



**COMPAL ELECTRONICS, INC.**

# Meeting Handbook

2022 Annual General Shareholders' Meeting

No. 581, Ruiguang Rd., Neihu District, Taipei City, Taiwan

Convening Methods: Physical shareholders' meeting

June 24, 2022

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.

# Table of Contents

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I . Meeting Procedures.....	1
II . Meeting Agenda .....	3
1. Report Items .....	5
2. Ratification Items .....	11
3. Discussion Items.....	15
4. Special Motion.....	22
III . Attachments	
1. Business Report for the Year 2021	
2. Independent Auditors’ Report	
3. Audit Committee’s Review Report	
4. Financial Statements for the year 2021	
5. The Comparison Table Before and After Amendment to the Articles of Incorporation	
6. The Comparison Table Before and After Amendment to the Procedures for Acquisition or Disposal of Assets	
7. The Comparison Table Before and After Amendment to the Procedures for Lending Funds to Other Parties	
8. The Comparison Table Before and After Amendment to the Rules and Procedures of Shareholders Meeting	
IV . Appendices	
1. Rules and Procedures of Shareholders Meeting	
2. Articles of Incorporation	
3. Procedures for Acquisition or Disposal of Assets	
4. Procedures for Lending Funds to Other Parties	
5. Shareholding of Directors	
6. The Impact of Non-compensated Distribution of Shares on the Company’s Business Performance, Earnings Per Share, and Shareholder Return Rate	
7. Others	

# Meeting Procedures

# Compal Electronics, Inc.

## 2022 Annual General Shareholders' Meeting Procedures

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Special Motion(s)
7. Meeting Adjourned

# Meeting Agenda

# Compal Electronics, Inc.

## 2022 Annual General Shareholders' Meeting Agenda

Time : 9:00 am, June 24, 2022 (Friday)

Place : No. 581, Ruiguang Rd., Neihu District, Taipei City 11492, Taiwan

### I. Report Items

1. Report on Business for the year 2021
2. Audit Committee's Review Report for the year 2021
3. Report of the distribution of compensation to employees and directors for the year 2021
4. Report of distribution of the cash dividends from Earnings for the year 2021
5. Report of status of the cash distribution from Capital Surplus

### II. Ratification Items

1. To ratify the Business Report and Financial Statements for the year 2021
2. To ratify the Distribution of Earnings for the year 2021

### III. Discussion Items

1. To approve the amendment to the "Articles of Incorporation"
2. To approve the amendment to the "Procedures for Acquisition or Disposal of Assets"
3. To approve the amendment to the "Procedures for Lending Funds to Other Parties"
4. To approve the amendment to the "Rules and Procedures of Shareholders Meeting"
5. To approve the release of non-competition restrictions for Directors

### IV. Special Motion(s)

### V. Meeting Adjourned

# Report Items

## Item 1

Proposed by the Board of Directors

**Proposal:**

Report on Business for the year 2021

**Explanatory Note:**

The Business Report for the year 2021 is attached hereto as Attachment 1.



## Item 2

Proposed by the Board of Directors

### **Proposal:**

Audit Committee's Review Report for the year 2021

### **Explanatory Notes:**

1. The Financial Statements and its related reports for the Year 2021 have been reviewed and examined by the Audit Committee and the review report was issued. The Financial Statements for the year 2021 have been audited by the Independent Auditors and the Independent Auditors' Report was issued, accordingly.
2. Independent Auditors' Report is attached hereto as Attachment 2.
3. Audit Committee's Review Report is attached hereto as Attachment 3.

## Item 3

Proposed by the Board of Directors

### **Proposal:**

Report of the distribution of compensation to employees and directors for the year 2021

### **Explanatory Note:**

1. In accordance with the Articles of Incorporation of the Company, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. Notwithstanding the foregoing, in the event that the Company has accumulated losses, the Company shall first reserve an amount to offset such accumulated losses.
2. The distribution of compensation to employees and directors for the year 2021, as approved by the Remuneration Committee and the Board of Directors, are NT\$1,350,062,159 and NT\$71,389,891, respectively. The compensations shall be distributed in the form of cash.

## Item 4

Proposed by the Board of Directors

### **Proposal:**

Report of distribution of the cash dividends from Earnings for the year 2021

### **Explanatory Note:**

1. The proposal has been approved by the Board of Directors in accordance with authorization by the Company's Articles of Incorporation, and the amount of earnings for the year 2021 available for distribution to shareholders as dividend and bonus is NT\$7,051,434,600. Such amount is distributed in the form of cash dividend. Each shareholder will be entitled to receive a cash dividend of NT\$1.6 per share. Cash dividend shall be distributed and paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
2. The Board of Directors has approved to set an ex-dividend record date for distribution on April 30, 2022, and cash distribution has been paid out on May 20, 2022.

## Item 5

Proposed by the Board of Directors

### **Proposal:**

Report of status of the cash distribution from Capital Surplus

### **Explanatory Note:**

1. The proposal has been approved by the Board of Directors in accordance with authorization by the Company's Articles of Incorporation, the Company proposed a cash distribution of NT\$1,762,858,650 from capital surplus derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The cash is to be distributed to the registered shareholders on the record date, and the cash distribution per share will be NT\$0.4. Cash distribution from capital surplus shall be paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
2. The Board of Directors has approved to set record date of cash distribution from capital surplus on April 30, 2022, and cash distribution has been paid out on May 20, 2022.

# Ratification Items

## Item 1

Proposed by the Board of Directors

### **Proposal:**

To ratify the Business Report and Financial Statements for the year 2021

### **Explanatory Notes:**

1. The Business Report and Financial Statements for the year 2021 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.
2. The “Business Report for the Year 2021” and “Financial Statements for the Year 2021” are attached hereto as Attachments 1 and 4.

### **Resolved That:**

## Item 2

Proposed by the Board of Directors

### **Proposal:**

To ratify the Distribution of Earnings for the year 2021

### **Explanatory Notes:**

1. The Distribution of Earnings for the year 2021 has been approved by the Audit Committee and by the Board of Directors.
2. The “Distribution of Earnings for the year 2021” is attached. Please see page 14.

### **Resolved That:**

# Compal Electronics, Inc.

## Earnings Distribution Proposal for the Year 2021

Unit: NT\$

Item	Amount
Unappropriated retained earnings in the beginning of the year	28,671,484,447
Add:	
Net income of 2021	12,632,666,670
Subtract:	
Remeasurement of defined benefit plans	(40,067,262)
Legal reserve	(1,237,433,480)
Special reserve resulting from other equity interest	(940,041,558)
Changes in ownership interests in subsidiaries	(25,945,578)
Changes in equity of associates and joint ventures accounted for using equity method	(49,877,862)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(142,441,167)
Retained earnings available for distribution as of December 31, 2021	38,868,344,210
Distribution item:	
Subtract:	
Dividends to common shares holders (Note)	(7,051,434,600)
Unappropriated retained earnings as of December 31, 2021	31,816,909,610

Note: Cash dividends of NT\$1.6 per common share



# Discussion Items

## Item 1

Proposed by the Board of Directors

### **Proposal:**

To approve the amendment to the “Articles of Incorporation”

### **Explanatory Notes:**

1. Amendment to the Articles of Incorporation is proposed to accommodate the business need of the Company and the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Articles of Incorporation is attached hereto as Attachment 5.

### **Resolved That:**

## Item 2

Proposed by the Board of Directors

**Proposal:**

To approve the amendment to the “Procedures for Acquisition or Disposal of Assets”

**Explanatory Notes:**

1. Amendment to the Procedures for Acquisition or Disposal of Assets is proposed to conform to the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Procedures for Acquisition or Disposal of Assets is attached hereto as Attachment 6.

**Resolved That:**

## Item 3

Proposed by the Board of Directors

**Proposal:**

To approve the amendment to the “Procedures for Lending Funds to Other Parties”

**Explanatory Notes:**

1. Amendment to the Procedures for Lending Funds to Other Parties is proposed to accommodate the business need of the Company.
2. The Comparison Table Before and After Amendment to the Procedures for Lending Funds to Other Parties is attached hereto as Attachment 7.

**Resolved That:**

## Item 4

Proposed by the Board of Directors

**Proposal:**

To approve the amendment to the “Rules and Procedures of Shareholders Meeting”

**Explanatory Notes:**

1. Amendment to the Rules and Procedures of Shareholders Meeting is proposed to conform to the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Rules and Procedures of Shareholders Meeting is attached hereto as Attachment 8.

**Resolved That:**

## Item 5

Proposed by the Board of Directors

### **Proposal:**

To approve the release of non-competition restrictions for Directors

### **Explanatory Notes:**

1. As certain Directors of the Company may invest in or operate a business which is identical or similar to the business scope of the Company, without prejudice to any interest of Compal, it is proposed to approve the release of non-competition restrictions for these Directors in accordance with Article 209 of the Company Act.
2. Information of the Directors who concurrently serve in a position of other companies is attached hereto as attachment (see page 21). To approve the release of non-competition restrictions for Directors.

### **Resolved That :**

■ Information of the Directors of Compal, concurrently serves in a position of other companies, is listed as follows:

Title	Name	Serves in positions of other companies
Chairman	Sheng-Hsiung Hsu	Chairman : QBit Semiconductor Ltd., QBit Semiconductor Holding, Ltd. Director : Cal-Comp Precision (Singapore) Limited, Confiar Land Corp., Kinpo Electronics (Philippines), Inc.
Vice Chairman	Jui-Tsung Chen	Chairman : Raypal Biomedical Co., Ltd., Kinpo&Compal Group Assets Development Corporation Director : Phoenix Innovation Venture Capital Co., Ltd.
Director	Kinpo Electronics, Inc.	Director : New Era AI Robotic Inc.
Director	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu	Chairman : Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd. Executive Director : Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd., Chongqing Kanghua Metal Product Co., Ltd. Director : VesCir Ltd., QBit Semiconductor Ltd., New Era AI Robotic Inc., AcTel Power Co., Ltd., XYZprinting, Inc., Melvita Taiwan Ltd., Kinpo&Compal Group Assets Development Corporation, NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd., Cal-Comp Precision Holding Co., Ltd., 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., QBit Semiconductor Holding, Ltd., Target Gain Corporation Chief Strategy Officer : Cal-Comp Electronics And Communications Co., Ltd. President : Kinpo&Compal Group Assets Development Corporation, Cal-comp Industria De Semicondutores S.A.
Director	Sheng-Chieh Hsu	Director : Kinpo&Compal Group Assets Development Corporation
Director	Chung-Pin Wong	Chairman : Poindus System Corp. Director : Kinpo&Compal Group Assets Development Corporation
Independent Director	Min Chih Hsuan	Director : Meribank Biotech Co., Ltd.
Independent Director	Duei Tsai	Independent Directors Undertaking Public Welfare : Starlux Airlines Co., Ltd.

# Special Motion(s)



## Special Motion(s)

# Attachments

## Attachment 1

# Business Report for the Year 2021

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 customs 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\$ 17.468billion, and the net income after tax attributable to owners of parent reaches NT\$ 12.633billion, 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 of the Board: Sheng-Hsiung Hsu  
President and Chief Executive Officer: Chung-Pin Wong  
Accounting Officer: Cheng- Chiang Wang

## Attachment 2

# Independent Auditors' 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 for 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.

#### 1. 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

#### **Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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.



# Independent Auditors' 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.

## 1. Inventory valuation

Please refer to Note (4)(h) and Note (5) for the accounting policy of inventory valuation, as well as the estimation and assumption uncertainty of the valuation of inventory, respectively. Information of estimation of the valuation of inventory are disclosed in Note (6)(f) of the consolidated financial statements.

Description of key audit matters:

The inventory is measured at the lower of cost or net realizable value. The short life cycle of electronic products may cause significant changes in customers' demand and sales of related products. Consequently, the book value of inventory may be lower than the net realizable value of inventory. Therefore, the valuation of inventory is one of the key audit matters.

Our key audit procedures performed in respect of the above area included the following:

In order to verify the rationality of assessment of inventory valuation estimated by the Group, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Group's inventory aging reports, analyzing the change of inventory aging, 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.

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 its 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.

