds converted into the Arcadyan's common shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity day (June 6, 2022), except for the following:
    - The closing period in accordance with the applicable law;
    - The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
    - The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.
  - b) Conversion price is determined as NT\$98.3 per share upon issuing. Arcadyan paid cash dividends and issued new shares for cash in 2019; therefore, the conversion price has been adjusted to \$93 per share. Arcadyan distributed cash dividends to common stocks shareholders with retained earnings in 2021 and 2020, thereafter, the conversion price has been adjusted to NT\$82.5 and \$87.7 per share, respectively.

(iii) The maturity date of the above convertible corporate bonds is June 6, 2022, so it has been transferred to current liabilities from June 30, 2021.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iv) As of December 31, 2021, the convertible corporate bonds were converted into Arcadyan's ordinary shares with a face value of \$671,500 which was converted into Arcadyan's ordinary shares with a total share capital of \$81,363. The resulting capital reserve – issuance stock premium was \$616,933 (including the premium of \$32,680 and the unamortized amount of the discounted corporate bond payables of \$5,884).

(p) Lease liabilities

The details of leases liabilities were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	\$ <u>625,292</u>	<u>377,161</u>
Non-current	\$ <u>1,679,504</u>	<u>1,910,601</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	\$ <u>63,701</u>	<u>50,534</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>32,350</u>	<u>3,332</u>
Expenses relating to leases of low-value assets or short-term leases	\$ <u>303,454</u>	<u>131,749</u>

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

	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	\$ <u>1,234,542</u>	<u>1,032,451</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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## (q) Provisions

	<b>Warranties</b>
Balance on January 1, 2021	\$ 870,050
Provisions made during the period	476,940
Provisions used during the period	(136,853)
Provisions reversed during the period	<u>(6,022)</u>
Balance on December 31, 2021	<b><u>\$ 1,204,115</u></b>
Balance on January 1, 2020	\$ 830,757
Provisions made during the period	181,789
Provisions used during the period	(142,007)
Provisions reversed during the period	<u>(489)</u>
Balance on December 31, 2020	<b><u>\$ 870,050</u></b>

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

## (r) Employee benefits

## (i) Defined benefit plans

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of defined benefit obligations	\$ (1,554,902)	(1,516,219)
Fair value of plan assets	<u>732,869</u>	<u>730,046</u>
Net defined benefit liabilities	<b><u>\$ (822,033)</u></b>	<b><u>(786,173)</u></b>

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

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

1) Composition of plan assets

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

The balance of the Group's labor pension reserve account in the Bank of Taiwan amounted to \$739,802 (excluding the ending balance of interest receivable) as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

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

	<u>2021</u>	<u>2020</u>
Defined benefit obligations on January 1	\$ (1,516,219)	(1,486,824)
Benefit paid by the plan	38,959	76,835
Current service costs and interest	(12,850)	(19,238)
Remeasurements of net benefit liabilities	<u>(64,792)</u>	<u>(86,992)</u>
Defined benefit obligations on December 31	<u>\$ (1,554,902)</u>	<u>(1,516,219)</u>

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

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

	<u>2021</u>	<u>2020</u>
Fair value of plan assets on January 1	\$ 730,046	748,660
Expected return on plan assets	3,675	6,675
Remeasurements of net benefit plan assets	9,626	23,554
Contributions paid by the employer	28,481	27,992
Benefits paid by the plan	<u>(38,959)</u>	<u>(76,835)</u>
Fair value of plan assets on December 31	<u>\$ 732,869</u>	<u>730,046</u>

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

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 5,198	5,955
Net interest on the net defined benefit liability (asset)	3,977	6,608
	<u>\$ 9,175</u>	<u>12,563</u>
Cost of sales	\$ 547	546
Selling expenses	576	679
Administrative expenses	2,137	3,024
Research and development expenses	5,915	8,314
	<u>\$ 9,175</u>	<u>12,563</u>

5) Actuarial assumptions

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.63%~0.8%	0.50%~0.63%
Future salary increasing rate	3.00%	3.00%

The expected allocation payment made by the Group to the defined benefit plans for the one-year period after the reporting date is \$29,915.

The weighted-average lifetime of the defined benefit plan is 9~13.42 years.

6) Sensitivity analysis

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

	<u>Effects to the defined benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	(34,611)	35,847
Future salary increasing rate	34,882	(33,869)
December 31, 2020		
Discount rate	(36,336)	37,683
Future salary increasing rate	36,574	(35,482)

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

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

(ii) Defined contribution plans

The 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 \$446,148 and \$448,617 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$1,193,098 and \$922,151 for the years ended December 31, 2021 and 2020, respectively.

(s) Income taxes

(i) Income tax expenses

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

	<u>2021</u>	<u>2020</u>
Current tax expense		
Recognized during the period	\$ 4,240,078	2,837,554
5% surtax on unappropriated earnings	14,627	27,073
Tax credit of investment	<u>(596,726)</u>	<u>(273,959)</u>
	3,657,979	2,590,668
Deferred tax expense		
Recognition and reversal of temporary differences	<u>69,368</u>	<u>122,536</u>
	<u>69,368</u>	<u>122,536</u>
Income tax expense	<u>\$ 3,727,347</u>	<u>2,713,204</u>

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

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

	<u>2021</u>	<u>2020</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of the defined benefit obligation	\$ (11,211)	(13,173)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>61,401</u>	<u>15,805</u>
	<u>\$ 50,190</u>	<u>2,632</u>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	<u>\$ (17,539)</u>	<u>(18,727)</u>

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

	<u>2021</u>	<u>2020</u>
Profit before tax	<u>\$ 17,467,835</u>	<u>13,122,716</u>
Income tax calculated based on tax rate	\$ 4,734,068	3,260,548
Estimated tax effect of tax exemption on investment income, net	(171,208)	(209,192)
Realized investment loss	(65,440)	(60,000)
Investment tax credit	(596,726)	(273,959)
Changes in temporary differences	(704,260)	(637,794)
Adjustment of estimated difference	516,286	606,528
Surtax on unappropriated earnings	<u>14,627</u>	<u>27,073</u>
	<u>\$ 3,727,347</u>	<u>2,713,204</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(ii) Deferred tax assets and liabilities

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

	<u>Refund liabilities</u>	<u>Contract liabilities</u>	<u>Unrealized exchange losses, net</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance on January 1, 2021	\$ 134,880	49,536	655,455	674,337	1,514,208
Recognized in profit or loss	60,416	40,462	(178,449)	181,217	103,646
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,670</u>	<u>28,670</u>
Balance on December 31, 2021	<u>\$ 195,296</u>	<u>89,998</u>	<u>477,006</u>	<u>884,224</u>	<u>1,646,524</u>
Balance on January 1, 2020	\$ 120,603	59,429	750,213	707,381	1,637,626
Recognized in profit or loss	14,277	(9,893)	(94,758)	(64,966)	(155,340)
Recognized in other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,922</u>	<u>31,922</u>
Balance on December 31, 2020	<u>\$ 134,880</u>	<u>49,536</u>	<u>655,455</u>	<u>674,337</u>	<u>1,514,208</u>

	<u>Unrealized exchange gains, net</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:			
Balance on January 1, 2021	\$ (424,990)	(567,480)	(992,470)
Recognized in profit or loss	(79,673)	(93,341)	(173,014)
Recognized in other comprehensive income	<u>-</u>	<u>(61,321)</u>	<u>(61,321)</u>
Balance on December 31, 2021	<u>\$ (504,663)</u>	<u>(722,142)</u>	<u>(1,226,805)</u>
Balance on January 1, 2020	\$ (497,092)	(512,126)	(1,009,218)
Recognized in profit or loss	72,102	(39,527)	32,575
Recognized in other comprehensive income	<u>-</u>	<u>(15,827)</u>	<u>(15,827)</u>
Balance on December 31, 2020	<u>\$ (424,990)</u>	<u>(567,480)</u>	<u>(992,470)</u>

(iii) Unrecognized deferred tax assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Tax effect of deductible temporary differences	<u>\$ 1,028,920</u>	<u>1,143,771</u>
Tax effect of loss carryforward	<u>\$ 978,257</u>	<u>1,034,072</u>

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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As of December 31, 2021, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

<u>Year of loss</u>	<u>Expiry year</u>	<u>Deductible amount</u>
2012 (Assessed)	2022	\$ 345,099
2013 (Assessed)	2023	228,258
2014 (Assessed)	2024	41,534
2015 (Assessed)	2025	636,827
2016 (Assessed)	2026	1,423,381
2017 (Assessed)	2027	918,085
2018 (Assessed/Filed)	2028	554,750
2019 (Assessed/Filed)	2029	377,577
2020 (Filed)	2030	138,962
2020 (Filed)	2025	18,527
2021 (Estimated)	2031	48,943
2021 (Filed)	2026	124,353
		<u>\$ 4,856,296</u>

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

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

As of December 31, 2021 and 2020, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$2,335,023 and \$1,856,500, respectively.

As of December 31, 2021 and 2020, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to \$58,082,760 and \$54,151,962, respectively.

(v) Examination and approval

The Company's tax returns for the year through 2019 were assessed by the Taipei National Tax Administration.

The ROC tax authorities have assessed the income tax returns of Hippo Screen, Zhi-Bao, Acbel Telecom, and Shennona through 2020, of Rayonnant Technology ,UCGI, Palcom, Panpal, Gempal, Hong Ji, Hong Jin, Unicore, Raycore, Ripal, Arcadyan, Heng Hao, Mactech, GLB, RBL, Aco Healthcare and CBN through 2019, and of TTI through 2019. However, TTI's tax returns through 2018 has not yet been approved.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(t) Capital and other equities

(i) Ordinary shares

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Additional paid-in capital	\$ 3,660,119	5,422,060
Treasury share transactions	2,621,933	2,541,906
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	122,675	60,850
Changes in equity of associates and joint ventures accounted for using equity method	<u>283,363</u>	<u>281,231</u>
	<b><u>\$ 6,724,856</u></b>	<b><u>8,342,813</u></b>

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

The Company's Board of Directors meeting respectively held on March 26, 2021 and March 30, 2020, approved to distribute cash of \$1,762,859 and \$881,429 (representing 0.4 and 0.2 New Taiwan Dollars per share), by using capital surplus.

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

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

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

1) Legal reverse

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

2) Special reverse

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

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

3) Earnings distribution

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

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

Earnings distribution for 2021 was approved by the Board of Directors held on March 15, 2022. The relevant information was as follows:

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

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

(iv) Treasury stock

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

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

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

(v) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	(1,791,462)	567,871	-	(1,223,591)
Subsidiaries	(38,894)	160,972	904	122,982
Associates	(25,372)	185,939	-	160,567
Balance on December 31, 2021	<u>\$ (8,744,705)</u>	<u>537,830</u>	<u>125</u>	<u>(8,206,750)</u>
Balance on January 1, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Group	(3,073,441)	(100,249)	-	(3,173,690)
Subsidiaries	(182,054)	75,529	927	(105,598)
Associates	161,498	(45,469)	-	116,029
Balance on December 31, 2020	<u>\$ (6,888,977)</u>	<u>(376,952)</u>	<u>(779)</u>	<u>(7,266,708)</u>

(u) Share-based payment

(i) Arcadyan – employee restricted shares

At the meeting held on June 21, 2018, the Arcadyan's Board of Directors decided to issue 4,500,000 shares of employee restricted shares to Arcadyan full-time employees who meet certain requirements. The restricted shares have been registered, with and approved by the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the effective date of the share issuance.

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

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

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

Unit: in thousands of shares

	<b>2021</b>	<b>2020</b>
Outstanding shares on January 1	2,306	4,416
Canceled during the period	(53)	(126)
The number vested in this period	(970)	(1,984)
Outstanding shares on December 31	<b>1,283</b>	<b>2,306</b>

As of December 31, 2021 and 2020, the unearned employee benefit was \$13,030 and \$45,606.

The compensation cost related to the restricted shares amounted to \$32,576 and \$73,545 for the year ended December 31, 2021 and 2020.

(ii) TTI – employee stock options

The information about share-based payment of TTI in 2021 and 2020 was as follows:

	<b>Employee stock options</b>
Grant date	2015.10.29
Granted shares (in thousand)	1,000
Contract period	7 years
Recipients	Employees of TTI
Vested condition	Please refer to the issuance terms of the stock options as follows

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The issuance terms of the stock options are as follows:

- 1) Exercise price: NT\$13.5 per share.
- 2) Exercisable duration: The employees who received stock options that exceed two years and meet the performance requirements can exercise a specific percentage in each period as below. The exercisable duration of the options is seven years. No transfer is allowed except for inheritance.

<u>Exercisable</u>	<u>Period and performance requirements to exercise options</u>
40 %	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 2 years after the issuance of the right. (2) Upon vesting, the average earnings per share of TTI for the past 2 years must exceed NT\$3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to 3 years; under this extension, the average of the earnings per share of any 2 years within the 3-year period must exceed NT\$3.
30 %	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 3 years after the issuance of the right. (2) Upon vesting, the performance requirements need to be met, otherwise, the earnings per share of TTI for the following year must exceed NT\$3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to another 1 year; the earnings per share must exceed NT\$3 during the extension period.
30 %	The share purchase right is effectively vested after the satisfaction of 2 conditions: (1) Years of service must exceed 4 years after the issuance of the right. (2) Upon vesting, the performance requirements need to be met, otherwise, the earnings per share of TTI for the following year must exceed NT\$3. If the criteria for the said earnings per share are not fulfilled, then the measurement period will be extended to another 1 year; the earnings per share must exceed NT\$3 during the extension period. The total measurement periods mentioned above may not exceed 6 years.

The earnings per share mentioned above are based on the financial statements that had been audited and certified by a certified public accountant.

- 3) Exercise method: TTI would issue new shares as the options are exercised.
- 4) Exercise procedure: In accordance with TTI's issuance and exercise rules. After receiving the payment for share options, the entitlement certification of share options exercised is registered as ordinary shares.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The information on total options issued was as follows:

	<u>2020</u>	
	<b>Weighted- average exercise price (NT dollars)</b>	<b>Shares (in thousands)</b>
Outstanding shares on January 1	\$ 13.5	300
Canceled during the period	13.5	<u>(300)</u>
Exercisable shares on December 31	-	<u><u>-</u></u>

The exercise price range of TTI's outstanding employee stock options and weighted-average remaining contractual life of the outstanding options are as follows:

	<u>December 31, 2020</u>
Exercise price range	13.5
Weighted average remaining contract period	-

The reverse related to the share-based payment amounted to \$970 for the years ended December 31, 2020.

(iii) CBN—employee stock options

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

	<u>2021</u>		<u>2020</u>	
	<b>Shares</b>	<b>Weighted- average exercise price (NT dollars)</b>	<b>Shares</b>	<b>Weighted- average exercise price (NT dollars)</b>
Outstanding shares on January 1	3,000	\$ 10	87,800	\$ 10
Expired during the period	-	-	(4,500)	10
Exercised during the period	<u>(3,000)</u>	10	<u>(80,300)</u>	10
Outstanding shares on December 31	<u><u>-</u></u>	-	<u><u>3,000</u></u>	10
Exercisable shares on December 31	<u><u>-</u></u>	-	<u><u>3,000</u></u>	10

In the year ended December 31, 2020, the weighted-average remaining contractual life of the outstanding options was 0.67 years. The options under the aforesaid employee stock option plan have been exercised in 2021.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The issuance terms of the share options are as follows.

- 1) Exercise price: NT\$10 per share.
- 2) Exercisable duration:

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

<b>Period to exercise options</b>	<b>Exercisable percentage (cumulative)</b>
5 months after options received	100 %

- 3) Exercise method: CBN would issue new shares as the options are exercised.
- 4) Exercise procedure: In accordance with CBN's issuance and exercise rules, after receiving the consideration of share options, the entitlement certification of share options exercised is registered as ordinary shares once a quarter.

The compensation cost for the years ended December 31, 2021 and 2020 were \$0 and \$(68), respectively.

CBN adopted the Black-Scholes model to estimate the fair value on the grant date, and the assumptions are summarized as follows:

Employee stock option plan:

Original exercise price (NT dollars)	\$10
Current price (NT dollars)	24.62
Expected dividend yield rate	0%
Expected volatility	35.87%
Risk-free interest rate	0.56%
Expected life of the option	2.55 years
Weighted average fair value (NT dollars per share)	14.96

- (iv) CBN- Issuance of restricted shares

On June 24, 2020, CBN issued 1,500,000 new restricted shares through shareholders' meeting. This is a gratuitous issuance, and the recipients are full-time employees of CBN who have been employed on grant day and meet specific terms. It have been approved by the Financial Supervisory Commission.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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In addition, the issuance date has been decided by the chairman of the board of directors to be December 20, 2021, and the statutory registration procedures had been completed on January 7, 2022.

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

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

	Unit: in thousands of shares
	<u>2021</u>
Outstanding shares on January 1	-
Shares vested in this period	<u>1,500</u>
Outstanding shares on December 31	<u><u>1,500</u></u>

The above-mentioned new restricted shares of CBN takes the closing price of \$30.70 on the grant day, December 20, 2021, as the fair value, and capital surplus-employee restricted shares amounted to \$31,050. Until December 31, 2021, the balance of unearned employees benefit was \$45,219.

The compensation cost related to the restricted shares amounted to \$831 for the year ended December 31, 2021.

(v) Earnings per share

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

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

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

	2021	2020
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<b>\$ <u>12,632,667</u></b>	<b><u>9,361,893</u></b>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	<u>65,517</u>	<u>57,482</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<b><u>4,422,647</u></b>	<b><u>4,414,612</u></b>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

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

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

	2020		
	IT Product Segment	Strategically Integrated Product Segment	Total
Primary geographical markets:			
United states	\$ 438,786,641	8,106,885	446,893,526
China	127,004,385	568,651	127,573,036
Netherlands	83,549,764	1,340,450	84,890,214
Others	<u>365,823,166</u>	<u>23,749,309</u>	<u>389,572,475</u>
	<b><u>\$ 1,015,163,956</u></b>	<b><u>33,765,295</u></b>	<b><u>1,048,929,251</u></b>
Major products:			
5C related electronics products	\$ 1,013,091,503	33,191,331	1,046,282,834
Others	<u>2,072,453</u>	<u>573,964</u>	<u>2,646,417</u>
	<b><u>\$ 1,015,163,956</u></b>	<b><u>33,765,295</u></b>	<b><u>1,048,929,251</u></b>
(ii) Contract balances			

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (including related parties)	\$ 294,057,802	236,120,826	195,665,380
Less: allowance for impairment	<u>(3,891,948)</u>	<u>(3,910,928)</u>	<u>(3,928,716)</u>
Total	<b><u>\$ 290,165,854</u></b>	<b><u>232,209,898</u></b>	<b><u>191,736,664</u></b>
Contract liabilities	<b><u>\$ 1,065,954</u></b>	<b><u>820,016</u></b>	<b><u>956,455</u></b>

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

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that were included in the balance of contract liability at the beginning of the period was \$820,016 and \$877,822, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(x) Employees' and directors' compensations

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The Company accrued and recognized its employee compensation of \$1,350,062 and \$974,694, and directors' compensation of \$71,390 and \$51,541 for the years ended December 31, 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2021 and 2020.

