



**COMPAL ELECTRONICS, INC.**

# **2022 Annual Report**

FROM VISION TO REALITY

Innovation Empowered

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

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

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

Printed on May 8, 2023

## **I. Spokesperson**

Spokesperson: Ching-Hsiung Lu/Vice President

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

Tel: 886-2-8797-8588

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

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

Headquarters

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

Tel: 886-2- 8797-8588

Manufacturing Site

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

Tel: 886-3-439-1707

## **III. Share Administration Agency**

Chinatrust Transfer Agent

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

Tel: 886-2-6636-5566

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

## **IV. Auditors**

CPA Firm: KPMG Taiwan

Auditors: Kuo,Kuan Ying and Chien, Szu Chuan

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

Tel.: 886-2-8101-6666

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

## **V. Overseas Securities Exchange**

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

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

## **VI. Corporate Website**

<http://www.compal.com>

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# I. Letter to Shareholders

## Dear Shareholders,

We sincerely thank all shareholders for your long-term support of Compal. 2022 was still a challenging year for most of the enterprises! The global economy and industry environment were under severe changes during the year, including the war, energy crisis, inflation, and continuous conflict between the U.S. and China. We faced difficult situations from the shortage of supplies, port congestion, demand over supply at the beginning of the year to the increasing inventory and decline of demand during the end of the year. In addition, the global economic momentum was weak, causing great challenges to business operations. Nevertheless, Compal is able to maintain business stability and continues to invest in innovation and prospective planning, in order to achieve the objective of long-term competitiveness of the company. We would like to present the following summary of our financial and business results for 2022 and the business outlook for 2023:

## Financial and Business Results

Compal's 2022 consolidated revenue was NT\$1,073,246 million, a decline of 13% from last year. Nevertheless, with continuous effort in the product mix and efficiency improvement, the annual gross margin increased to 3.8% an increase of 3.4% from last year. The consolidated operating income was NT\$9,219 million, and the net income after tax attributable to the parent company was NT\$7,288 million, a decline of 42% from last year, and the earnings per share was NT\$1.67.

As the world heads toward the post-pandemic era, the market demand for computers and consumer electronic products has started to slow down in comparison to the last two years. As a result, the 5C product shipment of Compal in 2022 also indicated a decline from last year to 94 million units. Fortunately, we have been able to actively respond to such market change since the middle of last year through the measures of reduction of inventory and adjustment of production capacity, thereby allowing the operation and capital management to maintain stable during such downtime of the industry. In terms of the development of new businesses, Compal has been able to reach double-digit growths in the revenues from the businesses of servers, automotive electronics, wearable devices, mobile phones and 5G communication devices, promoting our diversification to move forward stably and continuously. We believe that these new businesses will be trend of the industry development and will also become the great support for continuous growth of Compal.

## Investment in Innovation and Business Planning

Under the economic downturn, we uphold the long-term perspective and continue to invest in innovation and prospective business planning. Compal has participated in the German iF Design award for a long period of time, and continues to achieve outstanding performance in the global enterprise innovation competition ranking. In 2022, both the health care system developed by the medical team of Compal and the brainwave detection system developed by the subsidiary have received the honor of national class award of "National Innovation Award".

With regard to the business planning, Compal has launched numerous deep-rooted investment plans in Taiwan,

including the group's headquarter smart innovation park at Beitou Shilin Technology Park in Taipei City, the medical long-term care facility building at Ruifang of New Taipei City, and the PC and 5G AIoT R&D center officially established in Kaohsiung City at southern Taiwan. While facing the trend of global supply chain diversification, to cope with the customer demands, Compal has also accelerated investment planning in Vietnam. In 2022, we have acquired the land use right of 40 ha of land at Thai Binh province, Vietnam, and we expect to establish the third factory of Compal in Vietnam. All of the above are important projects for Compal to establish long-term competitiveness and to achieve business objectives in a greater scale.