## Attachment 3

# **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

# Attachment 4

(English Translation of Financial Report Originally Issued in Chinese)

## COMPAL ELECTRONICS, INC.

### Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>									
1100 Cash and cash equivalents	\$ 8,279,979	1.9	7,666,366	2.0	2100 Short-term borrowings	\$ 78,967,920	17.7	55,991,680	14.4
1170 Notes and accounts receivable, net	273,369,033	61.1	218,292,177	56.1	2130 Current contract liabilities	1,032,191	0.2	828,978	0.2
1180 Notes and accounts receivable due from related parties, net	2,695,685	0.6	11,127,880	2.9	2170 Notes and accounts payable	119,540,795	26.7	100,825,221	25.9
1200 Other receivables, net	3,265,442	0.7	2,846,497	0.7	2180 Notes and accounts payable to related parties	91,494,937	20.5	87,802,452	22.6
1310 Inventories	60,958,417	13.6	55,792,348	14.3	2200 Other payables	10,470,766	2.4	9,229,539	2.4
1470 Other current assets	<u>345,547</u>	<u>0.1</u>	<u>657,805</u>	<u>0.2</u>	2230 Current tax liabilities	4,071,326	0.9	2,786,226	0.7
	<u>348,914,103</u>	<u>78.0</u>	<u>296,383,073</u>	<u>76.2</u>	2280 Current lease liabilities	357,794	0.1	202,113	-
<b>Non-current assets:</b>					2300 Other current liabilities	1,069,335	0.2	690,513	0.2
1550 Investments accounted for using equity method	88,992,850	19.9	83,957,849	21.6	2365 Current refund liabilities	1,555,967	0.3	1,253,890	0.3
1510 Non-current financial assets at fair value through profit or loss	222,303	-	158,769	-	2322 Long-term borrowings, current portion	<u>15,675,000</u>	<u>3.5</u>	<u>8,855,440</u>	<u>2.3</u>
1517 Non-current financial assets at fair value through other comprehensive income	3,508,097	0.8	2,881,121	0.8	2540 Non-current liabilities, others	<u>469,118</u>	<u>0.1</u>	<u>789,368</u>	<u>0.2</u>
1600 Property, plant and equipment	2,484,963	0.6	2,604,893	0.7	2570 Deferred tax liabilities	950,327	0.2	829,757	0.2
1755 Right-of-use assets	1,347,259	0.3	1,290,125	0.3	2580 Non-current lease liabilities	991,342	0.2	1,096,415	0.3
1780 Intangible assets	431,936	0.1	436,548	0.1	2640 Non-current net defined benefit liability	716,131	0.2	687,054	0.2
1840 Deferred tax assets	1,118,220	0.2	1,102,654	0.3	2670 Non-current liabilities, others	<u>11,751,918</u>	<u>2.6</u>	<u>13,652,594</u>	<u>3.5</u>
1990 Other non-current assets	<u>328,483</u>	<u>0.1</u>	<u>136,119</u>	<u>-</u>	<b>Total liabilities</b>	<u>335,987,949</u>	<u>75.1</u>	<u>282,118,646</u>	<u>72.5</u>
	<u>98,434,111</u>	<u>22.0</u>	<u>92,568,078</u>	<u>23.8</u>	<b>Equity :</b>				
					3110 Ordinary share	44,071,466	9.8	44,071,466	11.3
					3200 Capital surplus	6,724,856	1.5	8,342,813	2.1
					3300 Retained earnings	69,651,940	15.6	62,566,181	16.1
					3400 Other equity interest	(8,206,750)	(1.8)	(7,266,708)	(1.8)
					3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
					<b>Total equity</b>	<u>111,360,265</u>	<u>24.9</u>	<u>106,832,505</u>	<u>27.5</u>
<b>Total assets</b>	<u>\$ 447,348,214</u>	<u>100.0</u>	<u>388,951,151</u>	<u>100.0</u>	<b>Total liabilities and equity</b>	<u>\$ 447,348,214</u>	<u>100.0</u>	<u>388,951,151</u>	<u>100.0</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**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)**

	2021		2020	
	Amount	%	Amount	%
4000 <b>Net sales revenue</b>	\$ 1,171,613,858	100.0	991,279,270	100.0
5000 <b>Cost of sales</b>	1,143,709,503	97.6	968,054,585	97.7
<b>Gross profit</b>	27,904,355	2.4	23,224,685	2.3
5910 Less: Unrealized profit (loss) from sales	-	-	6,641	-
<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:</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	11,928,778	1.0	11,169,634	1.1
	<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	45,045	-	126,882	-
7020 Other gains and losses, net	591,365	0.1	599,312	0.1
7050 Finance costs	(692,890)	(0.1)	(704,218)	(0.1)
7190 Other income	347,999	-	358,670	-
7370 Share of profit of associates and joint ventures accounted for using equity method	6,573,057	0.6	3,966,905	0.4
<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</b>	1,810,301	0.1	1,065,384	0.1
<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	31,660	-	(2,818)	-
Components of other comprehensive income that will not be reclassified to profit or loss	<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	-	-	-	-
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</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.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**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						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity
<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.



(English Translation of Financial Statements and Report Originally Issued in Chinese)

**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>	7,666,366	13,459,969
<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.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**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	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 75,162,103	14.0	89,126,923	19.1	2100	Short-term borrowings	\$ 118,422,407	22.0	92,838,733	19.9
1110	Current financial assets at fair value through profit or loss	400,754	0.1	2,245,254	0.5	2120	Current financial liabilities at fair value through profit or loss	1,589	-	136,617	-
1170	Notes and accounts receivable, net	288,436,522	53.7	231,830,964	49.7	2125	Current financial liabilities for hedging	-	-	2,192	-
1180	Notes and accounts receivable due from related parties, net	1,729,332	0.3	378,934	0.1	2130	Current contract liabilities	1,065,954	0.2	820,016	0.2
1200	Other receivables, net	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	115,012,365	21.4	96,151,959	20.6	2180	Notes and accounts payable to related parties	3,517,324	0.7	2,888,624	0.6
1470	Other current assets	3,928,624	0.7	3,097,944	0.6	2200	Other payables	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	1,204,115	0.2	870,050	0.2
1550	Investments accounted for using equity method	8,369,312	1.6	7,949,925	1.7	2280	Current lease liabilities	625,292	0.1	377,161	0.1
1510	Non-current financial assets at fair value through profit or loss	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	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	26,990,364	5.0	22,085,340	4.7	2321	Bonds payable, current portion	326,571	0.1	-	-
1755	Right-of-use assets	3,066,218	0.6	3,496,952	0.8	2322	Long-term borrowings, current portion	15,741,481	2.9	8,932,615	1.9
1780	Intangible assets	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	1,646,524	0.3	1,514,208	0.3	<b>Non-Current liabilities:</b>					
1990	Other non-current assets	1,864,183	0.3	893,918	0.2	2530	Bonds payable	-	-	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	9,219,032	1.7	10,401,738	2.2
						2570	Deferred tax liabilities	1,226,805	0.2	992,470	0.2
						2580	Non-current lease liabilities	1,679,504	0.3	1,910,601	0.4
						2640	Non-current net defined benefit liability	822,033	0.2	786,173	0.2
						2670	Non-current liabilities, others	366,068	0.1	340,131	0.1
								<u>13,313,442</u>	<u>2.5</u>	<u>15,411,332</u>	<u>3.3</u>
							<b>Total liabilities</b>	<u>415,555,537</u>	<u>77.4</u>	<u>350,936,048</u>	<u>75.2</u>
						<b>Equity:</b>					
						<b>Equity attributable to owners of parent :</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	(881,247)	(0.2)	(881,247)	(0.2)
								<u>111,360,265</u>	<u>20.7</u>	<u>106,832,505</u>	<u>22.8</u>
						36XX	<b>Non-controlling interests</b>	<u>10,179,538</u>	<u>1.9</u>	<u>9,157,145</u>	<u>2.0</u>
							<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.

## (English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

## 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)

	2021		2020	
	Amount	%	Amount	%
4000 Net sales revenue	\$ 1,235,682,015	100.0	1,048,929,251	100.0
5000 Cost of sales	1,194,190,441	96.6	1,013,470,729	96.6
<b>Gross profit</b>	<b>41,491,574</b>	<b>3.4</b>	<b>35,458,522</b>	<b>3.4</b>
<b>Operating expenses:</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	16,491,857	1.3	15,162,995	1.5
	<u>28,142,981</u>	<u>2.3</u>	<u>23,965,977</u>	<u>2.3</u>
<b>Net operating income</b>	<b>13,348,593</b>	<b>1.1</b>	<b>11,492,545</b>	<b>1.1</b>
<b>Non-operating income and expenses:</b>				
7100 Interest income	2,017,314	0.2	1,636,257	0.2
7210 Gains on disposals of property, plant and equipment	2,511,423	0.2	261,043	-
7050 Finance costs	(1,049,137)	(0.1)	(1,149,215)	(0.1)
7190 Other income	648,106	-	493,920	0.1
7590 Miscellaneous disbursements	(52,513)	-	(47,491)	-
7670 Impairment loss	(404,513)	-	-	-
7770 Share of profit (loss) of associates and joint ventures accounted for using equity method	448,562	-	435,657	-
<b>Total non-operating income and expenses</b>	<b>4,119,242</b>	<b>0.3</b>	<b>1,630,171</b>	<b>0.2</b>
7900 <b>Profit from continuing operations before tax</b>	<b>17,467,835</b>	<b>1.4</b>	<b>13,122,716</b>	<b>1.3</b>
7950 <b>Less: Income tax expenses</b>	<b>3,727,347</b>	<b>0.3</b>	<b>2,713,204</b>	<b>0.3</b>
<b>Profit</b>	<b>13,740,488</b>	<b>1.1</b>	<b>10,409,512</b>	<b>1.0</b>
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	50,190	-	2,632	-
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 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
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	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	(17,539)	-	(18,727)	-
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>	<b>(1,237,908)</b>	<b>(0.1)</b>	<b>(3,341,346)</b>	<b>(0.3)</b>
8500 <b>Total comprehensive income</b>	<b>\$ 12,502,580</b>	<b>1.0</b>	<b>7,068,166</b>	<b>0.7</b>
<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	1,107,821	0.1	1,047,619	0.1
	<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	1,057,050	0.1	984,624	0.1
	<u>\$ 12,502,580</u>	<u>1.0</u>	<u>7,068,166</u>	<u>0.7</u>
<b>Earnings per share</b>				
9750 <b>Basic earnings per share</b>	<b>\$ 2.90</b>		<b>2.15</b>	
9850 <b>Diluted earnings per share</b>	<b>\$ 2.86</b>		<b>2.12</b>	

See accompanying notes to financial statements.

## (English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

## 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													
	Retained earnings						Total other equity interest		Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	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
<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.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

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 on financial assets	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.

## Attachment 5

### Articles of Incorporation of Compal Electronics, Inc. Comparison Table Before and After Amendment

Before Amendment	After Amendment	Amendment Reason
<p>Article 12 Shareholders' meeting shall be of two types, regular shareholders' meeting and special shareholders' meeting. The regular shareholders' meeting shall be called by the board of directors once a year within six (6) months of the close of each fiscal year. The special shareholders' meeting may be called pursuant to law when deemed necessary.</p>	<p>Article 12 Shareholders' meeting shall be of two types, regular shareholders' meeting and special shareholders' meeting. The regular shareholders' meeting shall be called by the board of directors once a year within six (6) months of the close of each fiscal year. The special shareholders' meeting may be called pursuant to law when deemed necessary.</p> <p><b><u>When the Company shareholders' meeting is held, it may be held by video conference or other methods announced by the central competent authority.</u></b></p> <p><b><u>The requirements, operating procedures, and other matters to be complied with for a video conference meeting shall be handled in accordance with the relevant regulations of the securities regulatory authority.</u></b></p>	<p>Revised to meet the law requirement</p>
<p>Article 18 The Company shall have <b><u>ten (10)</u></b> to <b><u>nineteen (19)</u></b> Directors. Directors shall be elected by adopting candidate nomination system and being elected. There shall be at least three (3) Independent Directors among the Company's Directors, <b><u>and the Independent Directors shall represent at least one-fifth of the total number of Directors.</u></b></p> <p>The Directors' liability insurance may be bought by the Company for the liability of compensation they may bear according to law in their business scope during their term of office.</p>	<p>Article 18 The Company shall have <b><u>seven (7)</u></b> to <b><u>fifteen (15)</u></b> Directors. Directors shall be elected by adopting candidate nomination system and being elected. There shall be at least three (3) Independent Directors among the Company's Directors.</p> <p>The Directors' liability insurance may be bought by the Company for the liability of compensation they may bear according to law in their business scope during their term of office.</p>	<p>Revised to meet the business needs and law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be in compliance with applicable laws and regulations.</p>	<p>The <b>number of seats</b>, professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be in compliance with applicable laws and regulations.</p>	
<p>Article 35  These Articles of Incorporation were prescribed by the promoters on April 16, 1984.  1<sup>st</sup>~36<sup>th</sup> (omitted)</p>	<p>Article 35  These Articles of Incorporation were prescribed by the promoters on April 16, 1984.  1<sup>st</sup>~36<sup>th</sup> (omitted)  <u><b>The 37<sup>th</sup> amendment was made on June 24, 2022.</b></u></p>	<p>Added the amendment date</p>

## Attachment 6

### Compal Electronics, Inc. Comparison Table Before and After Amendment to the Procedures for Acquisition or Disposal of Assets

Before Amendment	After Amendment	Amendment Reason
<p>Article 6 Processing Procedure of the Acquisition or Disposition of Real Property, Equipment or right-of-use assets thereof, Memberships, and Patents, Copyrights, Trademarks, Franchise Rights, and Other Intangible Assets or right-of-use assets thereof, etc.:</p> <p>1.~2. (Omitted)</p> <p>3. Appraisal or Assessment Report</p> <p>(1) Report on Appraisal of Real Property, Equipment, or right-of-use assets thereof. In acquiring or disposing real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment or right-of-use assets thereof, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>i. (Omitted)</p>	<p>Article 6 Processing Procedure of the Acquisition or Disposition of Real Property, Equipment or right-of-use assets thereof, Memberships, and Patents, Copyrights, Trademarks, Franchise Rights, and Other Intangible Assets or right-of-use assets thereof, etc.:</p> <p>1.~2. (Omitted)</p> <p>3. Appraisal or Assessment Report</p> <p>(1) Report on Appraisal of Real Property, Equipment, or right-of-use assets thereof. In acquiring or disposing real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment or right-of-use assets thereof, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>i. (Omitted)</p>	<p>Revised to meet the law requirement</p>