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

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 2,015,709	1,635,953
Other interest income	<u>1,605</u>	<u>304</u>
Total Interest income	<u>\$ 2,017,314</u>	<u>1,636,257</u>

(ii) Other income

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

	<u>2021</u>	<u>2020</u>
Dividend revenue	\$ 143,686	108,996
Other revenue	<u>504,420</u>	<u>384,924</u>
	<u>\$ 648,106</u>	<u>493,920</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iii) Other gains and losses

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

	<u>2021</u>	<u>2020</u>
Gains on disposal of investments	\$ -	29,757
Gains on financial assets and liabilities at fair value through profit or loss, net	418,827	279,262
Foreign currency exchange gains (losses), net	123,742	(73,475)
Gains (losses) on disposal of property, plant, and equipment	1,969,560	25,499
Others	<u>(706)</u>	<u>-</u>
	<u>\$ 2,511,423</u>	<u>261,043</u>

(z) Reclassification of the components of other comprehensive income

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

	<u>2021</u>	<u>2020</u>
Cash flow hedge:		
Gains (losses) from current period	\$ 43,006	(12,483)
Less: reclassification of gains (losses) included in profit or loss	<u>40,814</u>	<u>(15,162)</u>
Profit (loss) recognized in other comprehensive income	<u>\$ 2,192</u>	<u>2,679</u>

(aa) Financial instruments

(i) Credit risk

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

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

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

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

Other financial assets at amortized cost include other receivables, and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g)) of the consolidated financial statements for the year ended December 31, 2021. Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the years ended December 31, 2021 and 2020 were as follows:

	<u>Other receivables</u>
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	581
Balance on December 31, 2021	<u>\$ 2,973</u>
Balance on January 1, 2020	\$ 1,012
Impairment losses recognized (reversed)	1,380
Balance on December 31, 2020	<u>\$ 2,392</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.

	<b>Carrying Amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1 ~ 2 years</b>	<b>Over 2 years</b>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 660,513	(660,513)	(66,481)	(127,612)	(466,420)
Unsecured borrowings	142,722,407	(142,722,407)	(134,097,407)	(6,125,000)	(2,500,000)
Lease liabilities – current and non-current	2,304,796	(2,411,332)	(665,378)	(1,331,721)	(414,233)
Notes and accounts payable	224,066,363	(224,066,363)	(224,066,363)	-	-
Other payables	29,701,088	(29,701,088)	(29,701,088)	-	-
Bonds payable	326,571	(328,500)	(328,500)	-	-
Derivative financial liabilities					
Forward exchange contracts:	1,589				
Outflow		(358,893)	(358,893)	-	-
Inflow		357,183	357,183	-	-
	<u>\$ 399,783,327</u>	<u>(399,891,913)</u>	<u>(388,926,927)</u>	<u>(7,584,333)</u>	<u>(3,380,653)</u>

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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>
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 228,913	(228,913)	(77,175)	(77,175)	(74,563)
Unsecured borrowings	111,944,173	(111,944,173)	(101,694,173)	(5,125,000)	(5,125,000)
Lease liabilities— current and non-current	2,287,762	(2,401,961)	(486,124)	(562,952)	(1,352,885)
Notes and accounts payable	199,726,063	(199,726,063)	(199,726,063)	-	-
Other payables	23,397,683	(23,397,683)	(23,397,683)	-	-
Bonds payable	980,219	(1,000,000)	-	(1,000,000)	-
Forward exchange contracts:	130,865				
Outflow		(5,279,091)	(5,279,091)	-	-
Inflow		5,143,059	5,143,059	-	-
Currency swap contracts:	5,752				
Outflow		(1,295,840)	(1,295,840)	-	-
Inflow		1,285,715	1,285,715	-	-
Forward exchange contracts used for hedging:	2,192				
Outflow		(209,640)	(209,640)	-	-
Inflow		208,331	208,331	-	-
	<u>\$ 338,703,622</u>	<u>(338,846,259)</u>	<u>(325,528,684)</u>	<u>(6,765,127)</u>	<u>(6,552,448)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

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

	<u>December 31, 2021</u>			<u>December 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD to TWD	\$ 18,449,976	27.68	510,695,336	13,926,339	28.48	396,622,135
USD to CNY	26,386	6.378	730,364	13,381	6.5386	381,091
EUR to TWD	83,417	31.32	2,612,620	60,677	35.02	2,124,909
CNY to USD	3,451,738	0.1568	14,981,316	3,646,117	0.1529	15,877,352
Non-monetary items						
THB to TWD	842,184	0.8261	695,728	516,989	0.9502	491,243
Financial liabilities						
Monetary items						
USD to TWD	17,976,968	27.68	497,602,474	14,056,045	28.48	400,316,162
USD to CNY	1,170	6.378	32,386	3,132	6.5386	89,199
USD to BRL	197,060	5.5805	5,454,621	131,487	5.1967	3,744,750
EUR to NTD	27,835	31.32	871,792	12,616	35.02	441,812
CNY to USD	3,269,701	0.1568	14,191,235	3,149,932	0.1529	13,716,669

(Continued)

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of December 31, 2021 and 2020, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
USD (against the TWD)		
Strengthening 5%	\$ 654,643	(184,701)
Weakening 5%	(654,643)	184,701
USD (against the CNY)		
Strengthening 5%	34,899	14,595
Weakening 5%	(34,899)	(14,595)
USD (against the BRL)		
Strengthening 5%	(272,731)	(187,238)
Weakening 5%	272,731	187,238
EUR (against the TWD)		
Strengthening 5%	87,041	84,155
Weakening 5%	(87,041)	(84,155)
CNY (against the USD)		
Strengthening 5%	39,504	108,034
Weakening 5%	(39,504)	(108,034)

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$123,742 and \$(73,475), respectively.

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

(iv) Interest rate analysis

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

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

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

	<b>2021</b>	<b>2020</b>
Interest increased by 0.25%	\$ 1,656	24,312
Interest decreased by 0.25%	(1,656)	(24,312)

(v) Fair value information

1) The categories and fair value of financial instruments

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

	<b>December 31, 2021</b>				
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 123,442	-	123,442	-	123,442
Non-derivative financial assets mandatorily measured at fair value through profit or loss	537,090	-	277,312	259,778	537,090
Subtotal	660,532				

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	December 31, 2021				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	3,350,210	3,350,210	-	-	3,350,210
Stocks listed on foreign markets	695,728	695,728	-	-	695,728
Stocks unlisted on domestic markets	1,879,166	-	-	1,879,166	1,879,166
Stocks unlisted on foreign markets	309,959	-	-	309,959	309,959
Accounts receivable	<u>32,796,946</u>	-	32,796,946	-	32,796,946
Subtotal	<u>39,032,009</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	75,162,103	-	-	-	-
Notes and accounts receivable, net	255,639,576	-	-	-	-
Notes and accounts receivable due from related parties, net	1,729,332	-	-	-	-
Other receivables	2,445,690	-	-	-	-
Other current assets (restricted assets)	433,403	-	-	-	-
Refundable deposits	696,393	-	-	-	-
Other non-current assets (restricted assets)	<u>544,684</u>	-	-	-	-
Subtotal	<u>336,651,181</u>				
Total	<u><b>\$ 376,343,722</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>1,589</u>	-	1,589	-	1,589
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	118,422,407	-	-	-	-
Notes and accounts payable	220,549,039	-	-	-	-
Notes and accounts payable to related parties	3,517,324	-	-	-	-
Other payables	29,701,088	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities—current and non-current	2,304,796	-	-	-	-
Long-term borrowings current portion	15,741,481	-	-	-	-
Long-term borrowings	9,219,032	-	-	-	-
Deposits received	<u>311,325</u>	-	-	-	-
Subtotal	<u>400,093,063</u>				
Total	<u><b>\$ 400,094,652</b></u>				

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 11,069	-	11,069	-	11,069
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>2,435,793</u>	-	2,234,184	201,609	2,435,793
Subtotal	<u>2,446,862</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	1,972,849	1,972,849	-	-	1,972,849
Stocks listed on foreign markets	491,243	491,243	-	-	491,243
Stocks unlisted on domestic markets	2,152,542	-	-	2,152,542	2,152,542
Stocks unlisted on foreign markets	200,377	-	-	200,377	200,377
Accounts receivable	<u>38,429,954</u>	-	38,429,954	-	38,429,954
Subtotal	<u>43,246,965</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	89,126,923	-	-	-	-
Notes and accounts receivable, net	193,401,010	-	-	-	-
Notes and accounts receivable due from related parties, net	378,934	-	-	-	-
Other receivables	1,628,657	-	-	-	-
Other current assets (restricted assets)	41,090	-	-	-	-
Refundable deposits	522,213	-	-	-	-
Other non-current assets (restricted assets)	<u>500</u>	-	-	-	-
Subtotal	<u>285,099,327</u>				
Total	<u><b>\$ 330,793,154</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	<u>\$ 136,617</u>	-	136,617	-	136,617
Derivative financial liabilities for hedging	<u>2,192</u>	-	2,192	-	2,192
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	92,838,733	-	-	-	-
Notes and accounts payable	196,837,439	-	-	-	-
Notes and accounts payable to related parties	2,888,624	-	-	-	-
Other payables	23,397,683	-	-	-	-
Bonds payable	980,219	-	-	-	-
Lease liabilities— current and non-current	2,287,762	-	-	-	-
Long-term borrowings current portion	8,932,615	-	-	-	-
Long-term borrowings	10,401,738	-	-	-	-
Deposits received	<u>285,232</u>	-	-	-	-
Subtotal	<u>338,850,045</u>				
Total	<u><b>\$ 338,988,854</b></u>				

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

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 years ended December 31, 2021 and 2020.

5) Changes in level 3

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

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	3,170	-	3,170
In other comprehensive income	-	(335,469)	(335,469)
Purchased	54,999	187,540	242,539
Proceeds from liquidation and capital reduction of investments	-	(12,249)	(12,249)
Effect of changes in exchange rates	-	(3,616)	(3,616)
Balance on December 31, 2021	<u>\$ 259,778</u>	<u>2,189,125</u>	<u>2,448,903</u>
Balance on January 1, 2020	\$ 115,359	2,424,053	2,539,412
Total gains and losses recognized:			
In profit or loss	9,575	-	9,575
In other comprehensive income	-	(34,716)	(34,716)
Purchased	76,675	29,369	106,044
Disposal	-	(52,105)	(52,105)
Proceeds from capital reduction of investments	-	(6,933)	(6,933)
Effect of changes in exchange rates	-	(6,749)	(6,749)
Balance on December 31, 2020	<u>\$ 201,609</u>	<u>2,352,919</u>	<u>2,554,528</u>

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

	<b>2021</b>	<b>2020</b>
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u><u>3,170</u></u>	<u><u>9,575</u></u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u><u>(331,801)</u></u>	<u><u>8,834</u></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 and financial assets at fair value through profit or loss, financial assets at fair value through profit or loss.

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

The quantified information for significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationships between significant unobservable inputs and fair value</b>
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 (1.82~11.62 and 1.72~7.9 ,respectively, on December 31, 2021 and 2020)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (16.37~27.97 and 14.68, respectively, on December 31, 2021 and 2020)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (40%~85% and 35%~85%,respectively, on December 31, 2021 and 2020)	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**  
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<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	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>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,810</u>	<u>16,250</u>
	Multiples of earnings	5%	\$ <u>4,882</u>	<u>4,738</u>
	Lack-of-Marketability discount rate	5%	\$ <u>11,767</u>	<u>13,470</u>
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>36,119</u>	<u>35,448</u>
	Multiples of earnings	5%	\$ <u>5,734</u>	<u>5,801</u>
	Lack-of-Marketability discount rate	5%	\$ <u>3,942</u>	<u>3,942</u>

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

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

8) Offsetting financial assets and financial liabilities

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

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

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

December 31, 2021						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Cash	\$ 360,789,950	360,789,950	-	-	-	-
	(USD 13,034,319 )	(USD 13,034,319 )				

December 31, 2021						
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	\$ 360,789,950	360,789,950	-	-	-	-
	(USD 13,034,319 )	(USD 13,034,319 )				

December 31, 2020						
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement						
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not offset in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash collateral received	
Cash	\$ 199,267,863	199,267,863	-	-	-	-
	(USD 6,996,765 )	(USD 6,996,765 )				

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

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

(ab) Financial risk management

(i) Overview

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

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

- 1) Accounts receivable and other receivables

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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2) Investments

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

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Group has business with. As of December 31, 2021 and 2020, the Group did not provide any guarantees to other companies besides its subsidiaries.

(iv) Liquidity risk

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

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(m) and (6)(n) for unused credit lines of short-term and long-term borrowings as of December 31, 2021 and 2020.

(v) Market risk

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

1) Currency risk

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

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

2) Interest rate risk

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

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

3) Other price risk

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

(ac) Capital management

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

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<u>\$ 415,555,537</u>	<u>350,936,048</u>
Total assets	<u>\$ 537,095,340</u>	<u>466,925,698</u>
Debt ratio	<u>77%</u>	<u>75%</u>

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

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

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

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

Reconciliation of liabilities arising from financing activities was as follows:

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<b>January 1, 2020</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>December 31, 2020</b>
Short-term borrowings	\$ 60,951,844	31,886,889	-	92,838,733
Proceeds from issuance of convertible bonds	966,492	-	13,727	980,219
Long-term borrowings	25,748,438	(6,414,085)	-	19,334,353
Lease liabilities	2,267,088	(846,836)	867,510	2,287,762
Deposits received and others	246,038	92,634	1,459	340,131
Total liabilities from financing activities	<u>\$ 90,179,900</u>	<u>24,718,602</u>	<u>882,696</u>	<u>115,781,198</u>

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

(a) Name and relationship with related parties

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

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

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

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 803,552	724,350
Post-employment benefits	7,854	8,267
Share-based payments	<u>6,110</u>	<u>19,033</u>
	<u>\$ 817,516</u>	<u>751,650</u>

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

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	<u>2021</u>	<u>2020</u>
Associates	\$ 220,127	240,161
Other related parties	34,059	610,517
Joint ventures	<u>-</u>	<u>222</u>
	<u>\$ 254,186</u>	<u>850,900</u>

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>2021</u>	<u>2020</u>
Associates	\$ 6,346,763	4,596,352
Other related parties	<u>4,115,321</u>	<u>2,956,322</u>
	<u>\$ 10,462,084</u>	<u>7,552,674</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.

(Continued)

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

## (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 categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts receivable	Associates	\$ 31,640	29,643
Notes and accounts receivable	Other related parties	1,697,692	349,291
Other receivables	Associates	2,463	908
Other receivables	Other related parties	45	64
		<u>\$ 1,731,840</u>	<u>379,906</u>

## (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>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable	Associates	\$ 1,992,718	1,632,862
Notes and accounts payable	Other related parties	1,524,606	1,255,762
Other payables	Associates	35	600
Other payables	Other related parties	19,542	-
		<u>\$ 3,536,901</u>	<u>2,889,224</u>

## (v) Property transactions

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

(Continued)

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

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other current assets	Bail for court mandatory execution	\$ -	41,090
Other current assets	Customs deposit	336,523	-
Other current assets	Pledge deposit	96,880	-
PPE	Long-term borrowings (including current portion)	466,320	486,581
Other non-current assets	Customs deposit	500	500
Other non-current assets	Pledge deposit	544,184	-
		<u>\$ 1,444,407</u>	<u>528,171</u>

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (c) As of December 31, 2021 and 2020, the Group's signed commitments to purchase property, plant and equipment amounted to \$290,063 and \$473,370, respectively.

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

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

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

**(12) Other:**

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

By function By item	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	15,289,343	14,136,585	29,425,928	17,777,589	12,789,968	30,567,557
Labor and health insurance	1,016,912	962,630	1,979,542	841,733	835,965	1,677,698
Pension	1,077,976	570,445	1,648,421	883,287	500,044	1,383,331
Others	2,689,676	631,048	3,320,724	2,216,080	599,320	2,815,400
Depreciation	5,238,351	1,090,392	6,328,743	4,684,438	1,032,002	5,716,440
Amortization	78,684	495,684	574,368	47,195	429,350	476,545

**(13) Other disclosures:**

- (a) Information on significant transactions

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
- (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 6
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 8
- (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)
- (x) Business relationships and significant intercompany transactions: Please refer to Table 9

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

- (b) Information on investees: Please refer to Table 10
- (c) Information on investment in mainland China: Please refer to Table 11
- (d) Major shareholders: There were no shareholders holding more than 5% shares.