## **Corporate Sustainable Development**

To strengthen corporate governance, to implement corporate social responsibility and to head toward the goal of sustainability, Compal has established the Sustainability Committee under the board of directors in 2022. In addition, tasks forces have also been established with respect to different aspects of environment (E), society (S) and governance (G), in order to implement ESG works in daily operation of the company. With regard to the global 2050 net zero emissions, Compal has also announced and established the medium and long term carbon reduction targets for the company. Through the method of "big-leading-small", we have started to promote the greenhouse gas inventory of subsidiaries and to implement sustainability education and responsible supply chain management on the supply chain. In 2022, Compal was selected and ranked to be one of the "Taiwan Top100 Sustainable Benchmark Enterprises" by the Taiwan Institute for Sustainable Energy, and also received the honor of "Happiness Enterprise Award" presented by Job Bank for three consecutive years. In addition, Compal has received the rating of A in the MSCI ESG Rating. Furthermore, Compal has been selected to be one of the constituent stocks of FTSE4GOOD Index. All of above demonstrates the public's recognition on Compal's continuous effort in sustainable operation.

## **Future Outlook and Plan**

After three years of pandemic, countries around the world are gradually relaxing epidemic control measures, and people's live and industry economy are also recovering back to normal. Nevertheless, the global inflation pressure, raising interest rates among countries and geopolitics continue to develop in 2023, bringing uncertainties to the economy. For companies relying on export businesses, it will still be a challenging year. The market research institutions' predictions on the economy and industry in 2023 are still conservative; however, the economy during the second half of the year is expected to be better than the first half of the year. Despite the current economic downtime, we are still optimistic about the development of new technologies and markets as innovative technologies are the key to recovery and future growth.

While facing challenges, Compal will respond actively and seize opportunities. For 2023, the key business focus will be to continue the long-term promotion of the four main aspects of "Diversity, Digitization, Automation, Team Organization" in order to face the fast changing environment. In addition, we will further enhance the implementation of "Innovation, Talent Cultivation, Execution", in order to establish long-term competitive advantages. Although the beginning of this year has been challenging, we expect that the business in 2023 will grow progressively, and the new businesses of servers, automotive electronics, medical care and 5G communication devices will also develop further stably. With regard to the sustainable development, we look forward to further extend our influence in order to expand

the concept and action of ESG to our customers and cooperating supply chain. In addition, we plan to actively participate in the global initiatives, thereby responding to the expectation of all stakeholders on Compal and achieving the long-term sustainable value of the company.

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

Good Health and Prosperity!

Chairman: Sheng-Hsiung Hsu (Rock Hsu)

CEO: Chung-Pin Wong (Martin Wong)

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

## II. Company Profile

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

### 2.2 Company History

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

##### 2021

- Selected to take part in the CDP climate change program for the 8th consecutive year (2014-2021) and received an overall CDP rating of B- at the Management Level for 2021.
- Won 25 awards at the 2021 “iF Design Awards” and a fourth consecutive Gold Award. Ranked 6th in the iF Global Innovation Companies Ranking.
- Ranked among the top 6%-20% in the TWSE-listed companies in the 7th round of "Corporate Governance Evaluation" organized by Taiwan Stock Exchange and Taipei Exchange”.
- Ranked 5th in Commonwealth Magazine’s “Top-2000 Manufacturers”.
- Ranked 64th in Commonwealth Magazine’s “Top-1000 in China, Taiwan and Hong Kong”.
- Selected into the FTSE4GOOD Index and the FTSE4GOOD TIP Taiwan ESG Index.
- Selected as a constituent stock of “Taiwan High Salary 100 Index” and “Taiwan Employment 99 Index”.
- Ranked 339th on the Fortune Global 500.
- Ranked 1314th on the Forbes Global 2000.
- The Company’s share capital reached TWD 44.1 billion in 2021.
- The Company’s consolidated revenue reached TWD 1,235.7 billion in 2021.

##### 2022

- Won 8 awards at the 2022 “iF Design Awards”, ranked 10 in the iF Global Innovation Companies Ranking.
- Selected into the “TIP Customized Environmental Sustainability Dividend +Index”.
- Selected to take part in the CDP climate change program for 9 consecutive years (2014-2022). In 2022, received a score of B in the CDP climate change and were rated at the management level for the water questionnaire.
- Ranked among the top 21%-35% in the TWSE-listed companies in the 8th round of "Corporate Governance Evaluation" organized by Taiwan Stock Exchange and Taipei Exchange.
- Ranked 4th in Commonwealth Magazine’s “Top-2000 Manufacturers”.
- Selected into the FTSE4GOOD Index and the FTSE4GOOD TIP Taiwan ESG Index.
- Selected as a constituent stock of “Taiwan High Salary 100 Index” and “Taiwan Employment 99 Index”.
- Ranked 317th on the Fortune Global 500.
- Ranked 1345th on the Forbes Global 2000.
- Ranked the Gold Award in the Technology R&D of 2022 Happiness Enterprise online voting by 1111.
- The Company acquired Poindus Systems Corp. (Poindus) through tender offer to expand Industrial PC



business.