Before Amendment	After Amendment	Amendment Reason
<p>ii. (Omitted)</p> <p>iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to <b><u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (“ARDF”) and</u></b> render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(i) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(ii) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>iv. (Omitted)</p> <p>(2) Expert Assessment Report on the Memberships or Intangible Assets or right-of-use assets thereof Where the company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20% of more of</p>	<p>ii. (Omitted)</p> <p>iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(i) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>(ii) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.</p> <p>iv. (Omitted)</p> <p>(2) Expert Assessment Report on the Memberships or Intangible Assets or right-of-use assets thereof Where the company acquires or disposes of memberships or intangible assets or right-of-use assets thereof and the transaction amount reaches 20% of more of</p>	

Before Amendment	After Amendment	Amendment Reason
<p>paid-in capital or NT\$300 million or more or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, except in transactions with a domestic government agency, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; <b><u>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u></b></p> <p>(Omitted)</p>	<p>paid-in capital or NT\$300 million or more or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, except in transactions with a domestic government agency, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p>(Omitted)</p>	
<p>Article 7 Related Party Transactions:</p> <ol style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the audit committee and approved by the Board of Directors.</li> </ol> <p>(1) ~ (7) (Omitted)</p>	<p>Article 7 Related Party Transactions:</p> <ol style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the audit committee and approved by the Board of Directors.</li> </ol> <p>(1) ~ (7) (Omitted)</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>The calculation of the transaction amounts referred to above in this Paragraph shall be made in accordance with Article 10, Paragraph 1, Sub-paragraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the audit committee and approved by the Board of Directors need not be counted toward the transaction amount.</p> <p>(Omitted)</p>	<p><b><u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 2 and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of paragraph 2 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u></b></p> <p>The calculation of the transaction amounts referred to <b><u>in paragraph 2 and</u></b> above in this Paragraph shall be made in accordance with Article 10, Paragraph 1, Sub-paragraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the audit committee and approved by <b><u>shareholders meeting and</u></b> the Board of Directors need not be counted toward the transaction amount.</p> <p>(Omitted)</p>	
<p>Article 10 Information Transparency and Disclosure Procedure:</p> <p>1. Items to be announced and the standards of announcement and declaration</p> <p>(1) ~ (5) (Omitted)</p> <p>(6)Where an asset transaction, other than any of those referred to in the preceding five subparagraphs, or investment in the mainland area reaches 20% or more of paid-in capital of the Company or NT\$300</p>	<p>Article 10 Information Transparency and Disclosure Procedure:</p> <p>1. Items to be announced and the standards of announcement and declaration</p> <p>(1) ~ (5) (Omitted)</p> <p>(6)Where an asset transaction, other than any of those referred to in the preceding five subparagraphs, or investment in the mainland area reaches 20% or more of paid-in capital of the Company or NT\$300</p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>million; provided, this shall not apply to the following circumstances:</p> <ul style="list-style-type: none"> <li>i. Trading of domestic government bonds.</li> <li>ii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ul> <p>(Omitted)</p>	<p>million; provided, this shall not apply to the following circumstances:</p> <ul style="list-style-type: none"> <li>i. Trading of domestic government bonds <b><u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u></b></li> <li>ii. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</li> </ul> <p>(Omitted)</p>	
<p>Article 14 Other matters</p> <ul style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following: <ul style="list-style-type: none"> <li>(1) (Omitted)</li> <li>(2) When <b><u>examining</u></b> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>(3) They shall undertake an item-by-item evaluation of the <b><u>comprehensiveness, accuracy,</u></b> and reasonableness of the sources of data used, the</li> </ul> </li> </ul>	<p>Article 14 Other matters</p> <ul style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply <b><u>with the self-regulatory rules of the industry associations to which they belong and with the following provisions:</u></b> <ul style="list-style-type: none"> <li>(1) (Omitted)</li> <li>(2) When <b><u>conducting</u></b> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</li> <li>(3) They shall undertake an item-by-item evaluation of the <b><u>appropriateness</u></b> and reasonableness of the sources of data used, the parameters, and the</li> </ul> </li> </ul>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <b>and accurate</b>, and that they have complied with applicable laws and regulations.</p> <p>(Omitted)</p>	<p>information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <b>appropriate and</b> reasonable, and that they have complied with applicable laws and regulations.</p> <p>(Omitted)</p>	
<p>Article 16 Additional Provisions These Procedures were approved by the Board of Directors Meeting and entered into force on June 23, 1989. The 1<sup>st</sup> amendment to 13<sup>th</sup> Amendment: (omitted)</p>	<p>Article 16 Additional Provisions These Procedures were approved by the Board of Directors Meeting and entered into force on June 23, 1989. The 1<sup>st</sup> amendment to 13<sup>th</sup> Amendment: (omitted) <b><u>The 14<sup>th</sup> Amendment was approved by the Board of Directors Meeting on May 11, 2022 and entered into force after it was approved by the Annual General Shareholders' meeting on June 24, 2022.</u></b></p>	<p>Added the amendment date</p>

## Attachment 7

### Compal Electronics, Inc. Comparison Table Before and After Amendment to the Procedures for Lending Funds to Other Parties

Before Amendment	After Amendment	Amendment Reason
<p>Article 3 Reasons and Necessity of Fund Lending</p> <p>1. (Omitted)</p> <p>2. Affiliates of the Company apply for fund lending to meet its business operation need. The term “affiliate” refers to any company invested by the Company.</p>	<p>Article 3 Reasons and Necessity of Fund Lending</p> <p>1. (Omitted)</p> <p>2. Affiliates of the Company apply for fund lending to meet its business operation need. The term “affiliate” refers to any company <b><u>directly or indirect</u></b> invested by the Company.</p>	Revised to meet the business operation needs
<p>Article 4 Total Amount of Fund Lending</p> <p>1-2. (Omitted)</p> <p>3. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company and fund lending from such subsidiaries to the Company are not subject to the restriction stated in the preceding Paragraph 2 provided, however, that the total lending amount <b><u>shall not exceed the net worth of the foreign lending subsidiary.</u></b></p>	<p>Article 4 Total Amount of Fund Lending</p> <p>1-2. (Omitted)</p> <p>3. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company and fund lending from such subsidiaries to the Company are not subject to the restriction stated in the preceding Paragraph 2 provided, however, that the total lending amount <b><u>shall not exceed 50% of the net worth of the Company.</u></b></p> <p><b><u>4. The total lending amount of items 1~2 shall not exceed 50% of the net worth of the Company.</u></b></p>	Revised to meet the business operation needs
<p>Article 5 Lending Limit for Each Recipient</p> <p>1-2. (Omitted).</p> <p>3. The Company may lend funds to a subsidiary <b><u>wholly owned</u></b>, directly or indirectly, by the Company without restriction on 80% of net worth as referred to in the foregoing Paragraph 2. However, the total lending amount to such subsidiary shall not exceed 50% of the total lending limit of the Company and such lending amount shall be counted in the limit of</p>	<p>Article 5 Lending Limit for Each Recipient</p> <p>1-2. (Omitted).</p> <p>3. The Company may lend funds to a subsidiary <b><u>in which the Company directly or indirect owns no less than 50% of its voting shares,</u></b> without applying the restriction on 80% of net worth as referred to in the foregoing Paragraph 2. However, the total lending amount to such subsidiary shall not exceed the total lending limit of the Company and</p>	Revised to meet the business operation needs

Before Amendment	After Amendment	Amendment Reason
<p>endorsement and guarantee provided to the Company to such subsidiary.</p> <p>4. (Omitted)</p> <p>5. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company, as well as fund lending from such subsidiaries to the Company are not subject to the 10% restriction as referred to in the preceding Paragraph 4.</p> <p>(Omitted)</p>	<p>such lending amount shall be counted in the limit of endorsement and guarantee provided to the Company to such subsidiary.</p> <p>4. (Omitted)</p> <p>5. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company ,as well as fund lending from such subsidiaries to the Company are not subject to the 10% restriction as referred to in the preceding Paragraph <b><u>4 and the total lending amount shall not exceed 50% of the net worth of the Company.</u></b></p> <p>(Omitted)</p>	
<p>Article 6 Procedures for Fund lending</p> <p>1. (Omitted)</p> <p>2. If, after the credit evaluation, it is declined to extend funds to the borrower due to the borrower’s bad credit or the improper purpose of fund lending, the financial department shall inform the borrower of its decline as soon as possible after the reasons for decline are submitted to the President and Chairman of the Board for review and approval. If, after the credit evaluation, the borrower’s credit is good and the purpose of fund lending is appropriate, the financial department shall propose the fund lending conditions based on the credit evaluation report, submit the proposal to the President and Chairman of the Board for review after countersigned by the relevant departments, and then extend funds after the proposal is approved by the Board of Directors. Prior to the fund is extend, the borrower shall issue a promissory note to ensure the guarantee for the payment and value of such promissory</p>	<p>Article 6 Procedures for Fund lending</p> <p>1. (Omitted)</p> <p>2. If, after the credit evaluation, it is declined to extend funds to the borrower due to the borrower’s bad credit or the improper purpose of fund lending, the financial department shall inform the borrower of its decline as soon as possible after the reasons for decline are submitted to the President and Chairman of the Board for review and approval. If, after the credit evaluation, the borrower’s credit is good and the purpose of fund lending is appropriate, the financial department shall propose the fund lending conditions based on the credit evaluation report, submit the proposal to the President and Chairman of the Board for review after countersigned by the relevant departments, and then extend funds after the proposal is approved by the Board of Directors. <b><u>After the credit evaluation, if collateral is needed,</u></b> prior to the fund is extend, the borrower shall issue a promissory note to ensure the</p>	<p>Revised to meet the business operation needs</p>

Before Amendment	After Amendment	Amendment Reason
<p>note should be 1.2 times the amount of fund lending. Funding lending is not acceptable if the borrower's total liabilities are greater than the value of its total assets unless collateral of equivalent value is provided and the procedures of mortgage and/or pledge registration are completed so as to ensure that the Company's rights have been protected, or the Company <b><u>holds 90% or more shareholding in the borrower.</u></b></p> <p>(Omitted)</p>	<p>guarantee for the payment and value of such promissory note should be 1.2 times the amount of fund lending. Funding lending is not acceptable if the borrower's total liabilities are greater than the value of its total assets unless collateral of equivalent value is provided and the procedures of mortgage and/or pledge registration are completed so as to ensure that the Company's rights have been protected, or the Company <b><u>owns directly or indirectly no less than 50% of the borrower's voting shares.</u></b></p> <p>(Omitted)</p>	
<p>Article 7 Duration of Fund Lending</p> <p>1. (Omitted)</p> <p>2. Duration of each lending fund to <b><u>a subsidiary in which the Company owns no less than 80% of its voting power, directly or indirectly, by the Company</u></b> shall not exceed one (1) year.</p> <p>(Omitted)</p>	<p>Article 7 Duration of Fund Lending</p> <p>1. (Omitted)</p> <p>2. Duration of each lending fund to <b><u>an affiliate</u></b> shall not exceed one (1) year.</p> <p>(Omitted)</p>	Revised to meet the business operation needs
<p>Article 8 Method of Interest Calculation</p> <p>1. For fund lending to affiliates of the Company, <b><u>the interest rate shall be adjusted variably based on the capital cost of the Company.</u></b></p> <p>(Omitted)</p>	<p>Article 8 Method of Interest Calculation</p> <p>1. For fund lending to affiliates of the Company, <b><u>after the approval of the chairman the interest rate shall be adjusted variably.</u></b></p> <p>(Omitted)</p>	Revised to meet the business operation needs
<p>Article 15 Supplementary Provisions</p> <p>These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company.</p> <p>The 1<sup>st</sup>~11<sup>th</sup> amendments (omitted)</p>	<p>Article 15 Supplementary Provisions</p> <p>These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company.</p> <p>The 1<sup>st</sup>~11<sup>th</sup> amendments (omitted)</p> <p><b><u>The 12<sup>th</sup> amendment was adopted by the resolution of Board of Directors of the Company held on May 11, 2012 and was implemented after it was adopted by the resolution of the</u></b></p>	Added the amendment date



Before Amendment	After Amendment	Amendment Reason
	<b><u>General Shareholders Meeting on July 24, 2022.</u></b>	

## Attachment 8

### Compal Electronics, Inc. Comparison Table Before and After Amendment to the Rules and Procedures of Shareholders Meeting

Before Amendment	After Amendment	Amendment Reason
<p>1. The shareholders meeting of Compal Electronics, Inc. (the "Company") shall be conducted in accordance with these Rules and Procedures unless the law provides otherwise.</p>	<p>1. The shareholders meeting of Compal Electronics, Inc. (the "Company") shall be conducted in accordance with these Rules and Procedures unless the law provides otherwise. <b><u>Unless otherwise stipulated by the securities regulatory authority, the convening of the shareholders meetings via video conference shall be handled in accordance with these Rules.</u></b></p>	Revised to meet the law requirement
<p>2. <b><u>The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing on the attendance book.</u></b> <b><u>The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the attendance book or the attendance cards.</u></b></p>	<p>2. <b><u>Shareholders, solicitors and proxies (hereinafter referred to as "shareholders") attending the shareholders meeting shall submit an attendance card for registration.</u></b>  <b><u>If the shareholders meeting is held by video conference, the shareholders intending to attend such meeting via video conference shall register with the Company 2 days prior to the meeting. For the video conferencing of the shareholders meeting, registration should be accepted on the video conference platform 30 minutes before the start of the meeting. Shareholders who have completed the registration shall be deemed to have attended the shareholders meeting in person.</u></b></p>	Revised to meet the law requirement
<p>3. The presence of shareholders in a shareholders meeting <b><u>and their voting thereof</u></b> shall be calculated in accordance with the number of shares. <b><u>Resolutions shall be adopted</u></b></p>	<p>3. The presence of shareholders in a shareholders meeting shall be calculated in accordance with the number of shares. <b><u>The number of shares attended is calculated based</u></b></p>	Revised to meet the law requirement