**(14) Segment information:**

- (a) General information

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

- (b) Reportable segments and operating segment information

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

The operating segment information was as follows:

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

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

	For the year ended December 31, 2020			
	Information technology product segment	Strategy integrated product segment	Adjustment and elimination	Total
<b>Revenue</b>				
Revenue from external customers	\$ 1,015,163,956	33,765,295	-	1,048,929,251
Interest revenue	1,590,643	45,614	-	1,636,257
<b>Total revenue</b>	<b>\$ 1,016,754,599</b>	<b>33,810,909</b>	<b>-</b>	<b>1,050,565,508</b>
Interest expense	\$ 1,102,805	46,410	-	1,149,215
Depreciation and amortization	5,675,006	517,979	-	6,192,985
Investment gain (loss)	435,657	-	-	435,657
Other significant non-cash items:				
Impairment of assets	-	-	-	-
<b>Reportable segment profit</b>	<b>\$ 10,793,917</b>	<b>2,328,799</b>	<b>-</b>	<b>13,122,716</b>
<b>Reportable segment assets</b>				\$ 466,925,698
<b>Reportable segment liabilities</b>				\$ 350,936,048

## (c) Products information

The information of revenue from external customers:

<u>Products and services</u>	<u>2021</u>	<u>2020</u>
5C related electronic products	\$ 1,232,501,394	1,046,282,834
Others	3,180,621	2,646,417
	<b>\$ 1,235,682,015</b>	<b>1,048,929,251</b>

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

(d) Geographic information

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

(i) Revenue from external customers:

<u>Country</u>	<u>2021</u>	<u>2020</u>
United States	\$ 486,362,457	446,893,526
China	159,061,285	127,573,036
Netherlands	88,162,373	84,890,214
Others	<u>502,095,900</u>	<u>389,572,475</u>
	<b><u>\$ 1,235,682,015</u></b>	<b><u>1,048,929,251</u></b>

(ii) Non-current assets:

<u>Country</u>	<u>2021</u>	<u>2020</u>
China	\$ 14,411,598	14,963,036
Taiwan	9,837,851	9,373,521
Vietnam	8,708,075	3,377,464
Others	<u>511,749</u>	<u>268,290</u>
	<b><u>\$ 33,469,273</u></b>	<b><u>27,982,311</u></b>

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

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

	<u>2021</u>	<u>2020</u>
D Company	\$ 534,800,186	431,621,595
F Company	223,256,380	240,039,272
A Company	144,069,158	120,376,434
E Company	<u>116,116,250</u>	<u>75,903,386</u>
	<b><u>\$ 1,018,241,974</u></b>	<b><u>867,940,687</u></b>

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

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

(In Thousands of New Taiwan Dollars)

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

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## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 1 Loans to other parties:**

(December 31, 2021)

- Note 1: According to the Company's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.
- Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of 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 CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9: According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 10: According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.
- Note 11: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.
- Note 12: According to SVA's Procedure for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of SVA. Also, the amount shall be combined with the SVA's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be the investee of the parent company. The total amount for lending the borrower shall not exceed 20% of the net worth of SVA and shall be combined with SVA's endorsements/guarantees for the borrower when calculating. In addition, when lending to the parent company or its 100% directly and indirectly owned subsidiaries, the total amount or individual amount shall not exceed the net worth of the latest financial statements of SVA.
- Note 13: The transactions had been eliminated in the consolidated financial statements.

(Continued)

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

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

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

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

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

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

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

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

(Continued)

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

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

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance			The highest holdings in the period		Note	
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)		Holding percentage (%)
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	441,993	2%	441,993	98,046	3%	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,003,307	9%	2,003,307	124,044	9%	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	695,728	5%	695,728	259,600	5%	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	18,722	10%	18,722	290	10%	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	13,342	11%	13,342	632	11%	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	26,600	3%	26,600	4,000	3%	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	10%	101,676	6,685	13%	
	TOP Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	402	4,233	2%	4,233	663	3%	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	48,800	8%	48,800	5,000	8%	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	88,740	19%	88,740	6,000	19%	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		287,259					
	Total				<u>3,730,400</u>					
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	765,884	1%	765,884	31,648	1%	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,120,320	5%	1,120,320	69,370	5%	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	880,740	5%	880,740	54,000	5%	
	AcBel	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	207,766	1%	207,766	5,677	1%	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	6,995	116,883	3%	116,883	6,995	3%	
	Others		Financial assets at fair value through other comprehensive income-non-current		126,498					
	Total				<u>3,218,091</u>					
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	444,538	-	444,538	18,369	-	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	108,551	6%	108,551	2,140	8%	
	Others		Financial assets at fair value through other comprehensive income-non-current		2,139					
	Total				<u>555,228</u>					

(Continued)

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

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

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance			The highest holdings in the period		Note	
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)		Holding percentage (%)
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	380	1%	(Note 2)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	332	1%	(Note 2)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	200	7%	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	1,152	5%	(Note 2)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	349	5%	(Note 2)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	60	14%	(Note 2)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	37,475	7%	37,475	-	7%	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	26,169	7%	26,169	1,650	7%	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	1,229	6%	(Note 2)
	Total				<u>63,644</u>					
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>9,000</u>	-	9,000	-	-	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	-	19%	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>124,560</u>	-	124,560	873	-	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,340</u>	17%	4,340	-	17%	
BSH	CitiBank RED ARC TERMLIQUIDITY FUND	-	Financial assets at fair value through profit or loss-current	-	<u>277,312</u>	-	277,312	-	-	

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

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:**

(For the year ended December 31, 2021)

(In Thousands of New Taiwan \$)

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

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

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

(Continued)

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

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

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

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

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

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

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

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

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

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(749,825)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	220,379	0.1%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(803,662)	(0.1)%	Net 90 days from sale	Similar to non-related parties	There is no significant difference	540,542	0.2%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Purchase	218,938	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	149,835,609	13.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(62,366,178)	(29.6)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	178,478,231	15.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,188,862)	(2.0)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	28,688,394	2.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,086,146)	(1.5)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	42,665,925	3.7%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(16,612,130)	(7.9)%	(Note 2)
Just and its subsidiaries	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	17,101,460	1.5%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,631,399)	(1.2)%	(Note 2)
	Kinpo Electronic, Inc.	With the same chairman	Purchase	527,883	-	35 days from the 1st of the following month	Similar to non-related parties	There is no significant difference	(527,418)	(0.2)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(179,037,498)	(99.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,188,862	99.9%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(102,464)	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	-	-	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	206,180	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(57,375)	(0.1)%	(Note 2)
	Compal Electronic, Inc.	Parent company	Sale	(150,179,442)	(93.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	62,366,178	96.5%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(428,856)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	207,124	0.2%	(Note 2)
CIH and its subsidiaries	CEB	With the same ultimate parent company	Sale	(390,795)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	261,497	0.2%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(3,491,406)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,580,332	1.1%	(Note 2)

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

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

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

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

(Continued)

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

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

(In Thousands of New Taiwan Dollars)

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

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

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

Note 3: The amount of other receivables on December 31, 2021 is 1,276,111 thousand dollars.

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

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

(In Thousands of New Taiwan Dollars)

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

Note 1:Balance as of Mrach 4, 2022.

Note 2:Balance as of Mrach 1, 2022.

Note 3:Balance as of Mrach 9, 2022.

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

Note 5:Accounts receivables due to processing raw material.

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

(Continued)

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

**Table 9 Business relationships and significant intercompany transactions:**

(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	CBN	1	Sales Revenue	803,662	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	540,542	"	0.1%
				Sales Revenue	749,825	There is no significant difference of price to non-related parties. The credit period is net 120 days.	0.1%
1	JUST and its subsidiaries	The Company	2	Accounts Receivable	220,379	"	-
				Sales Revenue	179,037,498	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	14.5%
1	JUST and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	4,188,862	"	0.8%
				Sale Revenue	102,464	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	The Company	2	Accounts Receivable	-	"	-
				Sales Revenue	150,179,442	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.2%
2	CIH and its subsidiaries	CEA	3	Accounts Receivable	62,366,178	"	11.6%
				Sales Revenue	428,856	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	CEB	3	Accounts Receivable	207,124	"	-
				Sales Revenue	390,795	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable	261,497	"	-
				Sales Revenue	3,491,406	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	1,580,332	"	0.3%
				Sales Revenue	5,042,538	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.4%
3	BCI and its subsidiaries	The Company	2	Accounts Receivable	2,304,731	"	0.4%
				Sales Revenue	42,863,233	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	3.5%
				Accounts Receivable	16,612,130	"	3.1%

(Continued)

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

**Table 9 Business relationships and significant intercompany transactions:**

(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	135,499	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	1,993,166	"	0.4%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	590,887	The price is based on the operating cost. The credit period is net 120 days.	-
				Accounts Receivable	1,269,252	"	0.2%
3	BCI and its subsidiaries	CEA	3	Sale Revenue	783,053	The price is based on the operating cost. The credit period is net 120 days.	-
				Accounts Receivable	507,450	"	-
4	CEB	CEA	3	Sale Revenue	108,252	There is no significant difference of price to non-related parties. The credit period is net 45 days.	-
				Accounts Receivable	1,537	"	-
5	CEA	CEB	3	Sale Revenue	473,416	There is no significant difference of price to non-related parties. The credit period is net 45 days.	-
				Accounts Receivable	376,304	"	0.1%
6	Etrade and its subsidiaries	The Company	2	Sales Revenue	17,096,471	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.4%
				Accounts Receivable	2,631,399	"	0.5%
7	Forever and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	242,089	There is no significant difference of price to non-related parties. The credit period is net 60 days after the delivery.	-
				Accounts Receivable	46,437	"	-
8	HHT	CIH and its subsidiaries	2	Sales Revenue	245,484	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
				Accounts Receivable	61,174	"	-
9	CEP	The Company	2	Sales Revenue	220,757	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	-	"	-
10	HSI and its subsidiaries	The Company	2	Sales Revenue	28,700,918	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	2.3%
				Accounts Receivable	3,086,146	"	0.6%
10	HSI and its subsidiaries	Just and its subsidiaries	3	Sales Revenue	207,079	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	57,375	"	-
10	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	1,639,069	There is no significant difference of price to non-related parties. The credit period is net 60 days, and will be adjusted if necessary.	0.1%

(Continued)

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

**Table 9 Business relationships and significant intercompany transactions:**

(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
10	HSI and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	246,217	"	-
				Sales Revenue	712,526	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
11	Arcadyan	Arcadyan Germany	3	Accounts Receivable	170,879	"	-
				Sales Revenue	1,226,052	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
11	Arcadyan	Arcadyan USA	3	Accounts Receivable	266,118	"	-
				Sales Revenue	7,323,420	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	0.6%
11	Arcadyan	Arcadyan AU	3	Accounts Receivable	2,020,989	"	0.4%
				Sales Revenue	505,287	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.	-
11	Arcadyan	Arcadyan Vietnam	3	Accounts Receivable	23,439	"	-
				Other Receivable	1,276,111	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.2%
12	CNC	Arcadyan	3	Processing Revenue	12,985,802	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.1%
13	Arcadyan Vietnam	Arcadyan	3	Accounts Receivable	2,028,930	"	0.4%
				Processing Revenue	1,091,354	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.1%

Note 1: The numbers filled in as follows:

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

Note 2: Transactions labeled as follows:

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

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 10 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)													
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Kinpo&Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000	-	52,500	70%	525,085	52,500	1	120	85	(Note 2)
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	404,559	100	100%	(19,042)	(15,326)	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	9,577,912	48,010	100%	2,038,308	2,038,308	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	37,410,192	53,001	100%	3,196,352	3,196,352	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	5,120,741	500,000	100%	19,461	(31,176)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,716,614	90,000	100%	145,081	115,690	(Note 2)
	Kinpo Group management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,776	300	38%	288	117	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	102,074	6,000	100%	21,471	18,593	(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%	101,881	20,000	100%	(21,226)	(23,402)	(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%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,262,334	1	100%	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	3,120	600	100%	382	347	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	398,995	10,158	20%	390,431	79,707	
	Maxima Ventures I, Inc. ("Maxima")	Taipei City	Investment	-	1,260	-	-	-	126	23%	-	-	
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	57,303	100,000	52%	(31,249)	(16,261)	(Note 2)
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	711,499	98	49%	284,726	139,516	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	767,803	6,427	100%	1,706	1,706	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	-	3,500	35%	33,971	3,500	35%	(2,940)	(1,029)	(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%	71,758	3,739	33%	41,617	13,830	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,136,788	100,000	100%	89,224	89,224	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	359,218	29,500	100%	39,395	39,395	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	252,821	21,756	53%	41,445	22,068	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	125,347	3,000	100%	4,074	4,074	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	2,493,682	41,305	20%	1,787,544	351,746	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,752,330	89,755	100%	(62,830)	(62,830)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,098	2,600	100%	(92)	(92)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	57,547	42,700	54%	(856,715)	(300,169)	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(3,097)	136	100%	(20,160)	(18,034)	(Note 2)
	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	42,000	9,100	91%	58,858	9,100	91%	(25,053)	(22,724)	(Note 2)
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	109,837	4,648	28%	37,824	5,650	28%	28,574	7,873	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,529,757	20,015	100%	(484,153)	20,015	100%	(425,641)	(425,641)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	7,179,197	90,820	100%	908,947	908,947	(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%	682,558	29,060	43%	32,744	14,204	(Note 2)

(Continued)

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

**Table 10 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)													
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	150,785	29,500	100%	35,093	29,295	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	228,858	12,500	100%	43,721	43,721	(Note 2)
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,305,068	31,253	35%	603,543	209,561	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(184,795)	46,900	65%	632,364	516,481	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	679,564	100	100%	116,378	116,378	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,304,552	50	100%	12,658	12,658	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	489,998	199,999	10,000	100%	(37,303)	10,000	100%	53,840	53,926	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	113,123	10,000	100%	4,426	3,976	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	626,851	14,924	21%	196,505	43,341	(Note 2)
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	6,580,283	147,000	100%	(569,898)	(569,898)	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	330,604	15,000	50%	24,917	12,585	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	37	-	100%	86,855	-	100%	(1,700)	(1,741)	(Note 2)
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	44,309	20,000	33%	(46,608)	(15,543)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	144,270	3,446	30%	(22,602)	(6,781)	
									88,293,659				6,573,057
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	539,351	8,192	4%	1,787,544	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%	114,974	2,927	6%	390,431	Investment gain(losses) recognized by Panpal	
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	75,937 635,925	9,279	4%	1,787,544	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%	126,471	3,220	6%	390,431	Investment gain(losses) recognized by Gempal	
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	175 635,925	9,279	4%	1,787,544	Investment gain(losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	28,554	851	2%	390,431	Investment gain(losses) recognized by Hong Ji	
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	300,876	4,609	2%	1,787,544	Investment gain(losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,724,395	1,724,395	62,298	100%	7,336,510	62,298	100%	2,033,586	Investment gain(losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	255,902	255,902	9,245	100%	232,596	9,245	100%	(469)	Investment gain(losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	13,840	13,840	500	100%	831,308	500	100%	2,720	Investment gain(losses) recognized by Just	(Note 2)

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 10** The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)													
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
CII	Smart	British Virgin Islands	Investment	28	28	1	100%	350	1	100%	(3)	Investment gain(losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	27,680	27,680	1,000	100%	43,364	1,000	100%	(491)	Investment gain(losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	227,917	227,917	-	100%	188,891	-	100%	25	Investment gain(losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	28	28	-	100%	28	-	100%	-	Investment gain(losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,070,533	2,070,533	74,803	100%	36,259,088	74,803	100%	3,482,248	Investment gain(losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	203,448	203,448	7,350	100%	98,697	7,350	100%	373	Investment gain(losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	28	28	1	100%	430,130	1	100%	7,570	Investment gain(losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	412,432	412,432	14,900	100%	412,895	14,900	100%	-	Investment gain(losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	141,168	141,168	5,100	51%	25,433	5,100	51%	187	Investment gain(losses) recognized by CIH	(Note 2)
HSI	IUE	British Virgin Islands	Investment	1,854,560	1,854,560	67,000	100%	221,043	67,000	100%	(869,094)	Investment gain(losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	351,536	351,536	12,700	100%	304,117	12,700	100%	12,379	Investment gain(losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,854,560	1,854,560	67,000	100%	221,043	67,000	100%	(869,094)	Investment gain(losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	351,536	351,536	12,700	100%	305,603	12,700	100%	12,379	Investment gain(losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,237,098	2,237,098	80,820	100%	4,503,395	80,820	100%	578,634	Investment gain(losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	276,800	276,800	10,000	100%	2,675,803	10,000	100%	330,312	Investment gain(losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,068,960	4,068,960	147,000	100%	6,580,283	147,000	100%	(569,898)	Investment gain(losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	138,400	138,400	-	99%	129,444	-	99%	(3,059)	Investment gain(losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,024,160	1,024,160	37,000	46%	467,614	37,000	46%	(856,715)	Investment gain(losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufacturing	226,421	-	1	100%	190,352	1	100%	(35,101)	Investment gain(losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	100%	-	Investment gain(losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	55,360	55,360	-	100%	16,398	-	100%	13,289	Investment gain(losses) recognized by Forever	(Note 2)

(Continued)

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

**Table 10** The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)													
Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Webtek	Etrade	British Virgin Islands	Investment	692,000	692,000	25,000	35%	(54,057)	25,000	35%	632,364	Investment gain(losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	40,692	25,500	588	100%	29,252	1,275	100%	(1,629)	Investment gain(losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,359,732	64,780	100%	2,323,746	64,780	100%	335,159	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	162,359	1	100%	83,123	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%	76,914	0.5	100%	8,474	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	11,899	20	100%	(436)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	415,117	34,980	100%	6,825	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%	371,174	25,028	61%	(219,951)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,638	4,494	51%	(121)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,206	50	100%	793	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	41,705	50	100%	3,213	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	2,492	-	100%	5,856	-	100%	(1,361)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,642	533	1%	32,744	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(14,827)	968	100%	(148)	Investment gain(losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	13,507	-	3,500	100%	11,389	3,500	100%	(1,448)	Investment gain(losses) recognized by Arcadyan	(Note 2、3)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	804,104	527,304	29,050	100%	854,011	29,050	100%	138,028	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	304,784	304,784	35	100%	1,045,972	35	100%	186,372	Investment gain(losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	33,216	33,216	1,200	100%	(64,119)	1,200	100%	(96,963)	Investment gain(losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	3,945	1	100%	(1,325)	Investment gain(losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	32,386	32,386	1,170	100%	(76,480)	1,170	100%	(96,967)	Investment gain(losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	802,720	525,920	-	100%	849,942	-	100%	138,028	Investment gain(losses) recognized by Sinoprime	(Note 2)
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	311,536	13,140	20%	32,744	Investment gain(losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	152,994	8,651	41%	76,203	Investment gain(losses) recognized by Rayonnant	(Note 2)

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 10** The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Rayonnant	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	1,820	21%	-	Investment gain(losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	346,000	346,000	12,500	59%	228,858	12,500	59%	76,203	Investment gain(losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	87,220	87,220	3,151	100%	39,230	3,151	100%	2,243	Investment gain(losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	498,240	498,240	18,000	100%	335,238	18,000	100%	73,960	Investment gain(losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(648,644)	46,882	100%	(476,081)	Investment gain(losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,297,695	1,297,695	46,882	100%	(648,584)	46,882	100%	(476,081)	Investment gain(losses) recognized by HHA	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,410	20	100%	(271)	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%	6,022	20	100%	(124)	Investment gain(losses) recognized by CBN	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	10,000	-	1,000	10%	9,706	1,000	10%	(2,940)	Investment gain(losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,484,432	2,484,432	95,862	37%	4,815,888	95,862	37%	(62,723)	Investment gain(losses) recognized by FGH	(Note 2)
GLB	RBL	New Taipei City	Detectors and test strip	-	6,500	-	0%	-	1,275	100%	(334)	Investment gain(losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	16,763	2,160	20%	(17,477)	Investment gain(losses) recognized by Mactech	

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.  
Note 2: The transactions had been eliminated in the consolidated financial statements.  
Note 3: The subsidiary was incorporated on March 25, 2021.  
Note 4: Liquidation was completed in July, 2021.