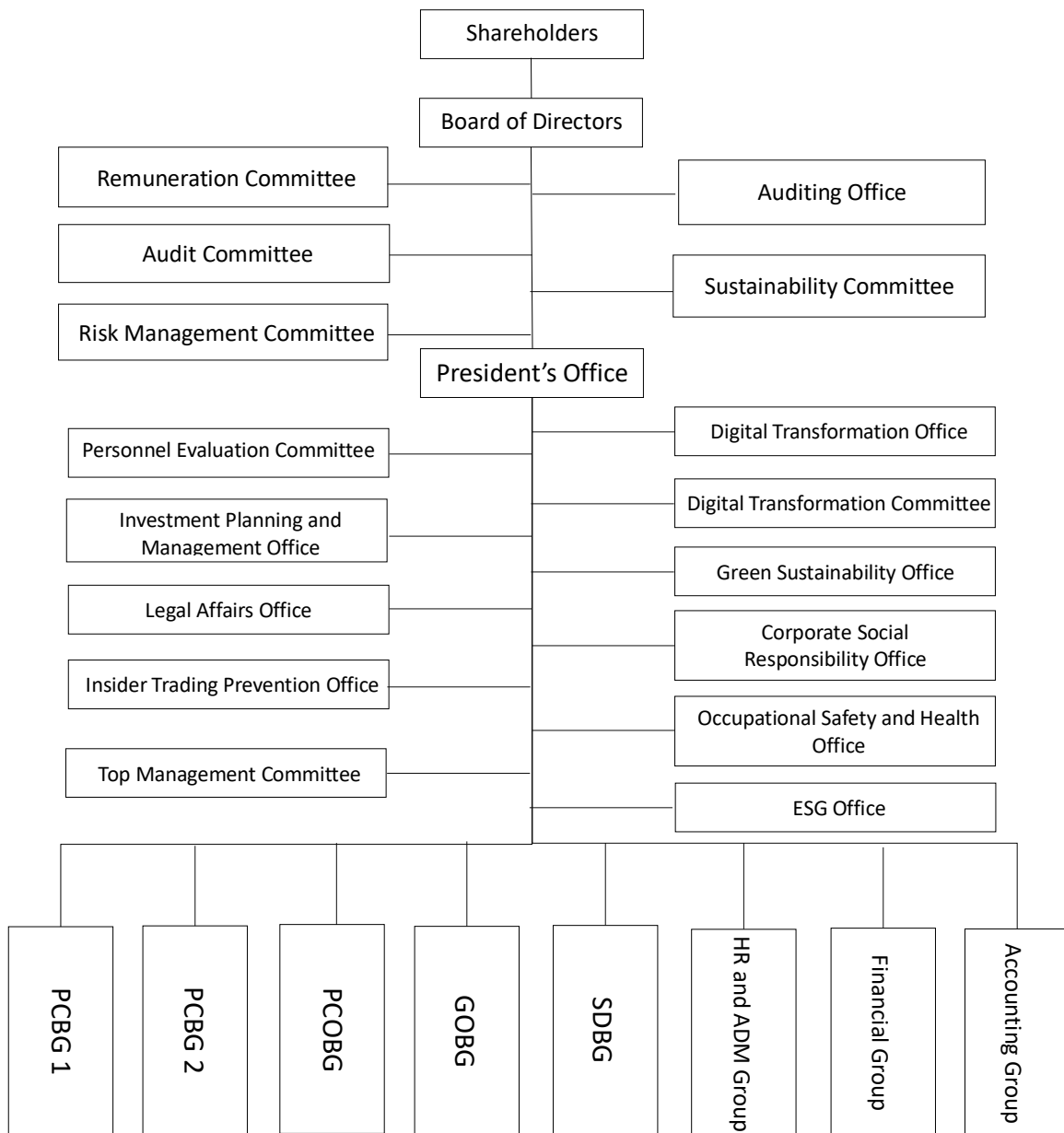
- The Company signed the contract of “New Taipei City RuiFang District Medical & Long-Term Care Facility BOT+BTO” with New Taipei City Government.
- The Company obtained the land use rights of 40 ha (hectare) located in the Thai Binh province, Vietnam to further expand the production in Vietnam.
- The Company’s share capital reached TWD 44.1 billion in 2022.
- The Company’s consolidated revenue reached TWD 1,073.2 billion in 2022.