Before Amendment	After Amendment	Amendment Reason
<b><u>at the shareholders meeting in accordance with the Company Act and Articles of Incorporation of the Company.</u></b>	<b><u>on the attendance card and the number of shares registered on the video conference platform, plus the number of shares for which voting rights are exercised in writing or electronically.</u></b>	
4. The place for convening a shareholders meeting for the Company shall be held inside the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9am or later than 3pm.	4. The place for convening a shareholders meeting for the Company shall be held inside the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9am or later than 3pm. <b><u>When the Company convenes a video conferencing shareholders meeting, it is not subject to the restriction on the meeting place of the preceding paragraph.</u></b> <b><u>When the Company convenes a video conferencing shareholders meeting, it shall provide appropriate alternatives for shareholders who have difficulty in attending the shareholders meeting by video.</u></b> <b><u>Change of the method of convening the shareholders meeting shall be subject to a resolution by the board of directors, and shall be made before the shareholders meeting notice is released.</u></b>	Revised to meet the law requirement
7. The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be kept for at least one year.	7. The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be kept for at least one year. <b><u>If the shareholders meeting is held by video conferencing, the Company shall record and preserve the materials of shareholders registration, booking, attendance, questions, voting and the</u></b>	Revised to meet the law requirement

Before Amendment	After Amendment	Amendment Reason
	<p><b><u>Company's vote counting results; as well as record and videotape the entire meeting process continuously and uninterruptedly.</u></b>  <b><u>The above-mentioned materials and audio and video recordings shall be properly preserved by the Company during the Company existed life, and the audio and video recordings shall be provided to those handling video conference affairs for preservation.</u></b></p>	
<p>8. The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman of the meeting may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present are still less than one-third of the total amount of issued shares, <b><u>a</u></b> tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act <b><u>by shareholders representing one-third of the total amount of issued shares.</u></b></p>	<p>8. The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman of the meeting may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present are still less than one-third of the total amount of issued shares, <b><u>the chairman shall announce the meeting adjourned. If the shareholders meeting is held by video conferencing, the Company shall also announce the meeting adjourned on the video conferencing platform.</u></b>  <b><u>If shareholders who represent no less than one -third of the total amount of issued shares are present after two-times postponement mentioned in the preceding paragraph, the</u></b> tentative resolution may be adopted in accordance with <b><u>the</u></b> Paragraph 1 of Article 175 of the Company Act. <b><u>Shareholders will be</u></b></p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p>Before the close of the said meeting, if the shareholders present represent a majority of the total amount of issued shares, the chairman of the meeting may present the tentative resolution so adopted to the meeting for resolution in accordance with the provisions of Article 174 of the Company Act.</p>	<p><b><u>notified of the tentative resolutions and the Company shall convene a shareholders meeting again within one month. If the shareholders meeting is held by video conferencing, shareholders who wish to attend the shareholders meeting by video conferencing shall re-register with the Company two days before the shareholders meeting.</u></b></p> <p>Before the close of the said meeting, if the shareholders present represent a majority of the total amount of issued shares, the chairman of the meeting may present the tentative resolution so adopted to the meeting for resolution in accordance with the provisions of Article 174 of the Company Act.</p>	
<p>11. Unless otherwise permitted by the chairman of the meeting, any shareholder shall not, for each discussion item, speak more than two times and each time shall not exceed 3 minutes. However, after obtaining consent of the chairman, the length of such speech may be extended for an additional 3 minutes.</p> <p>If the speech of any shareholder violates the above provisions or his/her speech exceeds the scope of the discussion item, the chairman of the meeting may stop the speech of such shareholder.</p>	<p>11. Unless otherwise permitted by the chairman of the meeting, any shareholder shall not, for each discussion item, speak more than two times and each time shall not exceed 3 minutes. However, after obtaining consent of the chairman, the length of such speech may be extended for an additional 3 minutes.</p> <p>If the speech of any shareholder violates the above provisions or his/her speech exceeds the scope of the discussion item, the chairman of the meeting may stop the speech of such shareholder.</p> <p><b><u>When the shareholders meeting is held by video conferencing, the shareholders who participate by video conferencing may ask questions in text on the video conferencing platform of the shareholders' meeting after the</u></b></p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
	<p><b><u>meeting commencement and before the meeting adjournment announced by the chairman. The questions are subject to limitation of two times and 200 words for each discuss items, and in such case, the preceding article and the first two paragraphs of this article are not applicable.</u></b></p>	
	<p><b><u>17. Voting at a shareholders meeting shall be calculated based on the number of shares. A shareholder shall be entitled to one vote for each share held. If the shares are restricted shares or are deemed non-voting shares, the shareholders' voting rights shall be handled in accordance with the relevant provisions of the applicable law and the articles of incorporation of the Company.</u></b></p>	Revised to meet the law requirement
<p><b><u>17.</u></b> Unless otherwise specifically provided for in the Company Act or the Articles of Incorporation of the Company, resolutions shall be adopted by a majority of votes represented by the shareholders present at a meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is raised after solicitation by the chairman of the meeting.</p>	<p><b><u>18.</u></b> Unless otherwise specifically provided for in the Company Act or the Articles of Incorporation of the Company, resolutions shall be adopted by a majority of votes represented by the shareholders present at a meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is raised after solicitation by the chairman of the meeting.</p> <p><b><u>When the shareholders' meeting is held by video conferencing, the Company shall immediately disclose the voting results and election results of various resolutions on the video conferencing platform of the shareholders meeting in accordance with regulations, and shall continue to disclose for at</u></b></p>	Change of number and Revised to meet the law requirement

Before Amendment	After Amendment	Amendment Reason
	<b><u>least 15 minutes after the chairman’s announcement of meeting adjournment.</u></b>	
<b>18.</b> (omitted)	<b>19.</b> (omitted)	Change of number
	<b>20.</b> <b><u>For the number of shares obtained by the solicitor, the number of shares represented by the proxies, and the number of shares represented by attending shareholders in writing or electronically, the Company shall, on the day of the shareholders meeting, prepare a statistical statement in the prescribed format and disclose it clearly at the shareholders meeting place. When the shareholders meeting is held by video conferencing, the Company shall upload the above-mentioned information to the video conferencing platform of the shareholders meeting at least 30 minutes before the start of the meeting, and continue to disclose it until the end of the meeting. When the Company holds a video conferencing shareholder meeting, the total number of shares represented by shareholders present shall be disclosed on the video conferencing platform as meeting starting announced. The same process shall be carried out if the total number of shares and voting rights of the shareholders attending the meeting are otherwise counted during the meeting.</u></b>	Revised to meet the law requirement
	<b>21.</b> <b><u>When the shareholders meeting is held by video conferencing, the chairman shall, when announcing the meeting starts, separately</u></b>	Revised to meet the law requirement

Before Amendment	After Amendment	Amendment Reason
	<p><b><u>announce that unless there is no need for postponement or continuation of the meeting as stipulated in Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if before the meeting is adjourned, due to natural disasters, incidents or other force majeure events, it is difficult to participate in the meeting on the video conferencing platform or via video, and such difficulty lasts for 30 minutes or more, the date of the meeting should be postponed or resumed within five days. In such case, Article 182 of Company law is not applicable.</u></b></p>	
<b><u>19.</u></b> (omitted)	<b><u>22.</u></b> (omitted)	Change of number
<b><u>20.</u></b> (omitted)	<b><u>23.</u></b> (omitted)	Change of number
	<p><b><u>24. These Regulations were approved by the Annual General Shareholders Meeting and entered into force on May 4, 1990. The 1<sup>st</sup> amendment was implemented after it was adopted by the resolution of the General Shareholders Meeting on March 27, 1996. The 2<sup>nd</sup> amendment was implemented after it was adopted by the resolution of the General Shareholders Meeting on July 8, 1998. The 3<sup>rd</sup> amendment was implemented after it was adopted by the resolution of the General Shareholders Meeting on June 24, 2022.</u></b></p>	Added the Approved & amendment date



# Appendices

## Appendix 1

### **Rules and Procedures of Shareholders Meeting of Compal Electronics, Inc.**

Passed by the General Shareholders Meeting on April 8, 1998

1. The shareholders meeting of Compal Electronics, Inc. (the "Company") shall be conducted in accordance with these Rules and Procedures unless the law provides otherwise.
2. The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may hand in an attendance card in lieu of signing on the attendance book.  
The number of shares representing shareholders present in the meeting shall be calculated in accordance with those indicated on the attendance book or the attendance cards.
3. The presence of shareholders in a shareholders meeting and their voting thereof shall be calculated in accordance with the number of shares. Resolutions shall be adopted at the shareholders meeting in accordance with the Company Act and Articles of Incorporation of the Company.
4. The place for convening a shareholders meeting for the Company shall be held inside the premises of the Company, or any other place convenient for presence of shareholders, and suitable for holding of the said meeting. The time for commencing the said meeting shall not be earlier than 9am or later than 3pm.
5. If a shareholders meeting is called by the Board of Directors, the Chairman of the Board shall preside at the said shareholders meeting. In case the Chairman is on leave of absence, or cannot exercise his/her powers and authority, the Vice Chairman shall act in lieu of him/her. If there is no Vice Chairman, or the Vice Chairman is also on leave of absence, or cannot exercise his/her powers and authority, the Chairman shall designate a Managing Director to act in lieu of him/her; if there is no Managing Director, the Chairman shall designate a Director to act in lieu of him/her. If the Chairman does not designate a Director, the Managing Directors or Directors shall elect one from among themselves to act in lieu of the Chairman.  
If a shareholders meeting is called by a person other than the Board of Directors, who has the right to call the meeting, said person shall preside at that meeting.
6. The Company may designate its lawyer, certified public accountant or other relevant persons to attend the shareholders meeting.  
Persons handling affairs of meeting shall wear identification cards or arm badges.
7. The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be kept for at least one year.
8. The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting, provided, however, that if the shareholders present do not

represent a majority of the total amount of issued shares, the chairman of the meeting may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present are still less than one-third of the total amount of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act by shareholders representing one-third of the total amount of issued shares.

Before the close of the said meeting, if the shareholders present represent a majority of the total amount of issued shares, the chairman of the meeting may present the tentative resolution so adopted to the meeting for resolution in accordance with the provisions of Article 174 of the Company Act.

9. If a shareholders meeting is called by the Board of Directors, the meeting agenda shall be set by the Board of Directors, and the meeting shall be conducted in accordance with the said agenda. The agenda shall not be changed without a resolution made by the shareholders meeting.

If a shareholders meeting shall be called by a person, other than the Board of Directors, entitled to convene such meeting, the preceding provisions shall apply *mutatis mutandis* to the said meeting.

The chairman of the meeting shall not adjourn a meeting without resolution adopted by shareholders if the items (including extraordinary motions) listed in the agenda so arranged in the above two Paragraphs are not completed.

After close of the said meeting, shareholders shall not elect another person to serve as chairman and continue the meeting at the same place or at any other place.

10. When a shareholder present at the meeting wishes to speak, he/she shall first fill out a slip, specifying therein the major points of his/her speech, his/her serial number as a shareholder (or number of attendance) and his/her name, and the chairman of the meeting shall determine his/her order of giving a speech.

A shareholder who submits his/her slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his/her speech shall be different from those specified on the slip, the contents of his/her speech shall prevail.

When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairman of the meeting as well as the said shareholder, and the chairman of the meeting may stop such interruption.

11. Unless otherwise permitted by the chairman of the meeting, any shareholder shall not, for each discussion item, speak more than two times and each time shall not exceed 3 minutes. However, after obtaining consent of the chairman, the length of such speech may be extended for an additional 3 minutes.

If the speech of any shareholder violates the above provisions or his/her speech exceeds the scope of the discussion item, the chairman of the meeting may stop

the speech of such shareholder.

12. Any legal entity designated as proxy by a shareholder(s) to be present at the shareholders meeting may appoint only one representative to attend such meeting.

If a corporate shareholder who designates two or more representatives to represent it at the shareholders meeting, only one of the representatives so designated may speak on any one discussion item.

13. After the speech of a shareholder, the chairman of the meeting may respond himself/herself or appoint an appropriate person to respond.
14. The chairman of the meeting may announce to end the discussion of any discussion item and go into voting if the chairman considers that the discussion for a motion has reached the extent for making a resolution.
15. The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman of the meeting, provided, however, that the person supervising the casting of votes shall be a shareholder. The results of resolution(s) shall be announced in the meeting, and recorded in the meeting minutes.
16. During the meeting, the chairman of the meeting may, at his/her discretion, set time for intermission.
17. Unless otherwise specifically provided for in the Company Act or the Articles of Incorporation of the Company, resolutions shall be adopted by a majority of votes represented by the shareholders present at a meeting.  
The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is raised after solicitation by the chairman of the meeting.
18. If there is amendment to or substitute for one discussion item, the chairman of the meeting may combine such amendment or substitute into the original discussion item, and determine their orders for resolution. If any one of the above has been adopted, the others shall be considered as rejected, upon which no further resolution shall be required.
19. The chairman of the meeting may direct disciplinary personnel (or security personnel) to keep the order of the meeting. Such disciplinary personnel (or security personnel) shall wear badges bearing the words of "disciplinary personnel".  
In order to keep the order of the meeting, shareholders shall obey directions made by the chairman of the meeting, disciplinary personnel (or security personnel). In case any person interrupts the meeting and, after being stopped by the chairman of the meeting three times, refuses to desist his/her interruption, the chairman of the meeting may ask the disciplinary personnel (or security personnel) to escort such shareholder to leave the meeting place.
20. These Rules and Procedures shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

## **Appendix 2**

### **Articles of Incorporation of Compal Electronics, Inc.**

#### **CHAPTER I GENERAL PROVISIONS**

##### **Article 1**

The Company is organized under the Company Law and shall be named “仁寶電腦工業股份有限公司” and the English name shall be “Compal Electronics, Inc.”.