(Continued)

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

**Table 11 Information on investment in Mainland China:**

(December 31, 2021)

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

(In Thousands of New Taiwan Dollars/ shares)

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

(Continued)

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

**Table 11 Information on investment in Mainland China:**

(December 31, 2021)

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

(In Thousands of New Taiwan Dollars/ shares)

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

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 11 Information on investment in Mainland China:**

(December 31, 2021)

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

(In Thousands of New Taiwan Dollars/ shares)

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

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Significant transactions:

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

# **Attachment II**

**COMPAL ELECTRONICS, INC.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020****Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan  
Telephone: (02)8797-8588**

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## Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

### Opinion

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

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

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

#### Inventory valuation

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

#### Description of key audit matters:

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

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

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

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

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

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



KPMG

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



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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

**(1) Company history**

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

(c) Foreign currency

(i) Foreign currency transaction

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

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

(Continued)

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

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

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

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

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

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

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

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

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

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

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

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(e) Cash and cash equivalents

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

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

(f) Financial instruments

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

(Continued)

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

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

2) Fair value through other comprehensive income (“FVOCI”)

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

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

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

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

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

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

(Continued)

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

3) Fair value through profit or loss (“FVTPL”)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

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

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

5) Derecognition of financial assets

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

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

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

(Continued)

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

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

2) Financial liabilities at fair value through profit or loss

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

3) Other financial liabilities

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

4) Derecognition of financial liabilities

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

5) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

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

(Continued)

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

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

(Continued)

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

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

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

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

(i) Investment in subsidiaries

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

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

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

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

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

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

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

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

(Continued)

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

4) Other equipment: 0.5~5 years

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

(k) Leases

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

(i) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(Continued)

**COMPAL ELECTRONICS, INC.**  
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- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

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

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

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

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

(ii) As a lessor

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

(l) Intangible assets

(i) Goodwill

1) Initial recognition

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

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(Continued)

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

(ii) Research & Development

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

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

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

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

(iii) Other intangible assets

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

(iv) Subsequent expenditure

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

(v) Amortization

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

(Continued)

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

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

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

(m) Impairment of non-derivative financial assets

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

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

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

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
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(n) Provisions

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

(o) Treasury stock

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

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

(p) Revenue from contracts with customers

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

(i) Sale of goods

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

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

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

(ii) Financing components

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

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

(iii) Short term employee benefits

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

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

(r) Share-based payment

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

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

(s) Income taxes

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

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

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

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

(Continued)

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

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

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

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

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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

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

(t) **Business combination**

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

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

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

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

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

(u) Earnings per share

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

(v) Operating segments

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

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

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

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

(Continued)

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

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

(a) Recognition and measurement of refund liabilities

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

(b) Valuation of inventories

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

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

(a) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**COMPAL ELECTRONICS, INC.**  
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## (d) Notes and accounts receivable

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

(e) Other receivables

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

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

(f) Inventories

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

(Continued)

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

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

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

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

- (i) Subsidiaries

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

- (ii) Associates

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

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

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

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

(Continued)

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

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
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4) Cancellation of subsidiaries' restricted shares and conversion of convertible bonds

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

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

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

(i) Property, plant and equipment

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

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

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

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

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

(j) Right-of-use assets

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

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

(Continued)

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

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

## (k) Short-term borrowings

The details of short-term borrowings were as following:

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

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

## (l) Long-term borrowings

The details of long-term borrowings were as follows:

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

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
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## (m) Lease liabilities

The details of lease liabilities were as follows:

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

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

The amounts recognized in profit or loss was as follows:

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

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

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

## (i) Building leases

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

## (ii) Other leases

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

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

## (n) Employee benefits

## (i) Defined benefit plans

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

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

(Continued)

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

1) Composition of plan assets

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

The balance of the Company's labor pension reserve account in the Bank of Taiwan amounted to \$604,481 (excluding the ending balance of interest receivable) as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

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

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

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

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

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

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**COMPAL ELECTRONICS, INC.**  
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## 4) Expenses recognized in profit or loss

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

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

## 5) Actuarial assumptions

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

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

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

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

## 6) Sensitivity analysis

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

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

(Continued)

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

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

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

(ii) Defined contribution plans

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

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

(o) Income taxes

(i) Income tax expenses

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

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

(Continued)

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

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

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

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

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

(ii) Deferred tax assets and liabilities

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

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

(Continued)

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

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

## (iii) Unrecognized deferred tax assets

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

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

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

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

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

As of December 31, 2021 and 2020, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$2,335,023 and \$1,856,500, respectively.

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

## (v) Examination and approval

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

(Continued)

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

(p) Capital and other equities

(i) Ordinary shares

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Additional paid-in capital	\$ 3,660,119	5,422,060
Treasury share transactions	2,621,933	2,541,906
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	122,675	60,850
Changes in equity of associates and joint ventures accounted for using equity method	<u>283,363</u>	<u>281,231</u>
	<b><u>\$ 6,724,856</u></b>	<b><u>8,342,813</u></b>

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

The Company's Board of Directors' meeting respectively held on March 26, 2021 and March 30, 2020, approved to distribute cash of \$1,762,859 and \$881,429 (representing 0.4 and 0.2 New Taiwan dollars per share), by using capital surplus.

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

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

(iii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

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

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

1) Legal reverse

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

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

2) Special reverse

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

3) Earnings distribution

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

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

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

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

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

(iv) Treasury stock

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

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

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

(v) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Unearned compensation for restricted employee shares and others	Total
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Company	(1,791,462)	567,871	-	(1,223,591)
Subsidiaries	(38,894)	160,972	904	122,982
Associates	(25,372)	185,939	-	160,567
Balance on December 31, 2021	<u>\$ (8,744,705)</u>	<u>537,830</u>	<u>125</u>	<u>(8,206,750)</u>
Balance on January 1, 2020	\$ (3,794,980)	(306,763)	(1,706)	(4,103,449)
The Company	(3,073,441)	(100,249)	-	(3,173,690)
Subsidiaries	(182,054)	75,529	927	(105,598)
Associates	161,498	(45,469)	-	116,029
Balance on December 31, 2020	<u>\$ (6,888,977)</u>	<u>(376,952)</u>	<u>(779)</u>	<u>(7,266,708)</u>

(q) Earnings per share

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

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

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

	<u>2021</u>	<u>2020</u>	
<b>Diluted earnings per share:</b>			
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>\$ 12,632,667</u>	<u>9,361,893</u>	
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares			
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130	
Effect of potential diluted common stock			
Employee compensation (in thousands)	<u>65,517</u>	<u>57,482</u>	
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,422,647</u>	<u>4,414,612</u>	
(r) Revenue from contracts with customers			
(i) Disaggregation of revenue			
	<u>2021</u>	<u>2020</u>	
Primary geographical markets:	<u>IT Product</u>	<u>IT Product</u>	
	<u>Segment</u>	<u>Segment</u>	
United States	\$ 475,525,614	438,228,844	
China	152,490,382	120,250,527	
Netherlands	86,279,648	83,664,387	
United Kingdom	49,815,031	45,763,811	
Others	<u>407,503,183</u>	<u>303,371,701</u>	
	<u>\$ 1,171,613,858</u>	<u>991,279,270</u>	
Major products :			
5C related electronic products	\$ 1,170,311,198	990,202,030	
Others	<u>1,302,660</u>	<u>1,077,240</u>	
	<u>\$ 1,171,613,858</u>	<u>991,279,270</u>	
(ii) Contract balance			
	<u>December</u>	<u>December</u>	<u>January 1,</u>
	<u>31, 2021</u>	<u>31, 2020</u>	<u>2020</u>
Notes and accounts receivable (including related parties)	\$ 279,700,604	233,054,851	181,654,052
Less: allowance for impairment	(3,632,789)	(3,634,794)	(3,634,190)
Less: credit balances of investments in equity method	<u>(3,097)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 276,064,718</u>	<u>229,420,057</u>	<u>178,019,862</u>
Contract liabilities	<u>\$ 1,032,191</u>	<u>828,978</u>	<u>877,822</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

For the details on accounts receivable and allowance for impairment, please refer to note (6)(d).

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the balances of contract liability at the beginning of the period were \$828,978 and \$877,822, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$1,350,062 and \$974,694, respectively, and directors' compensation of \$71,370 and \$51,541 for the years ended December 31, 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no difference between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2021 and 2020.

There is no differences between the amount estimated and recognized in the financial statements in 2020. The related information can be accessed through the Market observation Post System website.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(t) Non-operating income and expenses

(i) Interest income

The interest income for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 18,611	80,823
Interest income from financial assets measured at amortized cost	<u>26,434</u>	<u>46,059</u>
	<u><u>\$ 45,045</u></u>	<u><u>126,882</u></u>

(ii) Other income

The other income for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Dividend revenue	\$ 65,011	56,780
Sale of expensed assets	15,225	85,268
Other revenue	<u>267,763</u>	<u>216,622</u>
	<u><u>\$ 347,999</u></u>	<u><u>358,670</u></u>

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Gains on disposal of investments	\$ -	3,914
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	14,212	(9,013)
Foreign currency exchange gains (losses), net	577,882	604,339
Others	<u>(729)</u>	<u>72</u>
	<u><u>\$ 591,365</u></u>	<u><u>599,312</u></u>

(u) Financial instruments

(i) Credit risk

- 1) The carrying amount of financial assets represents the maximum amount exposed to credit risk.

The Company's customers are mainly from the high-tech industry. The Company does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of the customers.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f)). Due to the counter parties and the performing parties of the Company's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 103,267,920	(103,267,920)	(94,642,920)	(6,125,000)	(2,500,000)
Notes and accounts payable	211,035,732	(211,035,732)	(211,035,732)	-	-
Other payables	10,470,766	(10,470,766)	(10,470,766)	-	-
Lease liabilities—current and non-current	<u>1,349,136</u>	<u>(1,389,967)</u>	<u>(372,578)</u>	<u>(337,572)</u>	<u>(679,817)</u>
	<b><u>\$ 326,123,554</u></b>	<b><u>(326,164,385)</u></b>	<b><u>(316,521,996)</u></b>	<b><u>(6,462,572)</u></b>	<b><u>(3,179,817)</u></b>
<b>December 31, 2020</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 75,097,120	(75,097,120)	(64,847,120)	(5,125,000)	(5,125,000)
Notes and accounts payable	188,627,673	(188,627,673)	(188,627,673)	-	-
Other payables	9,229,539	(9,229,539)	(9,229,539)	-	-
Lease liabilities—current and non-current	<u>1,298,528</u>	<u>(1,347,574)</u>	<u>(217,649)</u>	<u>(348,353)</u>	<u>(781,572)</u>
	<b><u>\$ 274,252,860</u></b>	<b><u>(274,301,906)</u></b>	<b><u>(262,921,981)</u></b>	<b><u>(5,473,353)</u></b>	<b><u>(5,906,572)</u></b>

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (iii) Currency risk

## 1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	\$10,410,005	27.68	288,148,938	8,521,135	28.48	242,681,925
Non-monetary items						
THB to TWD	842,184	0.8261	695,728	516,989	0.9502	491,243
Financial liabilities						
Monetary items						
USD to TWD	10,373,943	27.68	287,150,742	9,056,682	28.48	257,934,303

## 2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against the Company's functional currency as of December 31, 2021 and 2020, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
USD (against the TWD)		
Strengthening 5%	\$ 49,910	(762,619)
Weakening 5%	(49,910)	762,619

## 3) Exchange gains and losses of monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2021 and 2020, the foreign exchange gains, including both realized and unrealized, amounted to \$577,882 and \$604,339, respectively.

## (iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

(Continued)

**COMPAL ELECTRONICS, INC.**  
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The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25%, when reporting to management internally, which also represents the assessment of the Company's management for the reasonably possible interval of interest rate change.

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2021 and 2020, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<b>2021</b>	<b>2020</b>
Interest increased by 0.25%	\$ (18,994)	(5,566)
Interest decreased by 0.25%	18,994	5,566

(v) Fair value information

1) The categories and fair value of financial instruments

The Company's financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income were measured at fair value on a recurring basis. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	<b>December 31, 2021</b>				
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 222,303	-	-	222,303	222,303
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	2,016,402	2,016,402	-	-	2,016,402
Stocks listed on foreign markets	695,728	695,728	-	-	695,728
Stocks unlisted on domestic markets	614,907	-	-	614,907	614,907
Stocks unlisted on foreign markets	181,060	-	-	181,060	181,060
Accounts receivable	<u>32,498,305</u>	-	32,498,305	-	32,498,305
Subtotal	<u>36,006,402</u>				

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	8,279,979	-	-	-	-
Notes and accounts receivable, net	240,870,728	-	-	-	-
Notes and accounts receivable due from related parties, net	2,695,685	-	-	-	-
Other receivables	3,265,442	-	-	-	-
Refundable deposits -current and non-current	<u>383,843</u>	-	-	-	-
Subtotal	<u>255,495,677</u>				
Total	<u><b>\$ 291,724,382</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 78,967,920	-	-	-	-
Notes and accounts payable	119,540,795	-	-	-	-
Notes and accounts payable to related parties	91,494,937	-	-	-	-
Other payables	10,470,766	-	-	-	-
Lease liabilities—current and non-current	1,349,136	-	-	-	-
Long-term borrowings current portion	15,675,000	-	-	-	-
Long-term borrowings	8,625,000	-	-	-	-
Deposits received	<u>170</u>	-	-	-	-
Total	<u><b>\$ 326,123,724</b></u>				
	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 158,769</u>	-	-	158,769	158,769
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	1,520,779	1,520,779	-	-	1,520,779
Stocks listed on foreign markets	491,243	491,243	-	-	491,243
Stocks unlisted on domestic markets	801,238	-	-	801,238	801,238
Stocks unlisted on foreign markets	67,861	-	-	67,861	67,861
Accounts receivable	<u>38,331,299</u>	-	38,331,299	-	38,331,299
Subtotal	<u>41,212,420</u>				

(Continued)

**COMPAL ELECTRONICS, INC.**  
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	December 31, 2020				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	7,666,366	-	-	-	-
Notes and accounts receivable, net	179,960,878	-	-	-	-
Notes and accounts receivable due from related parties, net	11,127,880	-	-	-	-
Other receivables	2,846,497	-	-	-	-
Refundable deposits	<u>136,119</u>	-	-	-	-
Subtotal	<u>201,737,740</u>				
Total	<u><b>\$ 243,108,929</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 55,991,680	-	-	-	-
Notes and accounts payable	100,825,221	-	-	-	-
Notes and accounts payable to related parties	87,802,452	-	-	-	-
Other payables	9,229,539	-	-	-	-
Lease liabilities—current and non-current	1,298,528	-	-	-	-
Long-term borrowings current portion	8,855,440	-	-	-	-
Long-term borrowings	10,250,000	-	-	-	-
Deposits received	<u>220</u>	-	-	-	-
Total	<u><b>\$ 274,253,080</b></u>				

2) Fair value valuation technique of financial instruments not measured at fair value

The Company estimates financial instruments that not measured at fair value by methods and assumption as follows:

a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

(Continued)

**COMPAL ELECTRONICS, INC.**  
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If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Company which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfer from one level to another

There was no transfer from one level to another in the year ended December 31, 2021 and 2020.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

5) Changes in level 3

The change in level 3 at fair value in the years ended December 31, 2021 and 2020, were as follow:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2021	\$ 158,769	869,099	1,027,868
Total gains and losses recognized:			
In profit or loss	8,535	-	8,535
In other comprehensive income	-	(233,782)	(233,782)
Purchased	54,999	169,152	224,151
Proceeds of capital reduction of investment	-	(8,502)	(8,502)
Balance on December 31, 2021	<u>\$ 222,303</u>	<u>795,967</u>	<u>1,018,270</u>
Balance on January 1, 2020	\$ 71,097	956,718	1,027,815
Total gains and losses recognized:			
In profit or loss	10,997	-	10,997
In other comprehensive income	-	(65,813)	(65,813)
Purchased	76,675	7,578	84,253
Disposal	-	(25,156)	(25,156)
Proceeds of capital reduction of investment	-	(4,228)	(4,228)
Balance on December 31, 2020	<u>\$ 158,769</u>	<u>869,099</u>	<u>1,027,868</u>

For the years ended December 31, 2021 and 2020, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income”, respectively were as follows:

	<b>2021</b>	<b>2020</b>
Total gains and losses recognized:		
In profit or loss (as “other gains and losses, net”)	<u>\$ 8,535</u>	<u>10,997</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ (233,651)</u>	<u>(46,709)</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- 6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Company's financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Most of fair value measurements of the Company which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information for significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income — equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (3.56~11.62 and 1.72~7.9, respectively, on December 31, 2021 and 2020) Lack-of-Marketability discount rate (40%~85% and 35%~85%, respectively, on December 31, 2021 and 2020)	The higher the multiple is, the higher the fair value will be. The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

- 7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on other comprehensive income or loss are as follows:

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>14,252</u>	<u>12,651</u>
	Lack-of-Marketability discount rate	5%	\$ <u>750</u>	<u>909</u>
<b>December 31, 2020</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>35,945</u>	<u>35,279</u>
	Lack-of-Marketability discount rate	5%	\$ <u>4,523</u>	<u>4,567</u>

The favorable and unfavorable changes reflect the movement of the fair value, in which the fair value is calculated by using the different unobservable inputs in the valuation technique. The table above shows the effects of one unobservable input, without considering the inter-relationships with another unobservable input for financial instrument, if there are one or more unobservable inputs.