## 2023

- Kinpo-Compal Group Headquarter, located in Beitou Shilin Technology Park, was officially ground breaking in February 2023.
  - Selected into the FTSE4GOOD Index and the FTSE4GOOD TIP Taiwan ESG Index.
  - Selected as a constituent stock of “Taiwan High Salary 100 Index” and “Taiwan Employment 99 Index”.
  - Won 17 awards at the 2023 “iF Design Awards”.
  - Selected into the “Taiwan Tech High Dividend Index”.
  - Ranked among the top 21%-35% in the TWSE-listed companies in the 9th round of "Corporate Governance Evaluation" organized by Taiwan Stock Exchange and Taipei Exchange.
  - Ranked 6th in CommonWealth Magazine’s “Top-2000 Manufacturers”.
- **Any changes to the management rights, significant changes of the management mode or business content, and other important matters that can affect shareholders' equity and their impact on the Company in the most recent year and up to the date of printing of the annual report: None.**

### 3.1 Organization

#### 3.1.1 Organizational Chart (As of May 8, 2023)



### 3.1.2 Major Corporate Functions

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

## 3.2 Directors and Management Team

### 3.2.1 Directors

April 23, 2023

Title/ Name/ Nationality (Note 1, 2)	Gender/ Age	Elected Date	Term	First Elected Date	Shareholding at election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current Position at COMPAL and Other Companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Chairman Sheng-Hsiung Hsu	Male 66-80	2021.8.27	3 years	1984.04.16	8,975,401	0.20%	8,975,401	0.20%	8,975,401	0.20%	17,107,025	0.39%	Honorary Doctorate, National Taiwan Normal University Chair of Kinpo Electronics, Inc.	(Note 5)	Director Director	Sheng-Chieh Hsu Chieh-Li Hsu	Brother's father and son
Vice-Chairman Jui-Tsung Chen	Male 66-80	2021.8.27	3 years	1992.04.30	35,352,587	0.80%	35,352,587	0.80%	35,352,587	0.80%	1,069,405	0.02%	Honorary Doctorate, National Cheng Kung University Chair of Arcadyan Technology Corp.	(Note 5)	N/A	N/A	N/A
Director Binpal Investment Co., Ltd.	-	2021.8.27	3 years	2018.6.22	5,000,000	0.11%	5,000,000	0.11%	5,000,000	0.11%	-	-	National Tao-Yuan Sr. Vocational Agricultural and Industrial School Director of BAOTEK, Inc.	(Note 5)	N/A	N/A	N/A
Representative: Wen-Being Hsu	Male 81-90			1984.04.16	5,000,000	0.11%	5,001,000	0.11%	5,001,000	0.11%	0	0.00%					
Director Kinpo Electronics, Inc.	-	2021.8.27	3 years	1990.06.22	151,628,692	3.44%	151,628,692	3.44%	151,628,692	3.44%	-	-	Master of International Business, Waseda University, Japan Chair and President of AcBel Polytech Inc.	(Note 5)	Chairman	Sheng-Hsiung Hsu	father and son
Representative: Chieh-Li Hsu	Male 36-50			2020.07.21	4,117,569	0.09%	4,117,569	0.09%	4,117,569	0.09%	631	0.00%					
Director Charng-Chyi Ko	Male 81-90	2021.8.27	3 years	1984.04.16	7,896,867	0.18%	7,896,867	0.18%	7,896,867	0.18%	30,645	0.00%	Bachelor of Business Dept., National Taiwan University PhD, Lincoln University, USA Chair of Taiwan Biotech Co., Ltd.	(Note 5)	N/A	N/A	N/A
Director Sheng-Chieh Hsu	Male 66-80	2021.8.27	3 years	1997.05.29	9,204,201	0.21%	9,204,201	0.21%	9,204,201	0.21%	8,152,928	0.18%	Bachelor of Architectural Dept., Tam- Kang University Director of Kinpo Electronics Inc.	(Note 5)	Chairman	Sheng-Hsiung Hsu	Brothers