##### **Article 2**

The business scope of the Company shall be as follows:

1. To engage in CC01110 manufacturing business of computers and their peripheral equipments;
2. To engage in CC01080 manufacturing business of electronic parts and components;
3. To engage in CC01060 manufacturing business of wired communication machinery implements;
4. To engage in CC01070 manufacturing business of radio communication machinery implements;
5. To engage in CC01101 manufacturing business of telecom controlled radio frequency instruments;
6. To engage in F401021 import business of telecom controlled radio frequency instruments;
7. To engage in CB01010 manufacturing business of machinery equipments;
8. To engage in CB01020 manufacturing business of office machinery;
9. To engage in CE01990 manufacturing business of other optical & precision apparatus;
10. To engage in G801010 terminal business;
11. To engage in I501010 products design business;
12. To engage in I301010 information software services business;
13. To engage in F401010 international trade business;
14. To engage in F108031 Wholesale of Drugs, Medical Goods
15. To engage in F208031 Retail sale of Medical Equipments
16. To engage in CF01011 Medical Materials and Equipment Manufacturing
17. ZZ99999 All businesses that are not prohibited or restricted by laws, except those that are subject to special approval.

##### **Article 3**

The Company may provide guarantee to other companies to meet its business needs.

##### **Article 4**

The head office of the Company shall be in Taipei. When deemed necessary, the Company may set up branch offices or factories within or outside the Republic of China by resolutions of the Board of Directors.

#### **Article 5 (Deleted)**

#### **Article 6**

The re-investment amount of the Company may exceed 40% of its paid-in capital.

## **CHAPTER 2 SHARES**

#### **Article 7**

The total capital of the Company shall be NT\$60,000,000,000 consisting of 6,000,000,000 shares with a par value of NT\$10 each (including 100,000,000 shares for employees' subscription to shares according to certificates of subscription or company bonds attaching the right of subscription to shares) which may be issued in several issues, and the shares that are not issued may be issued by the Board of Directors according to business requirement.

#### **Article 7-1**

When the Company issues employee share subscription warrants, employee share subscription rights and restricted stock for new shares or buy-back shares in accordance with the laws, the employees so granted or transferred may include the employees of the Company's subordinate companies who meet certain requirements.

#### **Article 8**

The share certificates of the Company shall be in registered form and shall be affixed with the signatures or seals of the director representing the Company, and shall be duly authenticated by the bank which is qualified to authenticate shares under the laws.

The Company may be exempted from printing any share certificate for the shares issued and shall appoint a centralized securities custody enterprise/ institution to make recordation of the issue of such shares.

#### **Article 9**

The shareholders shall fill out seal impression cards when opening accounts. The style of signature or seal impression card shall be kept by the Company or the Company's stock agency for recordation, and the same shall apply to alteration.

#### **Article 10**

Unless otherwise provided in laws and regulations and securities rules, the shareholders shall deal with stock affairs or exercise other relevant rights in accordance with the "Guidelines Governing the Processing of Stock Affairs by Public

Company”.

#### **Article 11**

No entry for transfer of shares shall be permitted within sixty (60) days prior to a regular shareholders' meeting; thirty (30) days prior to a special shareholders' meeting; and five (5) days prior to a record date set for distributing dividends and bonuses or other benefits.

### **CHAPTER 3 SHAREHOLDERS' MEETING**

#### **Article 12**

Shareholders' meeting shall be of two types, regular shareholders' meeting and special shareholders' meeting. The regular shareholders' meeting shall be called by the board of directors once a year within six (6) months of the close of each fiscal year. The special shareholders' meeting may be called pursuant to law when deemed necessary.

#### **Article 13**

A shareholder who is unable to attend a shareholders' meeting may authorize a proxy to attend the meeting by a power of attorney printed by the Company duly signed or sealed and setting forth the vested power in accordance with the [Regulations Governing the Use of Proxy for Attending Shareholders' Meetings of Public Companies] prescribed by the competent authority.

#### **Article 14**

The Chairman of the Board of Directors shall preside at the shareholders' meetings. If the Chairman is unable to attend the meeting or to exercise his power and authority, the Vice Chairman of the Board of Directors shall act on his behalf. In case there is no Vice Chairman or the Vice Chairman is also absent or unable to exercise his power and authority, the Chairman shall designate a Managing Director to act on his behalf, or where there is no Managing Director, one of the Directors to act on his behalf. In the absence of such a designation, the Managing Directors or the Directors shall elect one from among themselves an acting chairman of the Board of Directors.

#### **Article 15**

Each shareholder of the Company shall have one (1) vote for each share held, unless otherwise provided in Article 179 of Company Act.

#### **Article 16**

Except as otherwise provided in the Company Act, a resolution shall be adopted at a shareholders' meeting attended by shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the votes held by the shareholders present shall be cast in favor of such resolution.

### **Article 17**

Minutes of proceedings shall be prepared for all resolutions adopted at a shareholders' meeting, stating the date and place of the meeting, the abstract and results of proceedings, name of the chairman and the means by which a resolution is adopted, number of shareholders present and number of shares represented. A copy of the minutes of proceedings duly signed and sealed by the chairman shall be forwarded to each shareholder within twenty (20) days after the meeting.

The distribution process of meeting minutes is made in accordance with applicable laws and regulations.

## **CHAPTER 4 DIRECTORS AND COMMITTEES**

### **Article 18**

The Company shall have ten (10) to nineteen (19) Directors. Directors shall be elected by adopting candidate nomination system and being elected. There shall be at least three (3) Independent Directors among the Company's Directors, and the Independent Directors shall represent at least one-fifth of the total number of Directors.

The Directors' liability insurance may be bought by the Company for the liability of compensation they may bear according to law in their business scope during their term of office.

The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be in compliance with applicable laws and regulations.

### **Article 19**

The Directors shall hold office for a term of three years and shall be eligible for re-election.

Re-election of Independent Directors shall be governed by applicable laws and regulations.

### **Article 20**

When one-third (1/3) of the Directors have vacated their offices or all of the Independent Directors are discharged, the special shareholders' meeting shall be called by the Board of Directors within sixty (60) days for election of Directors and Independent Directors to fill the vacancies until the original term expires.

### **Article 21**

The Directors shall form a Board of Directors. The Chairman and Vice Chairman of the Board of Directors shall be elected by and from among the Directors with the concurrence of a majority of the Directors present at a Board of Directors' meeting attended by more than two-thirds (2/3) of the Directors. The Board chairman shall



conduct all the business of the Company pursuant to the laws and regulations, Article of incorporation, and resolutions adopted at shareholders' meetings and Board of Directors' meetings.

#### **Article 22**

The business policies and other important matters of the Company shall be performed in accordance with the resolutions of the Board of Directors' meetings. Except as otherwise provided in the provisions of the relevant laws, the Board of Directors meeting shall be called and presided by the chairman of the Company. In the event the Board Chairman is absent or unable to perform his right or authority, he may designate Vice Chairman to act on his behalf. In case there is no Vice Chairman or the Vice Chairman is absent or unable to perform his power or authority, the Chairman may designate one Managing Director to act on his behalf, or where there is no Managing Director, one of the Directors to act on his behalf. In the absence of the designation, the Managing Directors or Directors shall elect one from among themselves.

#### **Article 23**

Except as otherwise provided in the Company Act, a Board of Directors' meeting at which a resolution is adopted shall be attended by a majority of the Directors and at which meeting a majority of those present shall vote in favor of such a resolution. If any Director is unable to attend a Board of Directors' meeting, he/she may appoint another Director to attend the meeting by proxy by executing a power of attorney in favor of the proxy specifying any limits on authority or powers in respect to the business to be transacted at the meeting; provided that the proxy shall accept the appointment of one Director only. Minutes of proceedings shall be prepared for the resolutions adopted at a Board of Directors' meeting and the provisions of Article 17 herein shall apply mutatis mutandis.

#### **Article 24**

Enhancing supervision functions and strengthening management mechanisms, the Board of Directors of the Company may set up committees. The organizational rules for each committee shall be promulgated respectively in accordance with relevant laws and regulations as well as the regulations and rules of the Company.

An Audit Committee is established according to Article 14-4 of the Securities and Exchange Act which consists of all Independent Directors. The Audit Committee shall have such powers and duties as the supervisors under the Company Act, the Securities and Exchange Act and other laws and regulations.

#### **Article 25**

In conducting the business of the Company, the Directors shall be paid remuneration, regardless of whether the Company makes a profit or sustains a loss. The remuneration of Directors shall be submitted by the remuneration committee to the

Board of Directors and decided by the Board of Directors in accordance with personal partake-in and contribution to the Company's operation and benchmarks in the same industry.

### **Article 26**

Functions of the Board of Directors shall be as follows:

1. Appoint and remove managerial personnel;
2. Decide and amend business policies;
3. Examine budget and final account;
4. Propose for distribution of profits and covering of losses;
5. Approve for re-investment, extending loan to other companies, and pledge of assets;
6. Approve for endorsement, guarantee, acceptance to affiliates in excess of the total specified amounts (to be decided by the Board of Directors);
7. Approve for borrowing and financing in excess of total specified amounts (to be decided by the Board of Directors);
8. Establish and/or withdraw any main divisions of the Company and/or its domestic or overseas branches, and to prescribe and amend Articles of Incorporation and important rules by laws;
9. Approve for important contracts;
10. Approve for other important business; and
11. Appoint, discharge, and make payment to CPA.
12. To exercise other duties and powers granted in accordance with the laws and regulations, Articles of Incorporation, and by the shareholders' meetings.

### **Article 27**

A Board of Directors' meeting shall be called with a seven days prior written notice setting forth the cause(s) of such meeting to all Directors, except there is an urgent need. In case of emergency, a Board of Directors' meeting may be called at any time. The meeting notice as referred to in the foregoing Paragraph shall set forth the cause(s) and be given via mail, e-mail or facsimile.

## **CHAPTER 5 OFFICERS**

### **Article 28**

The Company shall employ managers, their appointment and discharge shall be handled in accordance with Article 29 of the Company Act.

## **CHAPTER 6 FINANCIAL ACCOUNTS AND DISTRIBUTION OF PROFITS**

### **Article 29**

At the close of each fiscal year of the Company, the Board of Directors shall prepare the following statements/documents and present to the shareholders' meeting for

ratification in accordance with the legal procedure:

1. business report;
2. financial statement;
3. proposal for distribution of profits or covering of losses.

The aforementioned proposal for distribution of profits, the distribution of dividends and bonuses to shareholders in cash which are under the resolution and have been adopted by the meeting of the Board of Directors which are authorized in accordance with the Company's Articles of Incorporation, will not need to be ratified by the shareholders' meeting when reported during the shareholders' meeting.

### **Article 30**

If there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation 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 compensation 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 who meet certain requirements.

### **Article 30-1**

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 (10%) 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 in accordance with Second Paragraph of this Article or Article 29.

The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash to shareholders after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The lifecycle of the industry of the Company is in the growing stage. To meet the future capital needs and in consideration of capital budget, long-term financial planning and onshore and offshore competition condition, as well as the need of shareholders for cash flow, if there is any profit after close of books, the dividend and

bonds to be distributed to shareholders should not be less than thirty percent (30%) of the after-tax profit of such year and the cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year.

**Article 31**

Once the total legal reserve equals the total capital, the Company may stop setting aside the legal reserve by shareholders' resolution.

**CHAPTER 7 SUPPLEMENTAL PROVISIONS**

**Article 32**

Matters not provided herein shall be governed by the Company Act.

**Article 33**

The organizational rules and handling procedures of the Company shall be separately prescribed by resolution of the Board of Directors.

**Article 34 (Deleted)**

**Article 35**

These Articles of Incorporation were prescribed by the promoters on April 16, 1984.