(v) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Company. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Company has business with. As of December 31, 2021 and 2020, the guarantees provide to the subsidiaries amounted to \$413,781 and \$214,797, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(k) and (6)(l) for unused credit lines of short-term and long-term borrowings as of December 31, 2021 and 2020.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily USD.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Company buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Company manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

The Company is exposed to equity price risk arising from investments in listed equity securities.

(w) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2021 and 2020, the debt ratio was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	<b><u>\$ 335,987,949</u></b>	<b><u>282,118,646</u></b>
Total assets	<b><u>\$ 447,348,214</u></b>	<b><u>388,951,151</u></b>
Debt ratio	<b><u>75%</u></b>	<b><u>73%</u></b>

The Company could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

As of December 31, 2021, there were no changes in the Company's approach of capital management.

(x) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020 were acquisition of right-of-use assets by leasing, please refer to note (6)(j).

Reconciliation of liabilities arising from financial activities was as follows:

	<b>January 1, 2021</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>December 31, 2021</b>
Short-term borrowings	\$ 55,991,680	22,976,240	-	78,967,920
Long-term borrowings	19,105,440	5,194,560	-	24,300,000
Lease liabilities	1,298,528	(479,608)	530,216	1,349,136
Deposits received	<u>220</u>	<u>(50)</u>	<u>-</u>	<u>170</u>
Total liabilities from financing activities	<u><b>\$ 76,395,868</b></u>	<u><b>27,691,142</b></u>	<u><b>530,216</b></u>	<u><b>104,617,226</b></u>
	<b>January 1, 2020</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>December 31, 2020</b>
Short-term borrowings	\$ 39,363,800	16,627,880	-	55,991,680
Long-term borrowings	25,650,000	(6,544,560)	-	19,105,440
Lease liabilities	1,398,432	(471,093)	371,189	1,298,528
Deposits received	<u>220</u>	<u>-</u>	<u>-</u>	<u>220</u>
Total liabilities from financing activities	<u><b>\$ 66,412,452</b></u>	<u><b>9,612,227</b></u>	<u><b>371,189</b></u>	<u><b>76,395,868</b></u>

**(7) Related-party transactions:**

(a) Name and relationship with related parties

The following are entities that had transactions with related party during the periods covered in the parent-company-only financial statements.

<b>Name of related party</b>	<b>Relationship with the Company</b>
Panpal Technology Corp. ("Panpal")	The Company's subsidiary
Gempal Technology Corp. ("Gempal")	The Company's subsidiary
Hong Ji Capital Co., Ltd. ("Hong Ji")	The Company's subsidiary
Hong Jin Investment Co., Ltd. ("Hong Jin")	The Company's subsidiary
Arcadyan	The Company's subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Rayonnant Technology Co., Ltd. (“Rayonnant Technology”)	The Company’s subsidiary
HengHao Technology Co., Ltd. (“HengHao”)	The Company’s subsidiary
Ripal Optortronics Co., Ltd. (“Ripal”)	The Company’s subsidiary
Auscom Engineering Inc. (“Auscom”)	The Company’s subsidiary
Just International Ltd. (“Just”)	The Company’s subsidiary
Compal International Holding Co., Ltd. (“CIH”)	The Company’s subsidiary
Compal Electronics (Holding) Ltd. (“CEH”)	The Company’s subsidiary
Bizcom Electronics, Inc. (“Bizcom”)	The Company’s subsidiary
Flight Global Holding Inc. (“FGH”)	The Company’s subsidiary
High Shine Industrial Corp. (“HSI”)	The Company’s subsidiary
Compal Europe (Poland) Sp. z o.o. (“CEP”)	The Company’s subsidiary
Big Chance International Co., Ltd. (“BCI”)	The Company’s subsidiary
Compal Rayonnant Holdings Limited (“CRH”)	The Company’s subsidiary
Core Profit Holdings Limited (“CORE”)	The Company’s subsidiary
Compalead Electronics B.V. (“CPE”)	The Company’s subsidiary
Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEB”)	The Company’s subsidiary
Compal Display Holding (HK) Limited (“CDH (HK)”)	The Company’s subsidiary
Compal Electronics International Ltd. (“CII”)	The Company’s subsidiary
Compal International Ltd. (“CPI”)	The Company’s subsidiary
Compal Electronics (China) Co., Ltd. (“CPC”)	The Company’s subsidiary
Compal Optoelectronics (Kunshan) Co., Ltd. (“CPO”)	The Company’s subsidiary
Compal System Trading (Kunshan) Co., Ltd. (“CST”)	The Company’s subsidiary
Smart International Trading Ltd. (“Smart”)	The Company’s subsidiary
Amexcom Electronics Inc. (“AEI”)	The Company’s subsidiary
Mexcom Electronics, LLC (“MEL”)	The Company’s subsidiary
Mexcom Technologies, LLC (“MTL”)	The Company’s subsidiary
Compal International Holding (HK) Limited (“CIH (HK)”)	The Company’s subsidiary
Jenpal International Ltd. (“Jenpal”)	The Company’s subsidiary
Prospect Fortune Group Ltd. (“PFG”)	The Company’s subsidiary
Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	The Company’s subsidiary
Compal Information (Kunshan) Co., Ltd. (“CIC”)	The Company’s subsidiary
Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	The Company’s subsidiary
Kunshan Botai Electronics Co., Ltd. (“BT”)	The Company’s subsidiary
Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	The Company’s subsidiary

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Compower Global Service Co., Ltd. (“CGS”)	The Company’s subsidiary
Compal Investment (Jiansu) Co., Ltd. (“CIJ”)	The Company’s subsidiary
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The Company’s subsidiary
Etrade Management Co., Ltd. (“Etrade”)	The Company’s subsidiary
Webtek Technology Co., Ltd. (“Webtek”)	The Company’s subsidiary
Forever Young Technology Inc. (“Forever”)	The Company’s subsidiary
Unicom Global, Inc. (“UCGI”)	The Company’s subsidiary
Palcom International Corporation (“Palcom”)	The Company’s subsidiary
Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	The Company’s subsidiary
Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	The Company’s subsidiary
Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	The Company’s subsidiary
Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	The Company’s subsidiary
Giant Rank Trading Ltd. (“GIA”)	The Company’s subsidiary
Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	The Company’s subsidiary
Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	The Company’s subsidiary
Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	The Company’s subsidiary
Arcadyan India Private Limited (“Arcadyan India”)	The Company’s subsidiary
Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	The Company’s subsidiary
Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	The Company’s subsidiary
Arcadyan Technology Limited (“Arcadyan UK”)	The Company’s subsidiary
Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	The Company’s subsidiary
Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	The Company’s subsidiary
Zhi-Bao Technology Inc. (“Zhi-Bao”)	The Company’s subsidiary
Tatung Technology Inc. (“TTI”)	The Company’s subsidiary
AcBel Telecom Inc. (“AcBel Telecom”)	The Company’s subsidiary
CBN	The Company’s subsidiary
Compal Broadband Networks Belgium BVBA (“CBNB”)	The Company’s subsidiary
Compal Broadband Networks Netherlands B.V. (“CBNN”)	The Company’s subsidiary
Sinoprime Global Inc. (“Sinoprime”)	The Company’s subsidiary
Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	The Company’s subsidiary
Arcadyan Technology (Shanghai) corp. (“SVA Arcadyan”)	The Company’s subsidiary
Arch Holding (BVI) Corp. (“Arch Holding”)	The Company’s subsidiary
Compal Networking (Kunshan) Co., Ltd. (“CNC”)	The Company’s subsidiary
Quest International Group Co., Ltd. (“Quest”)	The Company’s subsidiary

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Exquisite Electronic Co., Ltd. (“Exquisite”)	The Company’s subsidiary
Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	The Company’s subsidiary
Tatung Technology of Japan Co., Ltd. (“TTJC”)	The Company’s subsidiary
Intelligent Universal Enterprise Ltd. (“IUE”)	The Company’s subsidiary
Goal Reach Enterprises Ltd. (“Goal”)	The Company’s subsidiary
Compal (Vietnam) Co., Ltd. (“CVC”)	The Company’s subsidiary
Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	The Company’s subsidiary
Allied Power Holding Corp. (“APH”)	The Company’s subsidiary
Primetek Enterprises Limited (“PEL”)	The Company’s subsidiary
Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	The Company’s subsidiary
Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	The Company’s subsidiary
HengHao Holdings A Co., Ltd. (“HHA”)	The Company’s subsidiary
HengHao Holdings B Co., Ltd. (“HHB”)	The Company’s subsidiary
HengHao Optoelectronics Technology (Kunshan) Co., Ltd.	The Company’s subsidiary
LUCOM Display Technology (Kunshan) Limited (“Lucom”)	The Company’s subsidiary
Center Mind International Co., Ltd. (“CMI”)	The Company’s subsidiary
Prisco International Co., Ltd. (“PRI”)	The Company’s subsidiary
Compal Electronic (Sichuan) Co., Ltd. (“CIS”)	The Company’s subsidiary
Compal Electronic (Chongqing) Co., Ltd. (“CEQ”)	The Company’s subsidiary
Compal Electronic (Chengdu) Co., Ltd. (“CEC”)	The Company’s subsidiary
Compal Management (Chengdu) Co., Ltd. (“CMC”)	The Company’s subsidiary
Compal Smart Device (Chongqing) Co., Ltd. (“CSD”)	The Company’s subsidiary
Billion Sea Holdings Limited (“BSH”)	The Company’s subsidiary
Mithera Capital Io LP (“Mithera”)	The Company’s subsidiary
Fortune Way Technology Corp. (“FWT”)	The Company’s subsidiary
General Life Biotechnology Co., Ltd. (“GLB”)	The Company’s subsidiary
Mactech Co., Ltd. (“Mactech”)	The Company’s subsidiary
Rapha Bio Ltd. (“Rapha”)	The Company’s subsidiary
Compal Electronics India Private Limited (“CEIN”)	The Company’s subsidiary
Shennona Corporation (“Shennona”)	The Company’s subsidiary
Unicore BioMedical Co., Ltd. (“Unicore”)	The Company’s subsidiary
Raycore Biotech Co., Ltd. (“Raycore”)	The Company’s subsidiary
Hippo Screen Neurotech Co., Ltd. (“Hippo Screen”)	The Company’s subsidiary
Shennona Co., Ltd. (“Shennona TW”)	The Company’s subsidiary

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Aco Smartcare Co., Ltd. (“Aco Smartcare”)	The Company’s subsidiary
Starmems Semiconductor Corp. (“Starmems Semiconductor”)	The Company’s subsidiary
Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Assets Development”)	The Company’s subsidiary
Compal Electronica DA Amazonia LTDA (“CEA”)	The Company’s subsidiary
Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	The Company’s subsidiary
CGS Technology (Poland) Sp. z o.o. (“CGSP”)	The Company’s subsidiary
Compal USA (Indiana), Inc. (“CIN”)	The Company’s subsidiary
AcBel Polytech Inc. (AcBel) and its subsidiaries (“AcBel”)	The Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (Thailand) Public Company Limited (“Cal-Comp”)	The same Chairman of the Board with the Company
Kinpo Electronics, Inc. (“Kinpo”)	The same Chairman of the Board with the Company
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Kinpo Group Management Consultant Company (“Kinpo Group Management”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd. (“LIZK”)	An associate
LIZ Electronics (Nantong) Co., Ltd. (“LIZN”)	An associate
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Hong Ya Technology Corporation (“Hong Ya Technology”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
Cal-Comp Electronics (USA) Co., Ltd. (CCUS)	The chairman of the board of directors of its ultimate parent company is the same as that of the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 598,395	516,197
Post-employment benefits	5,643	6,007
	<u>\$ 604,038</u>	<u>522,204</u>

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

There are no termination benefits and other long-term benefits.

(c) Significant related-party transactions

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 1,777,777	1,170,456
Associates	190	190
Other related parties	<u>30,429</u>	<u>476,501</u>
	<u>\$ 1,808,396</u>	<u>1,647,147</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 45~180 days for related parties.

(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Company and related parties were as follows:

	<u>2021</u>	<u>2020</u>
Subsidiaries		
CSD	\$ 175,003,681	145,525,596
Others	<u>241,832,462</u>	<u>219,732,381</u>
	416,836,143	365,257,977
Associates	1,309	2,859
Other related parties	<u>568,440</u>	<u>41,802</u>
	<u>\$ 417,405,892</u>	<u>365,302,638</u>

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~120 days for related parties.

(iii) Product warranty service expenses

The product warranty service expenses paid to subsidiaries for the years ended December 31, 2021 and 2020, amounted to \$265,455 and \$255,349, respectively. As of December 31, 2021 and 2020, the unpaid warranty service expenses were record as other payables.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iv) Technical service expense

The Company engaged its subsidiaries to research and develop of notebooks, and the related technical service expenses for the years ended December 31, 2021 and 2020, amounted to \$199,811 and \$198,315, respectively. As of December 31, 2021 and 2020, the unpaid technical service expenses were recorded as other payables.

(v) Receivables due from relate parties

The receivables arising from the transactions mentioned above, the sale of machinery and equipment to related parties, and the purchasing of machinery, equipment and others on behalf of the related parties as of December 31, 2021 and 2020, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts receivable	Subsidiaries	\$ 1,001,098	10,820,424
Notes and accounts receivable	Other related parties	1,697,684	307,456
Other receivables	Subsidiaries - UCGI	161,863	506,229
Other receivables	Subsidiaries - Others	10,649	15,176
Other receivables	Associates	2,463	907
Other receivables	Other related parties	<u>45</u>	<u>64</u>
		2,873,802	11,650,256
Less: Credit balance of investments accounted for using the equity method		<u>(40,400)</u>	<u>(381,227)</u>
		<u><b>\$ 2,833,402</b></u>	<u><b>11,269,029</b></u>

As of December 31, 2021 and 2020, the Company's investment accounted for using the equity method in subsidiaries was a credit balance, recorded as a deduction from account receivables and other receivables (other receivables) – related party. Please refer to note (6)(g).

(vi) Payables to related parties

The payables to related parties as of December 31, 2021 and 2020, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable	Subsidiaries - CIT	\$ 38,910,233	30,623,968
Notes and accounts payable	Subsidiaries - Others	52,043,163	57,161,436
Notes and accounts payable	Associates	315	166
Notes and accounts payable	Other related parties	541,226	16,882
Other payables	Subsidiaries	<u>167,250</u>	<u>174,010</u>
		<u><b>\$ 91,662,187</b></u>	<u><b>87,976,462</b></u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(vii) Loans to related parties

The interest rate of unsecured loans to subsidiaries was 1.02%~2.05%, and the Company had assessed that no bad debt expenses should be recognized. As of December 31, 2021 and 2020, the loans due to related parties were recorded as other receivables.

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables	Subsidiaries - CEB	\$ 553,600	1,424,000
Other receivables	Subsidiaries - CEA	830,400	-
Other receivables	Subsidiaries - HengHao	200,000	200,000
Other receivables	Subsidiaries - UCGI	224,560	220,000
Less: Credit balance of investments accounted for using the equity method		<u>(200,000)</u>	<u>(200,000)</u>
		<u>\$ 1,608,560</u>	<u>1,644,000</u>

As of December 31, 2021 and 2020, the Company's investment accounted for using the equity method in some subsidiaries was a credit balance, recorded as a deduction from other receivables – related parties (classified as other receivables). Please refer to note (6)(g).

(viii) Guarantees

As of December 31, 2021 and 2020, the guarantees provided to subsidiaries were \$413,781 and \$214,797, respectively.

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutors Office against the Company concerning its former employees who joined the Company. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Company engaged lawyers to defend its right on this matter. Currently, the case is still in progress in Taipei District Court; therefore, the Company cannot make any reasonable estimation regarding the possible impact on its business operation.
- (b) The Company entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

**(10) Losses due to major disasters: None**

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**(11) Subsequent events:**

In response to the industry development trend and the future strategic development of the Company and for the purpose to integrate resources, provide more comprehensive products and services, increase R&D capabilities, improve efficiency, and increase competitiveness, the Company plans to acquire 51%~65% of shares of Poindus Systems Corp, Ltd. (“Poindus Systems”) under the public acquisition as a tender offer after the resolution of the Board of Directors (hereinafter referred to as the Public Acquisition). The price of the Public Acquisition is 30 New Taiwan Dollars per share. The aforementioned Public Acquisition as a tender offer had been completed on March 7, 2022, with a total acquisition of 56.04% of Poindus Systems' ordinary shares and the total acquisition consideration is \$353,046. The settlement was completed on March 11, 2022.

**(12) Other:**

The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function By item	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	980,082	9,893,755	10,873,837	1,108,657	9,021,361	10,130,018
Labor and health insurance	93,355	674,677	768,032	81,056	607,195	688,251
Pension	33,341	365,173	398,514	27,718	347,023	374,741
Remuneration of directors	-	81,349	81,349	-	61,500	61,500
Others	158,665	437,831	596,496	209,112	403,706	612,818
Depreciation	181,888	683,706	865,594	156,554	675,955	832,509
Amortization	6,235	479,192	485,427	6,301	384,626	390,927

For the years ended December 31, 2021 and 2020, the information on the number of employees and employee benefit expense of the Company is as follows:

	2021	2020
Number of employees (Average salaries)	<u>8,965</u>	<u>8,633</u>
Number of directors (non-employees)	<u>11</u>	<u>11</u>
Average benefit expense of employees	<u>\$ 1,411</u>	<u>1,369</u>
Average salary expense of employees	<u>\$ 1,214</u>	<u>1,175</u>
Percentage of change in average salary expense of employees	<u>3.32 %</u>	<u>(1.26)%</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Information about salary and compensation policies (including directors, managers and employees) of the Company is as follows:

Directors' remuneration is allocated according to the terms of the Articles of the Incorporation, and no more than 2% of the Company's pre-tax profit in the fiscal year, excluding employees' and directors' compensations, shall be paid to directors as remuneration along with reasonable compensation based on other factors to be taken into consideration, such as the Company's operational performance and the individual directors' contribution to the Company's performance.