Title/ Name/ Nationality (Note 1, 2)	Gender/ Age	Elected Date	Term	First Elected Date	Shareholding at election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current Position at COMPAL and Other Companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Director Yen-Chia Chou	Male 66-80	2021.8.27	3 years	1987.06.13	8,022,874	0.18%	8,022,874	0.18%	8,022,874	0.18%	2,502,768	0.06%	Bachelor of Geology Dept. National Taiwan University Director of Kinpo Electronics Inc.	(Note 5)	N/A	N/A	N/A
Director Chung-Pin Wong	Male 51-65	2021.8.27	3 years	2007.06.15	6,618,618	0.15%	6,618,618	0.15%	6,618,618	0.15%	1,398	0.00%	Master of Management Science, National Chiao- Tung University Chair of Compal Broadband Networks, Inc.	(Note 5)	N/A	N/A	N/A
Director Chiung-Chi Hsu	Male 51-65	2021.8.27	3 years	1994.04.23	2,117,731	0.05%	2,117,731	0.05%	2,117,731	0.05%	30,000	0.00%	Master of Golden Gate University, San Francisco, USA Director of I PAO Bearing Co., Ltd.	(Note 5)	N/A	N/A	N/A
Director Ming-Chih Chang	Male 51-65	2021.8.27	3 years	2018.6.22	1,919,489	0.04%	1,919,489	0.04%	1,919,489	0.04%	0	0.00%	Electrical Engineering Dept., Ming Chi Institute of Technology Director of Mactech Co., Ltd.	(Note 5)	N/A	N/A	N/A
Director Anthony Peter Bonadero	Male 51-65	2021.8.27	3 years	2018.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Texas A&M University Executive Vice-President of Auscom Engineering Inc.	(Note 5)	N/A	N/A	N/A
Director Sheng-Hua Peng	Male 51-65	2021.8.27	3 years	2018.6.22	835,000	0.02%	835,000	0.02%	835,000	0.02%	0	0.00%	Master of Electronics Engineering, National Taiwan University Director of Arcadyan Technology Corp.	(Note 5)	N/A	N/A	N/A
Independent Director Min-Chih Hsuan	Male 66-80	2021.8.27	3 years	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering Dept., National Chiao Tung University Chair and President of United Microelectronics Corp.	(Note 5)	N/A	N/A	N/A
Independent Director Duei Tsai	Male 66-80	2021.8.27	3 years	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., Electrical Engineering, National Taiwan University Independent Director of	(Note 5)	N/A	N/A	N/A

Title/ Name/ Nationality (Note 1, 2)	Gender/ Age	Elected Date	Term	First Elected Date	Shareholding at election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current Position at COMPAL and Other Companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
													Taiwan High Speed Rail Corporation				
Independent Director Wen-Chung Shen	Male 66-80	2021.8.27	3 years	1998.4.8	2,836,000	0.06%	2,836,000	0.06%	2,836,000	0.06%	2,315,000	0.05%	Bachelor of Electrical Engineering Dept., National Taiwan University Director of Compal Electronics, Inc.	(Note 5)	N/A	N/A	N/A