The 1<sup>st</sup> amendment was made on May 16, 1984;

The 2<sup>nd</sup> amendment was made on December 27, 1984;

The 3<sup>rd</sup> amendment was made on April 6, 1986;

The 4<sup>th</sup> amendment was made on July 18, 1986;

The 5<sup>th</sup> amendment was made on May 10, 1987;

The 6<sup>th</sup> amendment was made on June 13, 1987;

The 7<sup>th</sup> amendment was made on June 18, 1988;

The 8<sup>th</sup> amendment was made on May 27, 1989;

The 9<sup>th</sup> amendment was made on May 4, 1990;

The 10<sup>th</sup> amendment was made on June 23, 1990;

The 11<sup>th</sup> amendment was made on March 20, 1991;

The 12<sup>th</sup> amendment was made on April 30, 1992;

The 13<sup>th</sup> amendment was made on April 13, 1993;

The 14<sup>th</sup> amendment was made on April 23, 1994;

The 15<sup>th</sup> amendment was made on March 31, 1995;

The 16<sup>th</sup> amendment was made on March 27, 1996;

The 17<sup>th</sup> amendment was made on May 29, 1997;

The 18<sup>th</sup> amendment was made on April 8, 1998;

The 19<sup>th</sup> amendment was made on April 8, 1999;

The 20<sup>th</sup> amendment was made on March 30, 2000;

The 21<sup>st</sup> amendment was made on April 3, 2001;

The 22<sup>nd</sup> amendment was made on May 24, 2002;  
The 23<sup>rd</sup> amendment was made on June 10, 2003;  
The 24<sup>th</sup> amendment was made on June 10, 2005;  
The 25<sup>th</sup> amendment was made on June 9, 2006;  
The 26<sup>th</sup> amendment was made on June 15, 2007;  
The 27<sup>th</sup> amendment was made on June 13, 2008;  
The 28<sup>th</sup> amendment was made on June 19, 2009;  
The 29<sup>th</sup> amendment was made on June 18, 2010;  
The 30<sup>th</sup> amendment was made on June 24, 2011;  
The 31<sup>st</sup> amendment was made on June 22, 2012.  
The 32<sup>nd</sup> amendment was made on June 21, 2013.  
The 33<sup>rd</sup> amendment was made on June 20, 2014.  
The 34<sup>th</sup> amendment was made on June 26, 2015.  
The 35<sup>th</sup> amendment was made on June 24, 2016.  
The 36<sup>th</sup> amendment was made on June 21, 2019.

## Appendix 3

### **Procedures for Acquisition or Disposal of Assets of Compal Electronics, Inc.**

#### **Article 1 Purpose and Legal Basis:**

In order to strengthen the Company's asset management, protect its investment and fulfill its information transparency, these Processing Procedures are adopted in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and related regulations.

#### **Article 2 Definition and Scope:**

1. The term "assets" as used in these Processing Procedures includes the following:
  - (1) Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
  - (2) Real property (including land, houses and buildings, investment property), equipment, memberships, patents, copyrights, trademarks, franchise rights, and other intangible assets.
  - (3) Right-of-use assets.
  - (4) Derivatives.
  - (5) Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law.
  - (6) Other major assets.
2. The term "derivatives" as used herein refers to forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, which have the value derived from the specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables; or hybrid contracts combining the above contracts; or hybrid contracts or structured products embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
3. The term "assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with acts of law" as used herein are the ones acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, other acts, or to transfer of shares [from another company] through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
4. The term "related party" as used herein refers to the one defined by the competent authority.
5. The term "subsidiary" as used herein refers to the one defined by the competent authority.

6. The term “professional appraiser” as used herein refers to a real property appraiser or other person duly authorized by an act of law to engage in the value appraisal of real property or equipment.
7. The term “date of occurrence” as used herein refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the Competent Authority is required, the earlier of the above date or the date of receipt of approval by the Competent Authority shall apply.
8. The term “Mainland area investment” as used herein refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
9. The domestic over-the-counter (“OTC”) venue refers to a venue for OTC trading specifically provided by a securities firm in accordance with the “Regulations Governing Securities Trading on the Taipei Exchange”; "Foreign OTC Venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
10. The term “10 percent of total assets” as used herein refers to total assets stated in the most recent standalone or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Article 3 Authorized Limit:**

The Company and its subsidiaries may acquire, dispose or continue to hold the various assets as referred to in these Processing Procedures. However, the amount of the securities investment, or non-operating real property, equipment or right-of-use assets thereof, memberships and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc. shall follow the limitation as regulated by the company. Any amount beyond the limitation shall be approved by the board of directors through the resolution before acquisition or disposition.

#### **1. Limit Authorized by the Company**

- (1) The total amount of the securities investment, or non-operating real property, equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc. shall not exceed an amount equal to 1.5 times the net value of the Company.
- (2) The total amount of the investment in the securities expected to be held for one year or more shall not exceed the Company’s net value, while the amount of the singular investment in the securities expected to be held for one year or more shall not exceed 50% of the Company’s net value.
- (3) The total amount of the investment in the securities expected to be held for less than one year shall not exceed 50% of the Company’s net value, while the amount of the singular investment in the securities expected to be held for less

than one year shall not exceed 20% of the Company's net value.

- (4) The total amount of the held non-operating real property, equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc. shall not exceed 10% of the Company's net value, while the amount of the held singular non-operating real property, equipment or right-of-use assets thereof, memberships and other intangible assets or right-of-use assets thereof shall not exceed 5% of the Company's net value.

## 2. Subsidiary's Authorized Limit:

- (1) The total amount of the investment in securities, or non-operating real property, equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc. shall not exceed 1.5 times the net value of each subsidiary.
- (2) The total amount of the investment in the securities expected to be held for one year or more shall not exceed each subsidiary's net value, while the amount of the singular investment in the securities expected to be held of one year or more shall not exceed 50% of each subsidiary's net value.
- (3) The total amount of the investment in the securities expected to be held for less than one year shall not exceed 50% of each subsidiary's net value, while the amount of the singular investment in the securities expected to be held for less than one year shall not exceed 20% of each subsidiary's net value.
- (4) The total amount of the held non-operating real property, equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets, etc. or right-of-use assets thereof shall not exceed 10% of each subsidiary's net value, while the amount of the held singular non-operating real property, equipment or right-of-use assets thereof, memberships and other intangible assets or right-of-use assets thereof shall not exceed 5% of the Company's net value.

The term "net worth" as mentioned above shall mean the equity attributable to the stockholders of the Parent Company in the most recent audited balance sheet as prepared in accordance with the requirements of the competent authorities.

## **Article 4 Decision-Making and Delegation of Authorization to Approve Transaction Terms:**

1. In order to meet the fast variety of the market environment, the acquisition or disposition of the securities expected to be held for less than one year shall be processed according to the approval purview regulated by the company.
2. For the acquisition or disposal of securities that are expected to, or has been, hold for at least 1 year, or real estates, equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc. in an amount for a single item of equal to or greater than NT\$300 million, the action must be approved by the Board of Directors; for such action in an amount for a single item of less than



NT\$300 million, the Board of Directors delegates its authorization power to the Chairman.

3. If the acquisition or disposition of the foresaid asset falls in the scope of items for special resolution of the Board of Directors as provided for in Article 185 of Company Act, the case shall be submitted to the Board of Directors for approval and then forwarded to the Meeting of Shareholders for approval before implementation.
4. Related party transactions shall be handled in accordance with the provisions of Article 7 herein.

#### **Article 5 Processing Procedure for the Acquisition or Disposition of Securities Investment**

##### **1. Appraisal and Operating Procedures**

In acquiring or disposing of securities investment, the executive unit designated by the Chairman of the Company shall form an investment evaluation panel. Such panel shall cooperate with the financial unit to complete an analysis report for the sources of fund raising and application. Unless the securities have public quotes of active market or otherwise provided by the competent authorities, the Company shall first obtain the most recent financial statement, audited and attested by a certified public accountant (“CPA”), of the underlying company for reference in appraising the transaction price. In addition, feasibility analysis and research shall also be conducted according to the investment purpose, product market, development potential, financial status, expected revenue, investment portfolio, shareholding ratio and organization operation, so as to lay down a concrete investment implementation plan and submit the same to the authorization unit for approval. The respective operation procedures shall be conducted in compliance with the Company’s rules governing the investment cycle under the Company’s internal control system.

##### **2. The Units Responsible for Implementation**

The acquisition and disposition of securities shall be handled by the executive unit designated by the Chairman of the Company.

##### **3. Expert Opinion**

For the acquisition or disposition of the securities with a transaction amount reaching or beyond 20% of the Company’s paid-in capital or NT\$300 million, or the transaction value for a related party transaction reaches 10 % or more of the Company’s total assets, the Company shall also engage a certified public accountant (“CPA”) prior to the date of occurrence of the event to render an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the competent authorities.

#### **Article 6 Processing Procedure of the Acquisition or Disposition of Real Property, Equipment or Right-of-Use Assets thereof, Memberships, and Patents, Copyrights, Trademarks, Franchise Rights, and Other Intangible Assets or Right-of-Use Assets thereof, etc.:**

### 1. Appraisal and Operating Procedures

For the Company's acquisition and disposition of real property, equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc., the executive unit shall render the department investment budget according to the Company's internal management rules, and make evaluation as well as analysis on the underlying objects. In addition, it shall conduct the feasibility analysis and research according to pre-investment status, investment motivation and purpose, investment cost, expected years to get breakeven, analysis on the investment efficiency and etc., lay down a concrete investment implementation plan and submit such plan to the authorization unit for approval. The respective operation procedures shall be conducted in compliance with the rules regarding the fixed assets and other investment cycle under the Company's internal control system.

### 2. The Units Responsible for Implementation

The acquisition or disposition of real property or right-of-use assets thereof shall be handled by the executive unit designated by the Chairman of the Company. The acquisition or disposition of equipment or right-of-use assets thereof, memberships, and patents, copyrights, trademarks, franchise rights, and other intangible assets or right-of-use assets thereof, etc. shall be handled by the utilization unit or the unit designated by the Chairman of the Company.

### 3. Appraisal or Assessment Report

#### (1) Report on Appraisal of Real Property, Equipment, or Right-of-Use Assets thereof:

In acquiring or disposing real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20% of the company's paid-in capital or NT\$300 million or more, or the transaction value for a related party transaction reaches 10 % or more of the Company's total assets, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of business equipment or right-of-use assets thereof, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- i. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- ii. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- iii. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the

appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (“ARDF”) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

- (i) The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.
  - (ii) The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount.
- iv. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser
- (2) Expert Assessment Report on the Memberships, Intangible Assets or Right-of-Use Assets thereof:

Where the company acquires or disposes of memberships, or intangible assets or right-of-use assets thereof and the transaction amount reaches 20% of more of paid-in capital or NT\$300 million or more or the transaction value for a related party transaction reaches 10 % or more of the Company’s total assets, except in transactions with a domestic government agency, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

#### 4. Calculation of the Transaction Amounts

The calculation of the transaction amounts referred to in the preceding Article and this Article shall be done in accordance with Article 10, Paragraph 1, Sub-paragraph 7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

### **Article 7 Related Party Transactions:**

1. The Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10% or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Article and this Article.

The calculation of the transaction amount referred to above in this Paragraph shall be made in accordance with Article 6, Paragraph 4 herein.

2. When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except for trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been agreed by the audit committee and approved by the Board of Directors.

- (2) The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- (3) The reason for choosing the related party as a trading counterparty.
- (4) With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Paragraphs 3 and 4 of this Article.
- (5) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
- (6) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- (7) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Paragraph 1 of this Article.
- (8) Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to above in this Paragraph shall be made in accordance with Article 10, Paragraph 1, Sub-paragraph 5 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been agreed by the audit committee and approved by the Board of Directors need not be counted toward the transaction amount.

With respect to the types of transactions listed below, when to be conducted between the Company and its parent or the Company and its subsidiary, or among its subsidiaries in which the Company directly or indirectly holds one hundred(100) percent of the issued shares or authorized capital, the Company's Board of Directors may, pursuant to Article 3 through Article 5, delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

- (1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- (2) Acquisition or disposal of real property right-of-use assets held for business use.

3. When acquiring real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means (Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed below.):
  - (1) Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
  - (2) Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.
4. When acquiring real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding paragraph shall also engage a CPA to check the appraisal and render a specific opinion.
5. When acquiring real property or right-of-use assets thereof from a related party, the regulations stipulated in the preceding two paragraphs can be exempted in any of the following conditions. However, what is regulated in paragraph 2 shall still be followed:
  - (1) The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
  - (2) More than five years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
  - (3) The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's owned or rented land.
  - (4) The real property right-of-use assets for business use are acquired by the Company with its parent or its subsidiaries, or by the Company's subsidiaries in which the Company directly or indirectly holds one hundred (100) percent of the issued shares or authorized capital.
6. In the case that the transaction price of the real property or right-of-use assets thereof acquiring from a related party is higher than the result of the assessment made according to paragraph 3 of this Article, it shall be processed in compliance with paragraph 7 of this Article. However, where the following circumstances exist,

objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall

- (1) Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
    - i. Where undeveloped land is appraised in accordance with the means set out in paragraph 3 of this Article, and structures are appraised according to the related party's construction cost plus reasonable construction profit, and the aggregate appraised value of such land and structures is in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
    - ii. Completed unrelated-party transactions within the preceding year involving other floors of the same property or properties in the neighboring area, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sales or leasing practices.
  - (2) Acquiring real property, or obtaining real property right-of use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed unrelated-party transactions involving properties of a similar size in the neighboring area within the preceding year.
  - (3) Completed transactions involving properties in the neighboring area in paragraph (1) and (2) in principle refers to properties located on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction; within one year refers to one year from the actual date of acquisition of the real property or obtainment of the right-use-assets thereof.
7. Acquiring real property or right-use-assets thereof from a related party and the results of appraisals conducted in accordance with the paragraph 3 and 6 of this Article are uniformly lower than the transaction price, or if there is any evidence suggesting the transaction is not in line with normal business practice, the following steps shall be taken:
- (1) A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Act against the difference between the real property or right-use-assets thereof transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. The special reserve set aside in accordance with the preceding provision shall not be utilized until the Company has recognized a loss on decline in market value

of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or based on other evidence confirming that there was nothing unreasonable about the transaction, and approval for utilization has been granted by the competent authority.

- (2) The independent director members of the audit committee shall comply with the provisions of Article 218 of the Company Act.
- (3) The processing status of (1) and (2) shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

#### **Article 8 Processing Procedure for the Acquisition or Disposition of Derivatives:**

Engaging in derivatives trading shall be subject to the relevant provisions as provided for in the Procedures for Financial Derivatives Transactions.

