

**Dear Shareholder,**

Compal sincerely thanks for your support over the past year! For the Company's upcoming 2022 Annual General Shareholder Meeting (AGM), I would like to highlight the following achievements:

### **Outperformed Financial Results**

In 2021, Compal's net profits grew 35% YoY to NT\$12.6Bn, reaching a decade high. Our improved ROE (11.57%) and EPS (\$2.90) in 2021 also brought about higher cash dividend payouts to shareholders (NT\$2.0, representing 69% payout ratio). Compal's board of directors will continue our commitment towards increasing total shareholder return (TSR).

### **ESG Commitment**

While facing a rapidly changing world and COVID uncertainties, Compal has increased focus towards establishing a stable working environment and talent development. In response to climate change, we have committed to a 2050 Net-Zero goal and are adopting the circular economy concept into our product design, implementing waste reduction activities at our production sites, and raising adoption of renewable energies. Compal continues to strive towards strengthening all facets of our ESG and have been selected as a constituent of the FTSE4GOOD Index for the past several years.

For Compal's 2022 AGM agenda Items, we would like to take this opportunity to provide some additional information specifically regarding **Discussion Item 3: To approve the amendment to the "Procedures for Lending Funds to Other Parties"**.

The rationale for the amendment is based on the below three reasons:

1. Compal's revenue increased by 18% in 2021 and is expected to continue to grow in future years. Considering the rapid and diverse business development<sup>1</sup>, increase of the subsidiary's flexible capital planning for project investment, and the need to enhance subsidiary's risk-taking ability adequately, we therefore proposed to revise the limit amount of lending funds to others. The Company will implement effective management and internal control procedures to fully safeguard shareholders' rights and interests while improving the optimization of Group's resource planning.

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<sup>1</sup> Please refer to [Compal Meeting Handbook](#) Page 25 - Business Report for the Year 2021 "Business Development and Operation Planning" Section.

2. As for the recipients of loans, it is proposed to update “wholly-owned subsidiaries” to “subsidiaries where the Company’s ownership is more than 50%” based on standard industry practices. Given that in the financial report, ownership of over 50% in subsidiaries are deemed as the Company’s consolidated entities by controlling power, the amendment is proposed in-line with the adopted standard for consistency purposes.
3. Lastly, after considering Taiwan EMS/ODM peers’ practice, the lending amounts to others are often in the range of 20~50% of their net worth. Therefore, we proposed to revise procedures for lending to others provisions to “the total lending amount shall not exceed 50% of the net worth of the Company” and “the lending amount to the individual entity shall not exceed the total lending limit of the Company”, both of which are reasonable and in-line with the industry practices considering the rapid expansion in developing subsidiaries in their respective industries for the future.

We appreciate your support for each board-proposed voting items. Your support will aid Compal in consistent execution of business strategies and enhance the continued commitment to the Company and Shareholder values.

Sincerely yours,



Jack Wang

CFO & Corporate Governance Officer