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

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

3. Wen-Chung Shen served as Director from April 22, 1998 to June 22, 2018.

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

5. Selected Current Positions as below:

Title	Name	Selected Current Positions
Chairman	Sheng-Hsiung Hsu	<p><b>Chairman:</b> Kinpo Electronics, Inc., Cal-Comp Electronics(Thailand) Public Company Limited, Cal-Comp Electronics and communications Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Teleport Access Services, Inc., Kinpo Group Management Consultant Company, Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., NTNU Innovation Investment Holding Company, Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Kinpo Electronics (China) Co., Ltd., Cal-Comp Precision Holding Co., Ltd., QBit Semiconductor Holding, Ltd.</p> <p><b>Managing Director:</b> Taiwan Biotech Co., Ltd.</p> <p><b>Director:</b> Crownpo Technology Inc., Compal System Trading (Kunshan) Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Ascendant Private Equity Investment Ltd., Billion Sea Holdings Ltd., Big Chance International Co., Ltd., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp Electronics de Mexico Co. S.A. de C.V., Cal-Comp Precision (Philippines), Inc., Cal-Comp Precision (Singapore) Limited, Cal-Comp Precision (Thailand) Limited, Cal-Comp USA (San Diego), Co., Inc., Center Mind International Co., Ltd., Compal Display Holding (HK) Limited, Compal Electronics (Holding) Ltd., Compal Electronics International Ltd., Compal International Ltd., Compal International Holding (HK) Limited, Compal International Holding Co., Ltd., Compal Rayonnant Holdings Ltd., Confiar Land Corp., Core Profit Holdings Ltd., Flight Global Holding Inc., Fortune Way Technology Corp., Goal Reach Enterprises Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Kinpo Electronics (Philippines), Inc., Kinpo International (Singapore) Pte. Ltd., Kinpo International Ltd., Lipo Holding Co., Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Ranashe</p>

Title	Name	Selected Current Positions
		<p>International Ltd., Smart International Trading Ltd.</p> <p><b>Group CEO:</b> Kinpo Electronics, Inc.</p> <p><b>President:</b> Kinpo Group Management Consultant Company, Cal-Comp Precision Holding Co., Ltd.</p> <p><b>Other:</b> Honorary Chair of Chinese National Federation of Industries, Honorary Chair of Importers and Exporters Association of Taipei, Honorary Chair of The Third Wednesday Club, Policy Consultant of Taiwan Electrical and Electronic Manufacturers' Association., Chair of China Productivity Center, Vice Chair of Straits Exchange Foundation, Vice-Chair of Sinocon Industrial Standards Foundation</p>
Vice Chairman	Jui-Tsung Chen	<p><b>Chairman:</b> Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., Palcom International Corporation, General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., River Regeneration and Rejuvenation Biotechnology Co. Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd.,</p> <p><b>Director:</b> Compal Broadband Networks, Inc., Mactech Co., Ltd., HengHao Technology Co. Ltd., UNICOM GLOBAL, INC., Kinpo Group Management Consultant Company, Phoenix Innovation Venture Capital Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Development &amp; Management (Vietnam) Co., Ltd., Ascendant Private Equity Investment Ltd., Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Billion Sea Holdings Ltd., Big Chance International Co., Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Americas (US) Inc., Compal Display Holding (HK) Limited, Compal Electronics International Ltd., Compal Electronics N.A. Inc., Compal Electronics (Holding) Ltd., Compal International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holdings Ltd., Compal USA (Indiana), Inc., Compalead Electronics B.V., Compal Wise Electronic (Vietnam) Co., Ltd., Core Profit Holdings Ltd., Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Ltd., Goal Reach Enterprises Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Smart International Trading Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd., Webtek Technology Co., Ltd.</p> <p><b>Independent Director:</b> Powertech Technology Inc.</p> <p><b>Audit Committee Member:</b> Powertech Technology Inc.</p> <p><b>Chief Strategy Officer:</b> Compal Electronics, Inc.</p> <p><b>Other:</b> Director of Chengdian Culture and Education Foundation</p>
Director	Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	<p><b>Chairman:</b> Binpal Investment Co., Ltd., Yuanbao Investment Co., Ltd.</p>
Director	Kinpo Electronics, Inc.	<p><b>Director:</b> AcBel Polytech Inc., CastleNet Technology Inc., Crownpo Technology Inc., iHELPER Inc.,-Norm Pacific Automation Corp., Teleport Access Services, Inc., XYZprinting, Inc., Kinpo Group Management Consultant Company, Cal-Comp Asset Management, Inc., Prudence Venture Investment Corp.,</p>