#### **Article 9 Processing Procedure of the Merger, Demerger, Acquisition, or Transfer of Share:**

##### 1. Assessment and operation procedure

- (1) When implementing the merger, demerger, acquisition, or transfer of shares, the Company shall invite the attorney, CPA and securities underwriter to work out a time table for legal proceedings, and set up a panel to implement the legal procedure. At the same time, prior to convening the board of directors meeting to resolve on the matter, the Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining the aforesaid expert opinion on reasonableness may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the total issued shares or capital amount, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiary's total issued shares or capital amount.
- (2) The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in subparagraph (1) of paragraph 1 of this Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack

of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

## 2. Other Matters

- (1) **Board Meeting Date:** A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the same day to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the same day, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
- (2) **Non-Disclosure Agreement:** Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- (3) **The Principle to Decide on the Share Exchange Ratio or Acquisition Price and the Change Thereof:** Before convening the board of directors for resolution, all of the companies participating in the merger, demerger, acquisition, or transfer of shares shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. In principle, the share exchange ratio or acquisition price shall not be discretionarily changed, unless the terms of change have been regulated in the contract. The following are the terms that allow the change of the share exchange ratio or acquisition price:
  - i. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
  - ii. An action, such as a disposal of major assets, that affects the company's financial operations.
  - iii. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
  - iv. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
  - v. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.



- vi. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- (4) Contents Required to be Stated in a Contract: In addition to provisions governing the merger, demerger, acquisition or transfer of shares under Article 317-1 of the Company Act and Article 22 of Business Mergers and Acquisition Act, and shall also record the following:
- i. Handling of breach of contract.
  - ii. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
  - iii. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
  - iv. The manner of handling changes in the number of participating entities or companies.
  - v. Preliminary progress schedule for plan execution, and anticipated completion date.
  - vi. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- (5) Change of the Number of the Companies Participating in the Merger, Demerger, Acquisition, or Transfer of Shares: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- (6) Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the paragraph 2 (1) of this Article (Date of Board Meeting), paragraph 2(2) of this Article (Non-Disclosure Agreement), and paragraph 2 (5) of this Article (Change of the Number of the Companies Participating in the Merger, Demerger, Acquisition, or Acquisition of Shares ).
- (7) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for five years for reference:
- i. Basic identification data for personnel:  
Including the occupational titles, names, and national ID numbers (or

passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

ii. Dates of material events:

Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

iii. Important documents and minutes:

Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

(8) When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in Paragraph 2, Sub-paragraph 7, Items a & b of this Article to the competent authorities for recordation.

(9) Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraph 2 (7) and (8).

### **Article 10 Information Transparency and Disclosure Procedure:**

1. Items to be announced and the standards of announcement and declaration

(1) Acquisition or disposal of real property or right-use-assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-use-assets thereof from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

(2) Merger, demerger, acquisition, or transfer of shares.

(3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

(4) Where the equipment or right-of-use assets thereof for operational use are acquired or disposed of, the trading counterparty is not a related party, and the transaction amount reaches NT\$ 1 billion or more.

(5) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation

of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the Company expects to invest in the transaction reaches NT\$500 million.

(6) Where an asset transaction, other than any of those referred to in the preceding five subparagraphs, or investment in the mainland area reaches 20% or more of paid-in capital of the Company or NT\$300 million; provided, this shall not apply to the following circumstances:

- i. Trading of domestic government bonds.
- ii. Trading of bonds under repurchase and resale agreements, or subscription or buyback of money market funds issued by domestic securities investment trust enterprises.

(7) The following are the ways to calculate the transaction amounts as mentioned in the preceding Sub-paragraphs (1), (4), (5) and (6), in which, the so-called within one year is calculated from one year ahead of the fact occurrence date of this transaction. However, the part which has been announced according to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” can be exempted from re-calculation.

- i. The amount of any individual transaction;
- ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within one year;
- iii. The cumulative transaction amount of real property or right-of-use assets thereof acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within one year;
- iv. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within one year.

(8) The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the competent authorities by the tenth day of each month.

## 2. Time limit for processing the announcement and declaration

For the assets acquired or disposed by the Company requiring to be announced as regulated in Paragraph 1 of this Article and with the transaction amounts reaching the standards required to be announced and declared as regulated in this Article, the announcement and declaration shall be processed within two days commencing immediately from the date of occurrence of such transaction.

## 3. The announcement and declaration procedure

(1) The Company shall post the related information on the website designated by the competent authorities as announcement and declaration.

(2) When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and

reported in their entirety within two days from (and inclusive of) the day when the Company becomes aware of such error or omission.

- (3) The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for five years except where another act provides otherwise.
- (4) Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with this Article, a public report of relevant information shall be made on the information reporting website designated by the competent authorities within two days from the date of occurrence of such event (the date of occurrence of such event will be included):
  - i. Change, termination, or rescission of a contract signed in regard to the original transaction.
  - ii. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  - iii. Change to the originally publicly announced and reported information.

#### **Article 11 Announcement formats and contents:**

The announcement formats and contents regarding asset acquisition or disposition shall be in compliance with the regulations stipulated by the competent authorities.

#### **Article 12 For its subsidiaries, the company shall follow the regulations below to proceed with the necessary procedure:**

The Company shall urge its subsidiaries to enact their own procedures for acquisition and disposal of assets in accordance with the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” and implement such procedures accordingly.

The Company shall give announcement and declaration if its subsidiaries are not the public listed companies and their acquired or disposed assets reach the standard requiring announcement and declaration. The paid-in capital or total assets as referred to in the announcement and declaration standard for the subsidiary is based on the Company’s paid-in capital or total assets.

#### **Article 13 Penalty:**

The Company’s employees violating this processing procedure and other related statutory laws and regulations shall be punished according to the reward and punishment in the company’s personnel regulations.

#### **Article 14 Other matters**

1. The Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions

shall meet the following requirements:

- (1) May not have previously received a final and unappealable sentence to imprisonment for one (1) year or longer for a violation of the Securities and Exchange Act, the Company Act, The Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery , or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
  - (2) May not be a related party or *de facto* related party of any party to the transaction.
  - (3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers not be related parties or *de facto* related parties of each other.
2. When issuing the appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:
- (1) Before accepting the case appointment, the personnel shall prudently assess and evaluate their own professional capabilities, practical experience, and independence.
  - (2) When examining a case, the personnel shall appropriately plan and execute adequate working procedures in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
  - (3) The personnel shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the used parameters, and the used information as the basis for issuance of the appraisal report or the opinion.
  - (4) The personnel shall issue a statement and the content of the statement shall include stating the professional competence and independence of the personnel who prepared the report or opinion, and stating that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.
3. For the assets acquired or disposed through the court auction procedure, the Company may use the certificate documents issued by the court to replace the appraisal report or CPA's opinions.
4. For the items not included in the procedure, please follow the related statutory laws and regulations and the company's rules. If the original statutory laws, regulations and letter orders for the processing procedure of the acquisition or disposition of assets have been changed by the competent authorities, the Company shall follow the new statutory laws, regulations and letter orders accordingly.

## **Article 15 Enforcement and revision:**

After agreed by no less than half of all the audit committee members, and approved by the Board of Directors, the procedure shall be submitted to the shareholders' meeting for approval before enforcement. The same also applies to revision.

When the procedure is submitted to the Board of Directors for discussion, the Independent Director's opinions shall be fully taken into consideration. If any Independent Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If pursuant to the applicable laws and regulations, the acquisition and disposal of assets should be approved by the audit committee, such transaction should be agreed by no less than half of the audit committee members, and approved by the Board of Directors.

The Independent Director's opinions shall be fully taken into consideration when, pursuant to the applicable laws and regulations, a transaction of asset acquisition or disposition is submitted to the Board of Directors for discussion. If the Independent Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If the above processing procedure fails to be approved by more than half of all the audit committee members, the approval of 2/3 of all the Directors can be replaced to pass the procedure. However, in this case, the resolution made by the audit committee members shall be stated in the Board meeting's minute book.

The calculation of the number of the above-mentioned audit committee members and Directors is based on those who take office.

## **Article 16 Additional Provisions**

These Procedures were approved by the Board of Directors Meeting and entered into force on June 23, 1989.

The 1<sup>st</sup> amendment was approved by the Board of Directors Meeting and entered into force on September 19, 1991.

The 2<sup>nd</sup> amendment was adopted by the Board of Directors Meeting on June 22, 1995 and entered into force after it was approved by the Annual General Shareholders' Meeting on March 27, 1996.

The 3<sup>rd</sup> amendment was approved by the Board of Directors Meeting on August 29, 1996 and entered into force after it was approved by the Annual General Shareholders' Meeting May 29, 1997.

The 4<sup>th</sup> amendment was approved by the Board of Directors Meeting on November 24, 1999 and approved by the Annual General Shareholders' Meeting on March 30, 2000.

The 5<sup>th</sup> amendment was approved by the Board of Directors Meeting on March 17, 2003 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 10, 2003.

The 6<sup>th</sup> amendment approved by the Board of Directors Meeting on April 23, 2007 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 15, 2007.

The 7<sup>th</sup> amendment was approved by the Board of Directors Meeting on July 23, 2008 and entered into force after it was approved by the Annual General Shareholders'

Meeting on June 19, 2009.

The 8<sup>th</sup> Amendment was approved by the Board of Directors Meeting on April 30, 2012 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 22, 2012.

The 9<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on May 9, 2013 and entered into force after the approval by the General Shareholders Meeting on June 21, 2013.

The 10<sup>th</sup> Amendment was approved by the Board of Directors Meeting on May 8, 2014 and entered into force after it was approved by the Annual General Shareholders' Meeting on June 20, 2014.

The 11<sup>th</sup> Amendment was approved by the Board of Directors Meeting on May 11, 2015 and entered into force after it was approved by the Annual General Shareholders' meeting on June 26, 2015.

The 12<sup>th</sup> amendment was approved by the Board of Directors Meeting on May 10, 2017 and entered into force after it was approved by the Annual General Shareholders' meeting on June 22, 2017.

The 13<sup>th</sup> Amendment was adopted by the resolution of the Board of Directors Meeting on May 13, 2019 and was implemented after it was adopted by the resolution of the Annual General Shareholders' meeting on June 21, 2019.

## **Appendix 4**

### **Procedures for Lending Funds to Other Parties of Compal Electronics, Inc.**

#### **Article 1 Purpose**

To perfect the financial management of lending funds to others and to control the risk in operation, the following procedures, enacted in accordance with applicable regulations announced by the competent authority, shall apply when lending funds to others.

#### **Article 2 Recipients of Fund Lending**

Unless otherwise provided below, the Company shall not lend funds to its shareholder or any person:

1. Companies having business relationship with the Company;
2. Any of the following companies in need of funds for a short-term period:
  - (1) Subsidiaries having necessity of short-term financing for business operation;
  - (2) Other companies having necessity of short-term financing for business need.

Fund lending between overseas subsidiaries that are wholly owned, either directly or indirectly, by the Company or fund lending from such subsidiaries to the Company are permitted.

#### **Article 3 Reasons and Necessity of Fund Lending**

1. For business operation need, a company or the satellite factory or subcontractor of the Company is necessary to increase its capital. Such company or the satellite factory or subcontractor of the Company applies for fund lending because of its insufficiency. After confirmed by the department in charge of fund lending, it shall report to the Company the application for fund lending.
2. Affiliates of the Company apply for fund lending to meet its business operation need. The term "affiliate" refers to any company invested by the Company.

#### **Article 4 Total Amount of Fund Lending**

1. The total amount for lending to a company having business relationship with the Company shall not exceed 50% of the net worth of the Company.
2. The total amount for lending to a company for funding for a short-term period shall not exceed 40% of the net worth of the Company.
3. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company or fund lending from such subsidiaries to the Company are not subject to the restriction stated in the preceding Paragraph 2 provided, however, that the total lending amount shall not exceed the net worth of the foreign lending subsidiary.

#### **Article 5 Lending Limit for Each Recipient**



1. The total amount for lending to a company having business relationship with the Company shall not exceed 80% of exceeds the total trading amount between the two in the most recent fiscal year or 80% of the forecast trading amount between the two companies in the then year. In addition, the lending amount shall be counted in the limit of endorsement and guarantee provided by the Company to such single entity.
2. The total amount for lending to a company for funding for a short-term period shall be no more than 80% of the net worth of the borrower and shall not exceed 50% of the total lending limit of the Company. In addition, the lending amount shall be counted in the limit of endorsement and guarantee provided by the Company to such single entity.
3. The Company may lend funds to a subsidiary wholly owned, directly or indirectly, by the Company without restriction on 80% of net worth as referred to in the foregoing two Paragraphs. However, the total lending amount to such subsidiary shall not exceed 50% of the total lending limit of the Company and such lending amount shall be counted in the limit of endorsement and guarantee provided to the Company to such subsidiary.
4. For the fund lending between the Company and its subsidiary or between the subsidiaries of the Company, the Board of Directors may authorize the Chairman to approve a revolving or parcel release credit facility within a specific credit limit granted by the Board of Directors to a single enterprise and the duration of such credit facility may not excess one year. The specific credit limit granted by such Board of Directors shall not exceed 10% of the net worth of the lending Company/subsidiary.
5. Fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company or fund lending from such subsidiaries to the Company are not subject to the 10% restriction as referred to in the preceding Paragraph 4.
6. The term “net worth” as used herein shall mean the “equity attributable to the owners of the parent company” stated in the most recent audited balance sheet prepared in accordance with the requirements of the competent authorities.
7. The terms “subsidiary” and “parent company” as used herein shall be determined in accordance with requirements of the competent authorities.