Remuneration of the independent directors' of the Company is allocated according to the terms of the Articles of the Incorporation, as well as the involvement level in the corporate operation, contribution value, responsibility that is taken, risk that is borne by the independent directors and reference of competitors from the same industry. The remuneration is proposed by the Remuneration Committee and resolved by the Board of Directors.

The Company's remuneration policy for managers has been established based on various factors including the Company's wage policy, the average wage offered by competitors for the same position, the duties and responsibilities for the position in question, and the manager's actual contribution to the Company's operational objectives.

The Company's procedure for determining remuneration takes into account the Company's overall operational performance as well as includes employee's personal performance and their contribution to the Company's performance in order to determine a reasonable compensation. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will frequently examine the latest developments in the global economy, international financial environment, and change of the industry condition in order to predict its operational development, profit status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby reach a balance between the Company's sustainable operation and relevant risk control.

**(13) Other disclosures:**

(a) Information on significant transactions

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2021:

- (i) Loans to other parties: Please refer to Table 1
- (ii) Guarantees and endorsements for other parties: Please refer to Table 2
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Consolidated Financial Statements**

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
  - (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 6
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
  - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 8
  - (ix) Trading in derivative instruments: None.
- (b) Information on investees: Please refer to Table 9
  - (c) Information on investment in mainland China: Please refer to Table 10
  - (d) Major shareholders: There were no shareholders holding more than 5% shares.

**(14) Segment information:**

Please refer to the consolidated financial report of 2021.

**COMPAL ELECTRONICS, INC.**

**Statement of cash and cash equivalents**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars;  
in dollars of Foreign Currency)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 1,741
Checking account and demand deposits	TWD	88,720
	Foreign currency (US\$292,652,637 and others)	<u>8,121,752</u>
		<u>8,210,472</u>
Time deposits	Foreign currency (CNY\$15,600,000, Maturity date: 2022.1.5~2022.3.15)	<u>67,766</u>
Cash equivalents:		
Total		<u>\$ 8,279,979</u>

Note: The exchange rate is 27.68 New Taiwan dollars for 1 US Dollar; 4.344 New Taiwan Dollars for 1 CNY.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of notes and accounts receivable**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
D Company	Sales of non-related parties	\$ 166,954,221
E Company	//	36,713,257
A Company	//	23,605,470
B Company	//	21,149,343
Others (Note)	//	<u>28,579,531</u>
		277,001,822
Less: allowance for uncollectible accounts		<u>(3,632,789)</u>
Notes and accounts receivable, net		<u><u>\$ 273,369,033</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**Statement of inventories**

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
Finished goods	\$ 7,535,072	7,676,872
Work in progress	1,188,814	1,188,814
Raw materials	<u>52,234,531</u>	<u>52,234,531</u>
Total	<u><u>\$ 60,958,417</u></u>	<u><u>61,100,217</u></u>

(Continued)

## COMPAL ELECTRONICS, INC.

## Statement of changes in accumulated impairment of investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

Investee Company	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Ending Balance (including impairment loss)					Market Price / Net Value
	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Number of shares	Amount	Number of shares	Amount	Share of profit recognized	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Exchange differences on transaction of foreign financial statements	Ending Balance (including exchange differences on transaction of foreign financial statements)	
Auscom	3,000	\$ 144,144	-	-	-	-	4,074	3,000	148,218	(22,871)	125,347	125,347
Panpal	500,000	6,161,397	-	279,791	-	14,999	(31,176)	500,000	6,395,013	(714,460)	5,680,553	5,861,896
Just	48,010	8,466,113	-	-	-	-	2,038,308	48,010	10,504,421	(926,509)	9,577,912	9,577,912
CIH	53,001	38,455,289	-	-	-	-	3,196,352	53,001	41,651,641	(4,241,449)	37,410,192	37,397,344
CEH	1	3,906,656	-	-	-	-	-	1	3,906,656	(644,322)	3,262,334	3,262,334
Gempal	90,000	2,074,608	-	38,316	-	163,662	115,690	90,000	2,064,952	(26,903)	2,038,049	2,146,378
Hong Ji	100,000	1,149,751	-	8,925	-	99,815	89,224	100,000	1,148,085	(11,297)	1,136,788	1,136,788
Hong Jin	29,500	355,643	-	4,434	-	34,436	39,395	29,500	365,036	(5,818)	359,218	359,218
Maxima Ventures 1, Inc.	126	5,699	-	-	126	5,699	-	-	-	-	-	-
Allied Circuit	10,158	390,558	-	-	-	71,160	79,707	10,158	399,105	(110)	398,995	1,686,183 (Note 4)
Bizcom	100	479,430	-	-	-	-	(15,326)	100	464,104	(59,545)	404,559	404,559
LIPO	98	611,825	-	-	-	-	139,516	98	751,341	(39,842)	711,499	711,499
Crownpo	3,739	60,658	-	-	-	-	13,830	3,739	74,488	(2,730)	71,758	71,758
Arcadyan	41,305	2,420,711	-	39,732	-	270,799	351,746	41,305	2,541,390	(47,708)	2,493,682	5,266,324 (Note 3)
FGH	89,755	5,172,035	-	-	-	82	(62,830)	89,755	5,109,123	(356,793)	4,752,330	4,752,330
HSI	42,700	395,007	-	-	-	-	(300,169)	42,700	94,838	(37,291)	57,547	525,161
Lead-Honor Optronics Co., Ltd.	2,772	(3)	-	-	-	-	-	2,772	(3)	3	-	-
CBN	29,060	713,505	-	-	-	44,739	14,204	29,060	682,970	(412)	682,558	909,584 (Note 3)
Kinpo Group Management	300	4,659	-	-	-	-	117	300	4,776	-	4,776	5,936
Rayonnant Technology	29,500	135,858	-	-	-	-	29,295	29,500	165,153	(14,368)	150,785	150,785
CRH	12,500	201,081	-	-	-	-	43,721	12,500	244,802	(15,944)	228,858	228,858
HengHao	20,015	(261,062)	20,000	200,000	20,000	(425,641)	20,015	(486,703)	2,550	(484,153)	(484,153)	(484,153)
Infinno Technology Corp.	5,650	13,017	1,719	17,189	2,721	255	7,873	4,648	37,824	-	37,824	37,824
CEP	136	24,443	-	-	-	-	(18,034)	136	6,409	(9,506)	(3,097)	(3,097)
BCI	90,820	6,766,544	-	-	-	-	908,947	90,820	7,675,491	(496,294)	7,179,197	7,179,197
APE	31,253	1,076,589	-	185,939	-	49,878	209,561	31,253	1,422,211	(117,143)	1,305,068	1,305,068
CORE	147,000	7,702,252	-	-	-	-	(569,898)	147,000	7,132,354	(552,071)	6,580,283	6,580,283
Unicore	20,000	125,283	-	-	-	-	(23,402)	20,000	101,881	-	101,881	101,881
Ripal	6,000	83,481	-	-	-	-	18,593	6,000	102,074	-	102,074	102,074
CPE	6,427	862,406	-	-	-	-	1,706	6,427	864,112	(96,309)	767,803	767,803
Avalue	14,924	640,622	-	2,387	-	38,703	43,341	14,924	647,647	(20,796)	626,851	849,180 (Note 4)
Etrade	46,900	(643,841)	-	-	-	-	516,481	46,900	(127,360)	(57,435)	(184,795)	(184,795)
Webtek	100	701,014	-	-	-	-	116,378	100	817,392	(137,828)	679,564	679,564
Forever	50	1,515,287	-	-	-	-	12,658	50	1,527,945	(223,393)	1,304,552	1,304,552
UCGI	10,000	(381,227)	29,000	289,998	29,000	-	53,926	10,000	(37,303)	-	(37,303)	(37,303)
Palcom	10,000	112,424	-	-	-	-	3,976	10,000	113,123	-	113,123	113,123
Mactech	21,756	235,534	-	3,210	-	-	7,991	21,756	252,821	-	252,821	252,821
GLB	15,000	318,019	-	-	-	-	12,585	15,000	330,604	-	330,604	220,216
Shennona	2,600	611	-	-	-	-	(92)	2,600	519	579	1,098	1,098
Hippo Screen	2,100	16,949	7,000	70,000	-	5,367	(22,724)	9,100	58,858	-	58,858	46,384
Shennona TW	600	2,773	-	-	-	-	347	600	3,120	-	3,120	3,120
Aco Smartcare	100,000	73,564	-	-	-	-	(16,261)	100,000	57,303	-	57,303	29,490
ARCE	20,000	59,852	-	-	-	-	(15,543)	20,000	44,309	-	44,309	35,437
CGSP	-	-	-	89,632	-	-	(1,741)	-	87,891	(1,036)	86,855	86,855
Starmems Semiconductor	-	-	-	35,000	-	-	(1,029)	3,500	33,971	-	33,971	33,971
Kinpo & Compal Assets Development	-	-	52,500	525,000	-	-	85	52,500	525,085	-	525,085	525,085
Raypal	3,446	151,051	-	-	-	-	(6,781)	3,446	144,270	-	144,270	28,691
Subtotal		90,500,209		1,789,553		810,862	6,573,057		98,051,957	(8,877,051)	89,174,906	
Exchange differences on transaction of foreign financial statements		(7,021,331)		-		1,855,720	-		(8,877,051)	-	-	-
Less: Treasury shares held by subsidiaries		(881,247)		-		-	-		(881,247)		(881,247)	
Unrealized profits or losses		(10,157)		-		-	-		(10,157)		(10,157)	
Subtotal		82,587,474		1,789,553		2,666,582	6,573,057		88,283,502		88,283,502	
Plus: Deduction of accounts receivable and other receivable—related parties		581,227		-		-	-		-		240,400	
Plus: Credit balance of investment in equity method		789,148		-		-	-		-		468,948	
Total		\$ 83,957,849		-		-	-		-		88,992,850	

Note 1 : Increase in current period included purchasing long-term investments, adjusting by using equity method of capital surplus, unrealized gains from financial assets measured at fair value through other comprehensive income, and subsidiaries received cash dividends from the parent company.

Note 2 : Decrease in current period included cash dividends distributed from long-term investments for using the equity method, adjustment by equity method of capital surplus and retained earnings, remeasurement of defined benefit plans, and unrealized loss from financial assets measured at fair value through other comprehensive income.

Note 3 : The unit price is calculated by the closing price of the Taiwan Stock Exchange as of December 31, 2021.

Note 4 : The unit price is calculated by the closing price of Taipei Exchange as of December 31, 2021.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of financial assets measured at fair value through other  
comprehensive income - non-current**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Investee Company</u>	<u>Beginning Balance</u>		<u>Increase (Note 1)</u>		<u>Decrease (Note 2)</u>		<u>Ending Balance</u>		<u>Collaterals or Pledged Assets</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	
Kinpo	124,044	\$ 1,507,132	-	496,175	-	-	124,044	2,003,307	None
Cal-Comp Electronics (Thailand) Public Co., Ltd.	239,631	491,243	19,969	204,485	-	-	259,600	695,728	None
Taiwan Star	98,046	686,325	-	-	-	244,332	98,046	441,993	None
Others	-	<u>196,421</u>	-	<u>249,397</u>	-	<u>78,749</u>	-	<u>367,069</u>	None
Total		<u>\$ 2,881,121</u>		<u>950,057</u>		<u>323,081</u>		<u>3,508,097</u>	

Note 1: Increase included transfer of the invested company's surplus to capital, purchasing financial assets at fair value through other comprehensive income, deferred tax for unrealized gains and unrealized gains on financial instruments at fair value.

Note 2: Decrease included the adjustment of the unrealized loss of financial assets according to fair value, the reduction of capital and the return from liquidation.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of property, plant and equipment**  
**For the year ended December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note (6)(i).

**Statement of short-term borrowings**  
**December 31, 2021**

<u>Creditor</u>	<u>Description</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Loan Commitments</u>	<u>Collaterals or Pledged Assets</u>	<u>Ending balance</u>
Bank of Communications Co., Ltd.	Credit Loans	2021.12~2022.01	Note	\$ 5,536,000	None	5,536,000
Land Bank of Taiwan	//	2021.11~2022.01	//	6,000,000	None	5,812,800
Cathay United Bank	//	2021.12~2022.01	//	4,152,000	None	4,152,000
E.SUN Commercial Bank	//	2021.10~2022.01	//	4,000,000	None	3,272,400
Agricultural Bank of Taiwan	//	2021.10~2022.01	//	1,550,000	None	1,384,000
Citibank	//	2021.11~2022.01	//	8,165,600	None	3,598,400
The bank of Tokyo-Mitsubishi UFJ		2021.12~2022.01	//	5,536,000	None	5,536,000
Bank of China	//	2021.12~2022.01	//	6,089,600	None	6,089,600
Hua Nan Bank	//	2021.12~2022.01	//	6,000,000	None	3,875,200
HSBC Bank (Taiwan) Limited	//	2021.11~2022.02	//	4,982,400	None	3,691,200
United Overseas Bank	//	2021.12~2022.01	//	4,152,000	None	3,321,600
First Bank	//	2021.12~2022.01	//	3,000,000	None	2,906,400
DBS Bank Limited	//	2021.10~2022.02	//	5,536,000	None	5,508,320
Sumitomo Mitsui Banking Corporation	//	2021.10~2022.01	//	6,920,000	None	6,920,000
China Construction Bank Corporation	//	2021.12~2022.01	//	4,152,000	None	4,152,000
Taipei Fubon Commercial Bank Co., Ltd.	//	2021.12~2022.02	//	3,736,800	None	1,799,200
Taishin International Bank	//	2021.12~2022.02	//	5,000,000	None	4,428,800
Shin Kong Bank	//	2021.11~2022.02	//	1,500,000	None	1,384,000
BNP Paribas Bank	//	2021.10~2022.01	//	2,768,000	None	2,600,000
Banco Bilbao Vizcaya Argentaria Bank	//	2021.07~2022.04	//	3,044,800	None	3,000,000
				<u>\$ 91,821,200</u>		<u>78,967,920</u>

Note: The range of interest rates of aforementioned loans were 0.42%~0.78%.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of notes and accounts payable**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Suppliers</u>	<u>Amount</u>
E Company	\$ 36,295,215
J Company	22,517,970
A Company	15,913,636
B Company	11,931,436
D Company	10,634,860
I Company	8,942,796
Others (Note)	<u>13,304,882</u>
Total	<u>\$ 119,540,795</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of long-term borrowings**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Creditor</u>	<u>Loan Commitments</u>	<u>Amount</u>		<u>Contract Period</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Collaterals or Pledged Assets</u>
		<u>Loan within 1 year</u>	<u>Loan more than 1 year</u>				
Yuan Ta Commercial Bank	\$ 3,000,000	2,900,000	-	2021.09~2024.09	Note	2,900,000	None
Mizuho Bank, Ltd.	5,536,000	5,500,000	-	2021.05~2023.05	"	5,500,000	None
KGI Bank	2,800,000	2,800,000	-	2021.09~2023.09	"	2,800,000	None
Shanghai Commercial and Savings Bank	2,300,000	-	2,300,000	2020.06~2023.06	"	2,300,000	None
Far Eastern International Bank Co., Ltd.	1,000,000	-	1,000,000	2020.09~2023.09	"	1,000,000	None
CTBC Bank Co., Ltd.	2,000,000	-	2,000,000	2020.11~2023.11	"	2,000,000	None
Bank SinoPac Co., Ltd.	3,300,000	2,475,000	825,000	2019.03~2023.03	"	3,300,000	None
Bank of America	4,567,200	2,000,000	-	2021.08~2022.09	"	2,000,000	None
E.SUN Commercial Bank	2,000,000	-	300,000	2021.11~2024.11	"	300,000	None
Bank of Taiwan	3,500,000	-	2,200,000	2021.12~2024.12	"	2,200,000	None
	<u>\$ 30,003,200</u>	<u>15,675,000</u>	<u>8,625,000</u>			<u>24,300,000</u>	

Note: The range of interest rates of aforementioned loans were 0.62%~0.98%.