Title	Name	Selected Current Positions
	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu	<p>NTNU Innovation Investment Holding Company</p> <p><b>Chairman:</b> AcBel Polytech Inc., AcSacca Solar Energy Co., Ltd., AcTel Power Co.,Ltd., AcGile EV Power Inc., KangYang New Energy Co., Ltd., AcRay Energy Co., Ltd., AcTek Energy Co., Ltd., AcLeap Power Inc., Sumray Power Company, AcBel Electronic (Dong Guan) Co., Ltd., AcBel Electronic (Wuhan) Co., Ltd., Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd., Acbel Polytech Philippines, Inc.</p> <p><b>Vice-Chairman:</b> Cal-Comp Electronics (Thailand) Public Company Limited</p> <p><b>Executive Director:</b> Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd., Chongqing Kanghua Metal Product Co., Ltd.</p> <p><b>Director:</b> CastleNet Technology Inc., The Eslite Spectrum Corporation, ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd., VesCir Ltd., QBit Semiconductor Ltd., Shangbao Enterprise Inc., XYZprinting, Inc., Melvita Taiwan Ltd., Ginza Sakoh Taiwan Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd., LIZ Electronics (Nantong) Co., Ltd., Cal-Comp Precision Holding Co., Ltd., Acbel (USA) Polytech Inc., Acbel Polytech (Ireland) Limited, AcBel Polytech (SAMOA) Investment Inc., Acbel Polytech (Singapore) Pte Ltd., Acbel Polytech (UK) Limited, Acbel Polytech Holdings Inc., AcBel Polytech International Inc., AcBel Polytech Japan Inc., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp Electronics de Mexico Co., S.A. de C.V., Cal-comp Industria De Semicondutores S.A., Cal-Comp Precision (Malaysia) SDN. BHD., Cal-Comp Precision (Thailand) Limited, Cal-Comp USA (San Diego), Co., Inc., CK Holdings Inc., CSA Holdings Inc., Power Station Holdings Ltd., QBit Semiconductor Holding, Ltd., Target Gain Corporation</p> <p><b>Supervisor:</b> Teleport Access Services, Inc., Kinpo Group Management Consultant Company, Full Power Investment Co., Ltd</p> <p><b>Independent Director:</b> Winbond Electronics Corporation</p> <p><b>Remuneration Committee Member:</b> Winbond Electronics Corporation</p> <p><b>Audit Committee Member:</b> Winbond Electronics Corporation</p> <p><b>Chief Strategy Officer:</b> Cal-Comp Electronics and Communications Co., Ltd.</p> <p><b>President:</b> AcBel Polytech Inc., Kinpo&amp;Compal Group Assets Development Corporation, AcBel Electronic(Dong Guan) Co., Ltd., AcBel Electronic (Wuhan) Co., Ltd., Acbel (USA) Polytech Inc., Acbel Polytech Philippines, Inc.</p> <p><b>Other:</b> Vice-Chair of Taiwan Electrical and Electronic Manufacturers' Association, Director of Chinese National Federation of Industries, Director of Importers and Exporters Association of Taipei, Director of The Third Wednesday Club</p>
Director	Charng-Chyi Ko	<p><b>Chairman:</b> Taiwan Biotech Co., Ltd., All For Health Biotech Co., Ltd., Evergene Biotech Industrial Co., Ltd., Weck Tech Biotech Co., Ltd., Global BioParma Ltd., Genhealth Pharma Co., Ltd., Taiwan Veterans Pharmaceutical Co., Ltd., Aseptic Innovative Medicine Co., Ltd., Young &amp; Health Care Resorts Inc., Long Yee Investment Co. Ltd., Taiwan Venture Capital Co., Ltd., Yinfeng International, Inc., Taiwan Chariston AMC Corp., Ltd, Twin Luck Global Company Ltd.</p> <p><b>Vice-Chairman:</b> OmniHealth Group, Inc.</p> <p><b>Director:</b> Kinpo Electronics, Inc., Formosan Union Chemical Corp., Chang Yao Technology Inc., All Information Inc., Taiwan Carefor Home Pharmacy Co., Ltd., Minsheng Medical Holding Inc., Gold Precision Ltd., KKXC Intergrated Management Holding (CYPRUS) Ltd., Optics Lab Inc., Syn Pharm Inc.</p> <p><b>Supervisor:</b> Teleport Access Services, Inc., Sunny Special Dyeing &amp; Finishing Co., Ltd.</p> <p><b>Other:</b> Chair of Yang Bi Li Education Foundation of Management, Director of Health, Welfare &amp; Environment Foundation, Managing Supervisor of Cross-Strait Health Care and Leisure Activities Association</p>