## **Article 6 Procedures for Fund lending**

1. Any borrower, when applying for a loan from the Company, shall submit a request letter describing the purpose, duration, loan amount requested, terms of repayment, source of fund and collateral together with certain basic information and financial data. These documents will be forwarded to the financial department of the Company to facilitate the evaluation and credit checking after approved by the head of the department in charge of fund lending. The department in charge of fund lending will issue an evaluation report based on the credit check result and the evaluation report shall include:
  - (1) The necessity of and rationality of extending loans to others;

- (2) Borrower's credit status and risk assessment,
  - (3) Impact on the company's business operations, financial condition, and shareholders' equity;
  - (4) Whether collateral must be obtained and appraisal of the value thereof.
2. If, after the credit evaluation, it is declined to extend funds to the borrower due to the borrower's bad credit or the improper purpose of fund lending, the financial department shall inform the borrower of its decline as soon as possible after the reasons for decline are submitted to the President and Chairman of the Board for review and approval. If, after the credit evaluation, the borrower's credit is good and the purpose of fund lending is appropriate, the financial department shall propose the fund lending conditions based on the credit evaluation report, submit the proposal to the President and Chairman of the Board for review after countersigned by the relevant departments, and then extend funds after the proposal is approved by the Board of Directors. Prior to the fund is extend, the borrower shall issue a promissory note to ensure the guarantee for the payment and value of such promissory note should be 1.2 times the amount of fund lending. Fund lending is not acceptable if the borrower's total liabilities are greater than the value of its total assets unless collateral of equivalent value is provided and the procedures of mortgage and/or pledge registration are completed so as to ensure that the Company's rights have been protected, or the Company holds 90% or more shareholding in the borrower.
  3. For collaterals, the borrower shall procure and maintain all risk insurance for vehicles, fire and allied perils insurance for other collaterals other than land and negotiable securities. The insured amount shall, in principle, be no less than the replacement cost value of these collaterals. In addition, the Company shall be designated as beneficiary in the insurance policy. The insured object, quantity, location and policy conditions must be consistent with the fund lending conditions of the Company.
  4. The department in charge of fund lending shall collect the borrowers' financial statements and fund utilization status month by month and submit them to the financial department. In the event of significant change in the borrower's financial status and fund utilization, the financial department shall promptly report to the President and Chairman of the Board, and take appropriate actions as per instructions.
  5. The financial department shall establish a fund lending register book detailing the borrowers, amounts, dates on which the Board of Directors approves the fund lending and result of credit evaluation (or evaluation report).
  6. The accounting department shall report to the competent authorities the information of fund lending to others in a proper format and within a prescribed time limit under the applicable laws and regulations.

## **Article 7 Duration of Fund Lending**

1. Duration of each fund lending to a company, having business relationship with the

Company and having necessity of short-term financing, shall not exceed six (6) months and may be extended for a maximum period of six (6) months as a result of business need and only after approval by the Board of Directors of the Company.

2. Duration of each lending fund to a subsidiary in which the Company owns no less than 80% of its voting power, directly or indirectly, by the Company shall not exceed one (1) year.
3. The term of each fund lending between overseas subsidiaries that are 100% directly or indirectly owned by the Company or fund lending from such subsidiaries to the Company shall not exceed five (5) years.

#### **Article 8 Method of Interest Calculation**

1. For fund lending to affiliates of the Company, the interest rate shall be adjusted variably based on the capital cost of the Company.
2. For fund lending to any companies other than affiliates of the Company, approved by the Board of Directors of the Company, the interest rate shall be adjusted variably based on the capital cost of the Company provided, however, that such interest rate shall not less than the rate on short-term accommodations.
3. The interest will be collected in accordance with the terms and conditions of the facility agreement.

#### **Article 9 Repayment of Loans**

Upon request of the borrower or the Company, the borrower or the Company is willing to repay or collect fund, the financial department shall take the following actions:

1. Making sure the amount of capital and accrued interest already paid by the borrower; and
2. De-registering the mortgage/pledge or return the collateral to the borrower after receiving approval from the President and Chairman of the Board.

#### **Article 10 Procedures for Handling Overdue Loans**

1. The so-called “overdue loans” refers to the loan has become mature and has not been paid off (including capital and interest) or the duration of such loan has not been extended in accordance with Article 7 herein.
2. In the event of overdue, the financial department shall immediately notify the department in charge of fund lending and the legal department to evaluate the borrower’s financial and business status. If it is considered that the flow of funds is sufficient to cover the repayment, the Company may amend to the repayment terms under the original loan agreement after approval by the Board of Directors of the Company and shall obtain collateral of equivalent value if necessary.
- 3 In addition to the foregoing Paragraph, the financial department shall forthwith take the following actions:
  - (1) The financial department shall check thoroughly any property that may be executed and apply for security procedure against such property in accordance of applicable laws if necessary;

- (2) For overseas loans, if due to the change of foreign exchange policy by the foreign government, the repayment cannot be made as scheduled; it may be handled via a special project approved by the Board of Directors.
- (3) Under any of the following circumstances, the overdue loans, after deducting the estimated collectable amount, should be written off as uncollectible bad debt; and report to the most upcoming meeting of the audit committee and the Board of Directors.
  - i. All or part of the overdue loans cannot be repaid due to the dissolution, running away, compromise, declaration of bankruptcy or other reasons, and has received supporting documents from the competent authorities.
  - ii. The evaluated value of the collaterals is low or, after deducting the amount collected by exercising the priority mortgage/pledge over the collaterals by others, nothing left for repayment, or the execution cost is close to or even more than the collectable amount by the Company. There is no actual benefit in execution.
  - iii. Failure to sell the collaterals after several price reductions by public auctions.
  - iv. Default in loan repayment exceeds two years and it is unable to collect such repayment through collection procedure.

#### **Article 11 Other Matters**

1. If the qualification of borrowers does not meet the provisions set forth in these Procedures or the loan balance exceeds the limit as a result of change of circumstances, rectification plans must be prepared by the department in charge of the fund lending and such plans shall be reexamined by the financial department and then be submitted to the audit committee and independent directors for approval. The department in charge of the fund lending shall conduct the rectification based on the planned time schedule.
2. Internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof at least once every season and the internal auditors of the Company will prepare written records accordingly. The internal auditors of the Company shall promptly notify the audit committee and independent directors in writing of any material violation found.
3. The adoption and amendment to the “Procedures for Lending Funds to Other Parties” by subsidiaries of the Company shall be handled in accordance with the regulations published by the competent authorities and their fund lending activities shall be handled in accordance with said Procedures.

#### **Article 12 Public Announcement and Report**

1. The accounting department shall prepare a statement of fund lending extended by the Company and its subsidiaries for previous month and submit such statement to President and Chairman of the Board for review each month.
2. The accounting department shall announce and report the previous month’s loan

balance by the 10<sup>th</sup> day of each month.

3. If the loan balance reaches one of the following levels, the accounting department shall announce and report such event within the time period prescribed by the competent authorities:
  - (1) The aggregate balance of loans extended by the Company and its subsidiaries reaches 20% or more of the net worth of the Company;
  - (2) The balance of loans to a single enterprise extended by the Company and its subsidiaries reaches 10% or more of the net worth of the Company;
  - (3) The newly increased aggregate amount of loan extended by the Company and its subsidiaries reaches NT\$10 Million and such amount exceeds 2% of the net worth of the Company.

If any subsidiary of the Company is not an ROC public company, the Company shall announce and report on behalf of such subsidiary any matter that such subsidiary is required to announce and report pursuant to the foregoing Paragraph 3, Item 3.

4. The accounting department shall announce and report to the competent authorities the status of fund lending by the subsidiaries of the Company in accordance with the provisions set forth in the foregoing Paragraphs 2 & 3.
5. In the event of any change in the applicable regulations, the public announcement and report shall be handled in accordance with the updated regulations.

### **Article 13 Penal Provision**

If any employee of the Company violates these Procedures and/or other applicable laws and regulations, sanctions will be imposed on such employee depending upon his/her severity level of such violation in accordance with the punishment procedures under the personnel administration rules of the Company.

### **Article 14 Implementation and Amendment**

The Procedures shall be agreed by no less than half of all audit committee members and approved by the Board of Directors, and enter into force after the approval of resolution by the Shareholders Meeting. If any Director expresses his/her dissent and such dissent is recorded in the minutes or a written statement of dissent is presented, the dissenting opinion shall be reported to the Shareholders' Meeting for discussion. The same procedure applies to the amendment of the Procedures.

When the Procedures are submitted to the Board of Directors for discussion in accordance with the provisions herein, each Independent Director's opinion shall be fully taken into consideration; If any Independent Director has any dissenting opinions or makes any reservation, they shall be recorded in the minutes of the meeting of the Board of Directors.

If pursuant to applicable laws and regulations, fund lending or short-term financing of the company should be approved by the audit committee, such transaction should be agreed by no less than half of the audit committee members, and approved by the Board of Directors.

The Independent Director's opinions shall be fully taken into consideration when, pursuant to applicable laws and regulations, a fund lending or short-term transaction is submitted to the Board of Directors for discussion. If the Independent Director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If approval by no less than half of the audit committee members is not obtained in accordance with the foregoing provisions, the approval of two-thirds of all the Directors shall be obtained instead. In this case, the resolution made by the audit committee members shall be stated in the minutes of the meeting of the Board of Directors.

The calculation of the number of the above-mentioned audit committee members and Directors is based on those who at the time take office.

### **Article 15 Supplementary Provisions**

These Procedures were adopted on April 3, 1990 and entered into force after the approval by the Board of Directors of the Company.

The 1<sup>st</sup> amendment was adopted by the Board of Directors of the Company held on January 31, 1991.

The 2<sup>nd</sup> amendment was adopted by the Board of Directors of the Company held on April 28, 1994 and entered into force after the approval by the Annual General Shareholders Meeting on March 31, 1995.

The 3<sup>rd</sup> amendment was adopted by the Board of Directors of the Company held on February 25, 2002.

The 4<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on April 23, 2002.

The 5<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on March 17, 2003 and entered into force after the approval by the Annual General Shareholders Meeting on June 10, 2003.

The 6<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on April 21, 2004 and entered into force after the approval by the Annual General Shareholders Meeting on June 15, 2004.

The 7<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on April 29, 2009 and entered into force after the approval by the Annual General Shareholders Meeting on June 19, 2009.

The 8<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on April 28, 2010 and entered into force after the approval by the Annual General Shareholders Meeting on June 18, 2010.

The 9<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on May 9, 2013 and entered into force after the approval by the General Shareholders Meeting on June 21, 2013.

The 10<sup>th</sup> amendment was adopted by the Board of Directors of the Company held on May 11, 2015 and entered into force after the approval by the General Shareholders

Meeting on June 26, 2015.

The 11<sup>th</sup> amendment was adopted by the resolution of Board of Directors of the Company held on May 13, 2019 and was implemented after it was adopted by the resolution of the General Shareholders Meeting on July 21, 2019.

## Appendix 5

### Compal Electronics, Inc. Shareholding of Directors

Book closure date: April 26, 2022

Position	Name	Shares
Chairman	Sheng-Hsiun Hsu	8,975,401
Vice Chairman	Jui-Tsung Chen	35,352,587
Director	Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	5,000,000
Director	Representative of Kinpo Electronics, Inc.: Chieh-Li Hsu	151,628,692
Director	Charng-Chyi Ko	7,896,867
Director	Sheng-Chieh Hsu	9,204,201
Director	Yen-Chia Chou	8,022,874
Director	Chung-Pin Wong	6,618,618
Director	Chiung-Chi Hsu	2,117,731
Director	Ming-Chih Chang	1,919,489
Director	Anthony Peter Bonadero	0
Director	Sheng-Hua Peng	835,000
Independent Director	Min Chih Hsuan	0
Independent Director	Duei Tsai	0
Independent Director	Wen-Chung Shen	2,836,000
Total		240,407,460

Note :

- The above-mentioned shares include the shares under trust with discretion reserved.
- In accordance with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, where the paid-in capital of the company is more than NT\$10 billion but NT\$50 billion or less, the aggregate number of registered shares owned by all Directors shall not be less than three percent of the total issued shares; the aggregate number of registered shares owned by all Supervisors shall not be less than 0.3 percent of the total issued shares. The aggregate numbers of registered shares held by all Directors and Supervisors of Compal are listed below:
  - The aggregate number of the registered shares held by all Directors shall not less than 105,771,519 shares;
  - The Company has established an Audit Committee; therefore, the Supervisors’ shareholdings requirement is not applicable.



## **Appendix 6**

### **The Impact of Non-compensated Distribution of Shares on the Company's Business Performance, Earnings Per Share, and Shareholder Return Rate:**

This is not applicable as the Company did not publicly announce its financial forecast for 2022 in accordance with the regulations and Non-compensated Distribution of Shares is not proposed.

## **Appendix 7**

### **Other**

#### **Acceptance of proposals submitted by shareholders at this Annual General Shareholders Meeting**

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a general shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words (including proposal, explanatory notes and punctuation marks), and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting where at his proposal is to be discussed and shall take part in the discussion of such proposal.
2. The proposal and accepting period of 2022 Annual General Shareholders Meeting is from April 1, 2022 to April 11, 2022.
3. No proposals are raised by shareholders during the said accepting period.