**Statement of lease liabilities**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Buildings	For office and factory space	1~10 years	1.2 %	\$ 1,338,058
Vehicles	For operating activities	3~5 years	1.2 %	11,078
				1,349,136
Less : Current portion				(357,794)
Lease liabilities–Non-Current				<u>\$ 991,342</u>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of other payables**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Payroll payables and year-end bonuses payable	Payroll for December 2021, estimated year-end bonuses for 2021, and employees and directors' compensations	\$ 4,180,784
Import and export fee payables		1,326,545
Technical service fee payables		560,108
Others (Note)		<u>4,403,329</u>
Total		<u>\$ 10,470,766</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

**Statement of operating revenue**

**For the year ended December 31, 2021**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Sales revenue:		
5C electronic products	Note	\$ 1,171,128,396
Others		371,662
Less: Sales return		(261,537)
Sales allowance		<u>(927,323)</u>
Net sales		1,170,311,198
Other operating revenue:		
Service and processing revenue		<u>1,302,660</u>
Net sales revenue		<u>\$ 1,171,613,858</u>

Note: Due to multi-categories, it's hard to be classified in categories.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating costs**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Raw materials	
Raw materials, beginning of the year	\$ 44,603,184
Add: Purchases	735,139,560
Less: Raw materials, end of the year	(55,216,445)
Transferred to operating expense	(37,725)
Cost of material sold	(3,364,426)
Scraps	(483,388)
Others	(2,951)
Raw materials used	720,637,809
Direct labor	745,554
Manufacturing expenses	<u>1,171,173</u>
Total Manufacturing costs	722,554,536
Add: Work-in-process, beginning of the year	685,002
Less: Work-in-process, end of the year	(1,189,112)
Scraps	<u>(68,380)</u>
Cost of finished goods	721,982,046
Add: Finished goods, beginning of the year	11,758,417
Purchases	407,144,561
Others	903,172
Less: Finished goods, end of the year	(7,603,013)
Scraps	(3,238)
Transferred to operating expense	<u>(346,034)</u>
Costs of sales of finished goods and processing costs	1,133,835,911
Maintenance costs	4,158,263
Cost of material sold	3,364,426
Allowance for obsolescence loss and inventory valuation	1,795,897
Scrap loss of inventory	<u>555,006</u>
Cost of sales	<b><u>\$1,143,709,503</u></b>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating expenses**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Payroll expenses	\$ 362,202	1,526,644	8,004,909
Export expenses	288,665	-	-
Royalty expenses	176,661	-	-
Research expenses	-	-	1,555,325
Shipping expenses	4,459,970	21,767	1,878
Sample expenses	356,122	139	1,713
Others (Note)	<u>76,411</u>	<u>1,128,604</u>	<u>2,364,953</u>
Total	<u>\$ 5,720,031</u>	<u>2,677,154</u>	<u>11,928,778</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

COMPAL ELECTRONICS, INC.  
Notes to Parent-Company-Only Financial Statements

**Table 1 Loans to other parties:**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	475,325	224,560	224,560	1.02%~1.08%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	1.08%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
0	The Company	CEB	Other receivables	Y	1,985,950	553,600	553,600	1.02%~2.05%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
0	The Company	CEA	Other receivables	Y	838,800	830,400	830,400	1.02%	Short-term financing	-	Operating demand	-	-	-	22,272,053	44,544,106	(Note 1)
1	CIH	CEP	Other receivables	Y	57,070	55,360	55,360	3.50%	Short-term financing	-	Operating demand	-	-	-	37,397,344	37,397,344	(Note 2)
2	CPC	CDE	Other receivables	Y	1,315,200	-	-	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
2	CPC	CIC	Other receivables	Y	438,400	434,400	434,400	2.20%	Short-term financing	-	Operating demand	-	-	-	2,613,831	2,613,831	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	1,997,450	1,937,600	1,561,152	2.00%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	137,098	69,200	-	1.30%~4.35%	Short-term financing	-	Operating demand	-	-	-	22,323,113	22,323,113	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	856,050	830,400	830,400	1.30%	Short-term financing	-	Operating financing	-	-	-	22,323,113	22,323,113	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	998,725	968,800	968,800	1.30%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
4	CPO	CIT	Other receivables	Y	657,600	651,600	651,600	2.20%	Short-term financing	-	Operating demand	-	-	-	2,838,191	2,838,191	(Note 5)
5	CET	BT	Other receivables	Y	524,640	260,640	173,760	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	4,787,996	4,787,996	(Note 6)
6	CIC	HengHao Kunshan	Other receivables	Y	570,700	553,600	553,600	1.30%	Short-term financing	-	Operating demand	-	-	-	8,676,307	8,676,307	(Note 7)
7	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	1.08%	Short-term financing	-	Operating demand	-	-	-	2,344,758	2,344,758	(Note 8)
7	Panpal	Ray-Kwong Medical	Other receivables	Y	10,000	10,000	10,000	1.10%	Short-term financing	-	Operating demand	-	-	-	1,172,379	2,344,758	(Note 8)
8	BSH	CIN	Other receivables	Y	278,100	276,800	207,600	1.02%	Short-term financing	-	Operating demand	-	-	-	6,580,283	6,580,283	(Note 9)
9	Arcadyan	Arcadyan Brasil	Other receivables	Y	57,020	35,984	35,984	1.00%	Short-term financing	-	Operating financing	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Brasil	Other receivables	Y	55,620	55,360	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan UK	Other receivables	Y	285,100	-	-	1.00%	Transaction for business between two parties	4,349,995	-	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Vietnam	Other receivables	Y	285,100	276,800	-	1.00%	Transaction for business between two parties	4,345,760	-	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Vietnam	Other receivables	Y	255,510	-	-	1.00%	Transaction for business between two parties	5,375,096	-	-	-	-	2,531,220	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	-	-	1.00%	Transaction for business between two parties	165,990	-	-	-	-	132,792	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Russia	Other receivables	Y	57,020	-	-	1.00%	Transaction for business between two parties	165,990	-	-	-	-	132,792	5,062,440	(Note 10)
9	Arcadyan	Arcadyan Russia	Other receivables	Y	27,800	27,800	6,705	1.00%	Transaction for business between two parties	377,472	-	-	-	-	301,977	5,062,440	(Note 10)
10	Arcadyan Holding	CNC	Other receivables	Y	484,670	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,416,212	2,416,212	(Note 11)
10	Arcadyan Holding	CNC	Other receivables	Y	470,560	470,560	470,560	1.00%	Short-term financing	-	Operating financing	-	-	-	2,416,212	2,416,212	(Note 11)
11	SVA	CNC	Other receivables	Y	153,440	-	-	3.85%	Short-term financing	-	Operating financing	-	-	-	28,344	28,344	(Note 12)

(Continued)

COMPAL ELECTRONICS, INC.  
Notes to Parent-Company-Only Financial Statements

**Table 1 Loans to other parties:**

(December 31, 2021)

- Note 1: According to the Company's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.
- Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9: According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 10: According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.
- Note 11: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.
- Note 12: According to SVA's Procedure for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of SVA. To borrowers having business relationship with SVA, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of SVA. Also, the amount shall be combined with the SVA's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be the investee of the parent company. The total amount for lending the borrower shall not exceed 20% of the net worth of SVA and shall be combined with SVA's endorsements/guarantees for the borrower when calculating. In addition, when lending to the parent company or its 100% directly and indirectly owned subsidiaries, the total amount or individual amount shall not exceed the net worth of the latest financial statements of SVA.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 2 Guarantees and endorsements for other parties:**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 & 2)	Parent company endorsements /guarantees to third parties on behalf of subsidiary	Subsidiary endorsements /guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEB	(Note 4)	27,840,066	115,450	113,488	113,488	-	0.10%	55,680,132	Y	-	-
0	The Company	CEA	(Note 4)	27,840,066	177,786	174,384	174,384	-	0.16%	55,680,132	Y	-	-
0	The Company	CEP	(Note 3)	27,840,066	151,129	99,845	99,845	-	0.09%	55,680,132	Y	-	-
0	The Company	HengHao Kunshan	(note 4)	27,840,066	26,160	26,064	26,064	-	0.02%	55,680,132	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 4)	1,687,480	209,700	207,600	-	-	1.64%	5,062,440	Y	-	-

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2: According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3: Subsidiary whose over 50% common stock is directly owned.

Note 4: Subsidiary whose over 50% common stock is indirectly owned.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 3 Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(December 31, 2021)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	441,993	2%	441,993	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,003,307	9%	2,003,307	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	259,600	695,728	5%	695,728	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	18,722	10%	18,722	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	632	13,342	11%	13,342	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	26,600	3%	26,600	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	10%	101,676	
	TOP Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	402	4,233	2%	4,233	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	48,800	8%	48,800	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	88,740	19%	88,740	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		287,259			
	Total				<u>3,730,400</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	765,884	1%	765,884
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,120,320	5%	1,120,320	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	880,740	5%	880,740	
AcBel		The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	207,766	1%	207,766	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	6,995	116,883	3%	116,883	
Others			Financial assets at fair value through other comprehensive income-non-current		126,498			
Total					<u>3,218,091</u>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	444,538	-	444,538	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,140	108,551	6%	108,551	
	Others		Financial assets at fair value through other comprehensive income-non-current		2,139			
	Total				<u>555,228</u>			

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COMPAL ELECTRONICS, INC.  
Notes to Parent-Company-Only Financial Statements

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**Table 3 Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):**  
(December 31, 2021)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	(Note 1)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	(Note 1)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	7%	-	(Note 1)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	(Note 1)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	(Note 1)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	(Note 1)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	37,475	7%	37,475	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	26,169	7%	26,169	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	(Note 1)
	Total				<u>63,644</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>9,000</u>	-	9,000	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 1)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>124,560</u>	-	124,560	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,340</u>	17%	4,340	
BSH	CitiBank RED ARC TERMLIQUIDITY FUND	-	Financial assets at fair value through profit or loss-current	-	<u>277,312</u>	-	277,312	

Note 1: The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

# COMPAL ELECTRONICS, INC.

## Notes to Parent-Company-Only Financial Statements

**Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Gain (loss) on disposal	Others		Ending Balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost		Shares/ Units	Amount	Shares/ Units	Amount
Panpal	Stock : Kinpo	Financial assets at fair value through other comprehensive income-non-current	Jipo Investment	Related party	23,172	281,546	46,197	616,864	-	-	-	-	-	221,910 (Note 1)	69,369	1,120,320
CIT	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	1,470,031	-	1,660,937	-	3,156,037	3,130,968	25,069 (Note 2)	-	-	-	-
CIT	Structured deposits-Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	781,618	-	791,505	781,618	9,887 (Note 2)	-	-	-	-
CIT	Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications	-	-	-	-	434,232	-	439,453	434,232	5,221 (Note 2)	-	-	-	-
CIT	Structured deposits-Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	868,464	-	877,521	868,464	9,057 (Note 2)	-	-	-	-
CEC	Structured deposits-Win-win Interest Rate Structure RMB Structural Deposits	Financial assets at fair value through profit or loss-current	China CITIC Bank	-	-	-	-	542,790	-	546,782	542,790	3,992 (Note 2)	-	-	-	-
CPO	Structured deposits-Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	521,078	-	526,513	521,078	5,435 (Note 2)	-	-	-	-
CPO	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	-	-	521,078	-	525,696	521,078	4,618 (Note 2)	-	-	-	-
CIC	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	261,366	-	495,024	-	761,903	756,390	5,513 (Note 2)	-	-	-	-
CIC	Structured deposits-Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	-	521,078	-	528,433	521,078	7,355 (Note 2)	-	-	-	-
CET	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	241,113	-	238,828	-	484,885	479,941	4,944	-	-	-	-
CET	Structured deposits-Industrial and Commercial Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Industrial and Commercial Bank of China	-	-	-	-	390,809	-	395,872	390,809	5,063 (Note 2)	-	-	-	-
CNC	Structured deposits-Kunshan Rural Commercial Bank	Financial assets at fair value through profit or loss-current	Kunshan Rural Commercial Bank	-	-	-	-	390,513	-	393,959	390,513	3,446 (Note 2)	-	-	-	-
CNC	Structured deposits-Agricultural Bank of China "HuiLiFeng" customization RMB structured deposit	Financial assets at fair value through profit or loss-current	Agricultural Bank of China	-	-	130,799	-	260,342	-	393,905	390,513	3,392 (Note 2)	-	(628) (Note 1)	-	-
BSH	Fund RED ARC TERM LIQUIDITY FUND	Financial assets at fair value through profit or loss-current	Citibank	-	-	-	-	1,400,550	-	1,121,474	1,120,440	1,034 (Note 2)	-	(2,798) (Note 1)	-	277,312

Note 1: Others were valuation gains and losses and foreign exchange gains and losses.

Note 2: Including gains and losses on disposal and foreign exchange gains and losses.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 5 Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:**

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan	Land located at Guangfu Road, Hsinchu City	March 17, 2021 (Note 1)	415,480	Paid	Natural person	Non-related party	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal and price negotiation	Operational use	None

Note 1 : In response to business operation, the Group authorized the chairman to purchase land within \$500,000 by a resolution of the Board of Directors on March 17, 2021. In addition, the Group has signed an agreement with non-related parties on April 7, 2021 to purchase land.

**Table 6 Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:**

(December 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of company	Type of property	Transaction date	Acquisition date	Book value	Transaction amount	Amount actually received	Gain (losses) on disposal	Counter-party	Relationship with the company	Purpose of disposal	References for determine price	Others
CDE	Right-of-use assets – land and building	May 7, 2021 (Note 1)	2011~2016	1,446,029	4,147,946 (CNY 956,012 thousand)	The payment has been received.	1,961,419	Kunshan XinCheng Construction and Development Co., Ltd.	Non-related party	Activating the assets	Appraisal and price negotiation	None

Note 1: The board of directors resolved to activate assets on May 7, 2021, the Group signed an agreement with a non-related party regarding the disposal of property

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(749,825)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference	220,379	0.1%	
	CBN	The Company's subsidiaries	Sale	(803,662)	(0.1)%	Net 90 days from sale	Similar to non-related parties	There is no significant difference	540,542	0.2%	
	CEP	Subsidiaries wholly owned by the Company	Purchase	218,938	-	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-	
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	149,835,609	13.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(62,366,178)	(29.6)%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	178,478,231	15.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,188,862)	(2.0)%	
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	28,688,394	2.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(3,086,146)	(1.5)%	
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	42,665,925	3.7%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(16,612,130)	(7.9)%	
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	17,101,460	1.5%	Net 60 days from purchase	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,631,399)	(1.2)%	
	Kinpo Electronic, Inc.	With the same chairman	Purchase	527,883	-	35 days from the 1st of the following month	Similar to non-related parties	There is no significant difference	(527,418)	(0.2)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(179,037,498)	(99.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,188,862	99.9%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(102,464)	(0.1)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	-	-	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	206,180	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(57,375)	(0.1)%	
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(150,179,442)	(93.5)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	62,366,178	96.5%	
	CEA	With the same ultimate parent company	Sale	(428,856)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	207,124	0.2%	
	CEB	With the same ultimate parent company	Sale	(390,795)	(0.2)%	120days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	261,497	0.2%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(3,491,406)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,580,332	1.1%	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(5,042,538)	(3.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,304,731	1.6%	
	Henghao	With the same ultimate parent company	Purchase	245,113	0.2%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(61,174)	(0.1)%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	712,378	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(170,879)	(0.1)%	
	Just and its subsidiaries	With the same ultimate parent company	Purchase	102,536	0.1%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	-	-	
	CPM	An associate	Purchase	4,602,669	3.1%	120 days	Similar to non-related parties	There is no significant difference	(1,382,777)	(1.1)%	
	Changbao	An associate	Purchase	1,109,808	0.7%	120 days	Similar to non-related parties	There is no significant difference	(383,101)	(0.3)%	
	Abel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	1,200,858	0.8%	120 days	Similar to non-related parties	There is no significant difference	(552,945)	(0.4)%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	803,108	30.0%	Net 90 days from delivery	-	There is no significant difference	(540,542)	(43.0)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(42,863,233)	(88.6)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	16,612,130	94.0%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(135,499)	(5.6)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	1,993,166	2.7%	(Note 1)
	CEB	With the same ultimate parent company	Sale	(590,887)	(1.2)%	120 days	According to markup pricing	There is no significant difference	1,269,252	1.4%	
	CEA	With the same ultimate parent company	Sale	(783,053)	(1.6)%	120 days	According to markup pricing	There is no significant difference	507,450	0.6%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,488,526	7.3%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(1,580,332)	(1.7)%	
	CPM	An associate	Purchase	475,357	1.0%	120 days	Similar to non-related parties	There is no significant difference	(178,927)	(0.2)%	
	Abel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	608,220	1.3%	120 days	Similar to non-related parties	There is no significant difference	(284,359)	(0.3)%	
CEB	CEA	With the same ultimate parent company	Purchase	(108,252)	1.9%	120 days	Similar to non-related parties	There is no significant difference	1,537	(0.2)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	392,098	6.6%	120 days	Similar to non-related parties	There is no significant difference	(261,497)	(15.4)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	590,436	9.9%	120 days	Similar to non-related parties	There is no significant difference	(1,269,252)	(31.9)%	
	CEA	With the same ultimate parent company	Purchase	473,416	8.0%	45 days	Similar to non-related parties	There is no significant difference	(376,304)	(22.1)%	
	Cal-Comp	With the same chairman	Purchase	1,468,381	24.7%	120 days	Similar to non-related parties	There is no significant difference	(31,855)	(1.9)%	
CEA	CEB	With the same ultimate parent company	Sale	(473,416)	9.7%	45 days	Similar to non-related parties	There is no significant difference	376,304	(17.4)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	429,390	32.4%	120 days	Similar to non-related parties	There is no significant difference	(207,124)	(16.0)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	783,338	59.2%	120 days	Similar to non-related parties	There is no significant difference	(507,450)	(39.3)%	
	CEB	With the same ultimate parent company	Purchase	108,252	1.8%	45 days	Similar to non-related parties	There is no significant difference	(1,537)	(0.1)%	
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(17,096,471)	(99.5)%	Net 60 days from delivery	According to markup pricing	Adjustments will be made based on demand for funding	2,631,399	98.2%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,639,840	14.2%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	(246,217)	(10.0)%	

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)		
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(242,089)	(100.0)%	Net 60 days from purchase	Similar to non-related parties	Adjustments will be made based on demand for funding	46,437	(100.0)%		
UCGI	Avalue and its subsidiaries	With the same ultimate parent company	Sale	(166,677)	(16.5)%	Net 45 days after the month ended	Similar to non-related parties	Adjustments will be made based on demand for funding	23,533	11.7%		
HengHao	Compal Electronic, Inc.	Parent company	Purchase	757,372	92.3%	120 days	Similar to non-related parties	There is no significant difference	(220,379)	(94.1)%		
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(245,484)	(2.1)%	120 days	Similar to non-related parties	There is no significant difference	61,174	1.7%		
CEP	Compal Electronic, Inc.	Parent company	Sale	(220,757)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	-	-		
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(28,700,918)	(84.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	3,086,146	86.8%		
	Just and its subsidiaries	With the same ultimate parent company	Sale	(207,079)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	57,375	0.8%		
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(1,639,069)	(4.9)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	246,217	(3.2)%		
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(712,526)	2.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	170,879	(2.3)%		
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	4,867,677	16.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,304,731)	(13.0)%		
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	98,879	8.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,993,166)	(15.1)%	(Note 1)	
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	242,089	0.8%	60 days after the delivery	Similar to non-related parties	There is no significant difference	(46,437)	(0.3)%		
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company ultimate parent company	Purchase	168,952	0.6%	120 days	Similar to non-related parties	There is no significant difference	(79,867)	(0.5)%		
	Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(1,226,052)	(3.0)%	Net 150 days from delivery	-	-	266,118	4.0%	
		Arcadyan USA	Arcadyan's subsidiary	Sale	(7,323,420)	(20.0)%	Net 120 days from delivery	-	-	2,020,989	29.0%	
Arcadyan AU		Arcadyan's subsidiary	Sale	(505,287)	(1.0)%	Net 60 days from the end of the month of delivery	-	-	23,439	- %		
CNC		Arcadyan's subsidiary	Purchase	12,985,802	26.0%	Net 120 days from delivery	According to markup pricing	-	(2,028,930)	(27.0)%	(Note1)	
Arcadyan Vietnam		Arcadyan's subsidiary	Purchase	1,091,354	2.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note1)	
CNC	Arcadyan	With the same ultimate parent company	Sale	(12,985,802)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,028,930	- %	(Note1)	
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(1,091,354)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note1)	
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	1,226,052	100.0%	Net 150 days from delivery	-	-	(266,118)	(100.0)%	(Note1)	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 7 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS\$100 million or 20% of the capital stock:**  
(For the year ended December 31, 2021)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
Acradyan USA	Arcadyan	With the same ultimate parent company	Purchase	7,323,420	100.0%	Net 120 days from delivery	-	-	(2,020,989)	(100.0)%	(Note1)
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	505,287	100.0%	Net 60 days from the end of the month of delivery	-	-	(23,439)	100%	(Note1)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.

Note 2: The amount of other receivables on December 31, 2021 is 1,276,111 thousand dollars.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 8 Receivables from related parties with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CBN	The Company's subsidiary	540,542	1.93	-	-	297,600 (Note 1)	-
The Company	UCGI	The Company's subsidiary	220,379	3.04	-	-	88,156 (Note 1)	-
The Company	Cal-Comp	With the same chairman	1,697,598	-	-	-	- (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	4,188,862	33.34	-	-	- (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	62,366,178	2.63	-	-	62,366,178 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	207,124	4.14	-	-	161,410 (Note 1)	-
CIH and its subsidiaries	CEB	With the same ultimate parent company	261,497	2.36	-	-	134,253 (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	1,580,332	2.23	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,304,731	2.08	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	16,612,130	3.16	-	-	16,612,130 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,993,166	0.06	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,269,252	0.45	-	-	135,132 (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	507,450	3.09	-	-	448,708 (Note 1)	-
CEA	CEB	With the same ultimate parent company	376,304	2.52	-	-	366,319 (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,631,399	5.34	-	-	1,843,015 (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	3,086,146	3.54	-	-	2,302,953 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	246,217	6.14	-	-	- (Note 1)	-
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	170,879	8.32	-	-	- (Note 1)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	266,118	4.82	-	-	94,823 (Note 2)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	2,020,989	4.79	-	-	1,360,434 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,276,111 (Note 4)	(Note 4)	-	-	- (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	2,028,930 (Note 5)	4.78	-	-	1,854,400 (Note 2)	-
CBN	Just and its subsidiaries	With the same ultimate parent company	182,739 (Note 6)	-	12,530	Enhanced the collection	175,468 (Note 3)	-

Note 1: Balance as of March 4, 2022.

Note 2: Balance as of March 1, 2022.

Note 3: Balance as of March 9, 2022.

Note 4: Other receivables due to purchasing on behalf of related parties.

Note 5: Accounts receivables due to processing raw material.

Note 6: Other receivables due to processing and sales of raw material.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Kinpo&Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000	-	52,500	70%	525,085	120	85	
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	404,559	(19,042)	(15,326)	
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	9,577,912	2,038,308	2,038,308	
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	37,410,192	3,196,352	3,196,352	
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	5,120,741	19,461	(31,176)	
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,716,614	145,081	115,690	
	Kinpo Group management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,776	288	117	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	102,074	21,471	18,593	
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	101,881	(21,226)	(23,402)	
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,262,334	-	-	
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	3,120	382	347	
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	398,995	390,431	79,707	
	Maxima Ventures I, Inc. ("Maxima")	Taipei City	Investment	-	1,260	-	-	-	-	-	
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	57,303	(31,249)	(16,261)	
	Lipo Holding Co., Ltd. ("Lipo")	Cayman Islands	Investment	489,450	489,450	98	49%	711,499	284,726	139,516	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	767,803	1,706	1,706	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	-	3,500	35%	33,971	(2,940)	(1,029)	
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	71,758	41,617	13,830	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,136,788	89,224	89,224	
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	359,218	39,395	39,395	
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	252,821	41,445	22,068	
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	125,347	4,074	4,074	
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	2,493,682	1,787,544	351,746	
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,752,330	(62,830)	(62,830)	
	Shennona	Delaware, USA	Medical care IOT business	32,665	32,665	2,600	100%	1,098	(92)	(92)	
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	57,547	(856,715)	(300,169)	
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(3,097)	(20,160)	(18,034)	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
The Company	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	42,000	9,100	91%	58,858	(25,053)	(22,724)	
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	109,837	4,648	28%	37,824	28,574	7,873	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,529,757	20,015	100%	(484,153)	(425,641)	(425,641)	
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	7,179,197	908,947	908,947	
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	682,558	32,744	14,204	
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	150,785	35,093	29,295	
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	228,858	43,721	43,721	
	Acendant Private Equity Investment Ltd. ("APE")	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,305,068	603,543	209,561	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(184,795)	632,364	516,481	
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	679,564	116,378	116,378	
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,304,552	12,658	12,658	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	489,998	199,999	10,000	100%	(37,303)	53,840	53,926	
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	113,123	4,426	3,976	
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	626,851	196,505	43,341	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	6,580,283	(569,898)	(569,898)	
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	246,860	246,860	15,000	50%	330,604	24,917	12,585	
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	37	-	100%	86,855	(1,700)	(1,741)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	44,309	(46,608)	(15,543)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	155,076	155,076	3,446	30%	144,270	(22,602)	(6,781)	
								<u>88,293,659</u>		<u>6,573,057</u>	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	539,351	1,787,544	Investment gain(losses) recognized by Panpal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	114,974	390,431	Investment gain(losses) recognized by Panpal	
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	75,937 635,925	1,787,544	Investment gain(losses) recognized by Gempal	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Gempal	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	126,471	390,431	Investment gain(losses) recognized by Gempal	
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	635,925	1,787,544	Investment gain(losses) recognized by Hong Ji	
Hong Jin	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	28,554	390,431	Investment gain(losses) recognized by Hong Ji	
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	300,876	1,787,544	Investment gain(losses) recognized by Hong Jin	
Just	CDH (HK)	Hong Kong	Investment	1,724,395	1,724,395	62,298	100%	7,336,510	2,033,586	Investment gain(losses) recognized by Just	
	CII	British Virgin Islands	Investment	255,902	255,902	9,245	100%	232,596	(469)	Investment gain(losses) recognized by Just	
	CPI	British Virgin Islands	Investment	13,840	13,840	500	100%	831,308	2,720	Investment gain(losses) recognized by Just	
CII	Smart	British Virgin Islands	Investment	28	28	1	100%	350	(3)	Investment gain(losses) recognized by CII	
	AEI	U.S.A	Sales and maintenance of LCD TVs	27,680	27,680	1,000	100%	43,364	(491)	Investment gain(losses) recognized by CII	
	MEL	U.S.A	Investment	227,917	227,917	-	100%	188,891	25	Investment gain(losses) recognized by CII	
	MTL	U.S.A	Investment	28	28	-	100%	28	-	Investment gain(losses) recognized by CII	
CIH	CIH (HK)	Hong Kong	Investment	2,070,533	2,070,533	74,803	100%	36,259,088	3,482,248	Investment gain(losses) recognized by CIH	
	Jenpal	British Virgin Islands	Investment	203,448	203,448	7,350	100%	98,697	373	Investment gain(losses) recognized by CIH	
	PFG	British Virgin Islands	Investment	28	28	1	100%	430,130	7,570	Investment gain(losses) recognized by CIH	
	FWT	British Virgin Islands	Investment	412,432	412,432	14,900	100%	412,895	-	Investment gain(losses) recognized by CIH	
	CCM	British Virgin Islands	Investment	141,168	141,168	5,100	51%	25,433	187	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	1,854,560	1,854,560	67,000	100%	221,043	(869,094)	Investment gain(losses) recognized by HSI	

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HSI	Goal	British Virgin Islands	Investment	351,536	351,536	12,700	100%	304,117	12,379	Investment gain(losses) recognized by HSI	
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	1,854,560	1,854,560	67,000	100%	221,043	(869,094)	Investment gain(losses) recognized by IUE	
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	351,536	351,536	12,700	100%	305,603	12,379	Investment gain(losses) recognized by Goal	
BCI	CMI	British Virgin Islands	Investment	2,237,098	2,237,098	80,820	100%	4,503,395	578,634	Investment gain(losses) recognized by BCI	
	PRI	British Virgin Islands	Investment	276,800	276,800	10,000	100%	2,675,803	330,312	Investment gain(losses) recognized by BCI	
CORE	BSH	British Virgin Islands	Investment	4,068,960	4,068,960	147,000	100%	6,580,283	(569,898)	Investment gain(losses) recognized by CORE	
BSH	Mithera	Cayman Islands	Investment	138,400	138,400	-	99%	129,444	(3,059)	Investment gain(losses) recognized by BSH	
	HSI	British Virgin Islands	Investment	1,024,160	1,024,160	37,000	46%	467,614	(856,715)	Investment gain(losses) recognized by BSH	
	CIN	U.S.A	Manufacturing	226,421	-	1	100%	190,352	(35,101)	Investment gain(losses) recognized by BSH	
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain(losses) recognized by Forever	
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	55,360	55,360	-	100%	16,398	13,289	Investment gain(losses) recognized by Forever	
Webtek	Etrade	British Virgin Islands	Investment	692,000	692,000	25,000	35%	(54,057)	632,364	Investment gain(losses) recognized by Webtek	
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	40,692	25,500	588	100%	29,252	(1,629)	Investment gain(losses) recognized by Unicore	
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	2,219,782	2,359,732	64,780	100%	2,323,746	335,159	Investment gain(losses) recognized by Arcadyan	
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	162,359	83,123	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	76,914	8,474	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	11,899	(436)	Investment gain(losses) recognized by Arcadyan	
	Zhi-Bao	Taipei City	Investment	48,000	48,000	34,980	100%	415,117	6,825	Investment gain(losses) recognized by Arcadyan	
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	371,174	(219,951)	Investment gain(losses) recognized by Arcadyan	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	AcBel Telecom	Taipei City	Investment	23,000	23,000	4,494	51%	32,638	(121)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,206	793	Investment gain(losses) recognized by Arcadyan	
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	41,705	3,213	Investment gain(losses) recognized by Arcadyan	
	Arcadyan RU	Russia	Sales of wireless network products	7,672	2,492	-	100%	5,856	(1,361)	Investment gain(losses) recognized by Arcadyan	
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	12,642	32,744	Investment gain(losses) recognized by Arcadyan	
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(14,827)	(148)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan India	India	Sales of wireless network products	13,507	-	3,500	100%	11,389	(1,448)	Investment gain(losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	804,104	527,304	29,050	100%	854,011	138,028	Investment gain(losses) recognized by Arcadyan Holding	
	Arch Holding	British Virgin Islands	Investment	304,784	304,784	35	100%	1,045,972	186,372	Investment gain(losses) recognized by Arcadyan Holding	
TTI	Quest	Samoa	Investment	33,216	33,216	1,200	100%	(64,119)	(96,963)	Investment gain(losses) recognized by TTI	
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	3,945	(1,325)	Investment gain(losses) recognized by TTI	
Quest	Exquisite	Samoa	Investment	32,386	32,386	1,170	100%	(76,480)	(96,967)	Investment gain(losses) recognized by Quest	
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	802,720	525,920	-	100%	849,942	138,028	Investment gain(losses) recognized by Sinoprime	
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	311,536	32,744	Investment gain(losses) recognized by Zhi-Bao	
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	152,994	76,203	Investment gain(losses) recognized by Rayonnant	
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain(losses) recognized by Rayonnant	
CRH	APH	British Virgin Islands	Investment	346,000	346,000	12,500	59%	228,858	76,203	Investment gain(losses) recognized by CRH	
APH	PEL	British Virgin Islands	Investment	87,220	87,220	3,151	100%	39,230	2,243	Investment gain(losses) recognized by APH	
	Rayonnant(HK)	Hong Kong	Investment	498,240	498,240	18,000	100%	335,238	73,960	Investment gain(losses) recognized by APH	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 9 The information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):**  
(December 31, 2021)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(648,644)	(476,081)	Investment gain(losses) recognized by HHT	
HHA	HHB	British Virgin Islands	Investment	1,297,695	1,297,695	46,882	100%	(648,584)	(476,081)	Investment gain(losses) recognized by HHA	
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,410	(271)	Investment gain(losses) recognized by CBN	
	CBNN	The Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,022	(124)	Investment gain(losses) recognized by CBN	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	10,000	-	1,000	10%	9,706	(2,940)	Investment gain(losses) recognized by CBN	
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,484,432	2,484,432	95,862	37%	4,815,888	(62,723)	Investment gain(losses) recognized by FGH	
GLB	RBL	New Taipei City	Detectors and test strip	-	6,500	-	0%	-	(334)	Investment gain(losses) recognized by GLB	(Note 3)
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	16,763	(17,477)	Investment gain(losses) recognized by Mactech	

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.

Note 2: The subsidiary was incorporated on March 25, 2021.

Note 3: Liquidation was completed in July, 2021.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 10 Information on investment in Mainland China:**

(December 31, 2021)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,024,160	(Note 1)	1,024,160	-	-	1,024,160	689,977	100%	689,977	2,621,488	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	553,600	(Note 2)	553,600	-	-	553,600	(22,978)	100%	(22,978)	77,074	-
CET	Manufacturing of notebook PCs	332,160	(Note 2)	332,160	-	-	332,160	162,364	100%	162,364	4,795,313	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	260,395	(Note 2)	(Note 3)	-	-	-	555,435	100%	555,435	568,446	-
Zheng Ying Electronics (Chongqing) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	68,467	(Note 2)	(Note 3)	-	-	-	-	51%	-	(43,020)	-
BT	Manufacturing of notebook PCs	27,680	(Note 2)	27,680	-	-	27,680	27,737	100%	27,737	(158,184)	-
CGS	Maintenance and warranty service of notebook PCs	8,680	(Note 2)	(Note 3)	-	-	-	(19,533)	100%	(19,533)	(45,016)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	885,760	(Note 1)	368,974	-	-	368,974	256,101	43%	110,585	535,940	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components( chip resistors, ceramic chip diode ; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	553,600	(Note 1)	40,690	-	-	40,690	175,713	48%	83,640	542,279	-
CIC	Manufacturing of notebook PCs	332,160	(Note 2)	332,160	-	-	332,160	881,782	100%	881,782	8,676,307	-
CPO	Manufacturing and sales of LCD TVs	334,928	(Note 1)	334,928	-	-	334,928	61,872	100%	61,872	2,838,177	-
CIT	Manufacturing of notebook PCs	664,320	(Note 2)	664,320	-	-	664,320	2,020,686	100%	2,020,686	22,323,113	-
CST	International trade and distribution of computers and electronic components	38,752	(Note 2)	38,752	-	-	38,752	1,442	100%	1,442	48,140	-

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements**

**Table 10 Information on investment in Mainland China:**

(December 31, 2021)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	276,800	(Note 2)	141,168	-	-	141,168	187	51%	96	57,161	-
CIJ	Investment and consulting services	431,808	(Note 2)	431,808	-	-	431,808	1,692,951	100%	1,692,951	2,235,113	-
CDE	Manufacturing and sales of LCD TVs	415,200	(Note 2)	(Note 3)	-	-	-	1,692,304	100%	1,692,304	2,202,258	-
CIS	Outward investment and consulting services	2,237,098	(Note 1)	2,237,098	-	-	2,237,098	578,634	100%	578,634	4,503,395	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,214,400	(Note 2)	(Note 3)	-	-	-	578,669	100%	578,669	4,475,331	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	22,144	(Note 2)	(Note 3)	-	-	-	(51)	100%	(51)	22,152	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	276,800	(Note 1)	276,800	-	-	276,800	330,312	100%	330,312	2,675,803	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	11,625,600	(Note 2)	2,287,115	-	-	2,287,115	218,835	37%	80,137	5,443,063	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,660,800	(Note 2)	317,102	-	-	317,102	(222,019)	37%	(81,303)	726,504	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	498,240	(Note 2)	346,000	-	-	346,000	73,960	100%	73,960	335,779	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	747,360	(Note 1)	608,960	-	-	608,960	(40,952)	100%	(40,952)	(930,657)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	160,544	(Note 1)	160,544	-	-	160,544	1,737	100%	1,737	87,829	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,356,320	(Note 1)	525,920	-	-	525,920	373,471	100%	373,471	816,200	-
Hanhelt	R&D and manufacturing of electronic communication equipment	55,360	(Note 1)	55,360	-	-	55,360	(476)	100%	(476)	2,380	-
<b>Arcadyan</b> SVA Arcadyan	R&D and sales of wireless network products	224,208	(Note 1)	509,866 (Note 7)	-	138,400 (Note 9)	371,466	6,442	100%	6,442	28,344	-

(Continued)

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

**Table 10 Information on investment in Mainland China:**

(December 31, 2021)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CNC	Manufacturing and wireless network products	344,616	(Note 1)	304,784 (Note 8)	-	-	304,784	186,372	100%	186,372	1,045,972	-
THAC	Manufacturing of household electronics products	92,728	(Note 1 - 10)	31,832	-	-	31,832	(96,967)	100%	(96,967)	(76,950)	-
<b>HengHao</b> HengHao Optoelectronic Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	1,107,200	(Note 1)	1,101,747	-	-	1,101,747	(477,802)	100%	(477,802)	(775,079)	-
Lucom Display Technology (Kunshan) Limited ("Lucom")	Manufacturing of notebook PCs and related modules	415,200	(Note 2)	179,893 (Note 12)	-	-	179,893	1,687	100%	1,687	126,264	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	15,017,424 (US\$542,537) (Note 5)	21,254,309 (US\$767,858)	(Note 6)
Arcadyan	708,082 (US\$25,581)	708,082 (US\$25,581)	7,593,661
HengHao	1,297,417 (US\$46,872)	1,297,417 (US\$46,872)	(Note 13)

Note 1: Indirectly investment in Mainland China through companies registered in the third region.

Note 2: Indirectly investment in Mainland China through an existing company registered in the third region.

Note 3: Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIJ"), Compal Electronic (Sichuan) Co., Ltd. ("CIS"), and Compal Electronics (China) Co., Ltd. ("CPC") through their own funds.

Note 4: The investment income (loss) was determined based on the financial report audited by the CPAs.

Note 5: Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount from merging with Compal Communication Co., Ltd.

Note 6: As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.

Note 7: Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Accton Asia through Arcadyan Holding in 2010.

Note 8: Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 9: SVA Arcadyan decreased its capital amounting to US\$15,000 thousand to offset accumulated losses in March 2009, and returned its capital amounting to US\$5,000 thousand on April 7, 2021.

Note 10: Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 11: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12: The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 13: The net equity of HengHao is negative at December 31, 2021.

(iii) Significant transactions:

For the year ended December 31, 2021, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".