Title	Name	Selected Current Positions
Director	Sheng-Chieh Hsu	<p><b>Chairman:</b> Integrate Investment Corp.</p> <p><b>Director:</b> Cal-Comp Electronics (Thailand) Public Company Limited, Cal-Comp Electronics and communications Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Kinpo Electronics (China) Co., Ltd., Dongguan Kaipu Electronics Co., Ltd., Kinpo International Ltd.</p> <p><b>Supervisor:</b> Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.</p> <p><b>Chairman of Development Executive Committee:</b> Kinpo&amp;Compal Group Assets Development Corporation</p>
Director	Yen-Chia Chou	<p><b>Chairman:</b> Sceptre Industry Co., Ltd., Mega Industry Co., Ltd.</p> <p><b>Director:</b> Micro Metal Electronics Co., Ltd.</p> <p><b>Supervisor:</b> Full Power Investment Co., Ltd.</p> <p><b>President:</b> Sceptre Industry Co., Ltd.</p>
Director	Chung-Pin Wong	<p><b>Chairman:</b> Compal Broadband Networks, Inc., Poindus System Corp., Starmems Semiconductor Corp., HengHao Technology Co. Ltd., Rayonnant Technology Co., Ltd., HippoScreen Neurotech Corp., Shennona Co., Ltd., UNICOM GLOBAL, INC., Compal USA (Indiana), Inc., Wah Yuen Technology Holding Ltd.</p> <p><b>Executive Director:</b> Compower Global Service Co., Ltd.</p> <p><b>Director:</b> Arcadyan Technology Corporation, Mactech Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Ripal Optotronics Co., Ltd., Infino Technology Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., Kinpo&amp;Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Kinpo Group Management Consultant Company, Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Allied Power Holding Corp., Auscom Engineering Inc., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., HengHao Holdings A Co., Ltd., HengHao Holdings B Co., Ltd., Primetek Enterprises Ltd., Shennona Corporation, Sirqul Inc.</p> <p><b>Supervisor:</b> Hong Ya Technology Corporation</p> <p><b>President:</b> Compal Electronics, Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd.</p> <p><b>Sustainability Committee Member:</b> Compal Electronics, Inc.</p> <p><b>Risk Management Committee Member:</b> Compal Electronics, Inc.</p>
Director	Chiung-Chi Hsu	<p><b>Chairman:</b> Full Power Investment Co., Ltd.</p> <p><b>Director:</b> E-Bow Bearing Co., Ltd., Juan Hsin Bao Hardware co., Ltd., Jin Yongxiang co., Ltd.</p>
Director	Ming-Chih Chang	<p><b>Director:</b> Mactech Co., Ltd., Panpal Technology Corp., Kunshan Botai Electronics Co., Ltd., CGS Technology (Poland) Sp. z o.o. Compal Europe (Poland) Sp. z o.o.</p> <p><b>President:</b> Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compower Global Service Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Management (Chengdu) Co., Ltd.</p>

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

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

April 1, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.29%), Panpal Technology Corp. (4.64%), GEBO Limited (3.43%), Lai-Shun Shen Tsai (2.79%), Ho Bao Investment Co., Ltd. (2.00%), Ruey Shinn Co., Ltd. (1.87%), Li Chu Tsai (1.45%), Kun-Chao Shen (1.44%), UBS Taipei Branch is subject to Li Chu Tsai trust property account (1.34%), JPMorgan Chase Bank Taipei Branch is entrusted with the safekeeping of Van Gard Emerging Market Stock Index Fund investment account of the manager of Van Gard Group (1.24%)

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

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

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

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

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

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

Name	Conditions	Professional Qualification & Experience	Independence Status of Independent Directors	No. of concurrent Independent directorships of other public firms held
Director Anthony Peter Bonadero		Texas A&M University Executive Vice President of Auscom Engineering Inc. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Sheng-Hua Peng		Master of Science in Electrical Engineering, National Taiwan University Director of Arcadyan Technology Corp., Executive Vice President of Compal and Senior Vice President of Compal Communications, Inc. The Director possesses more than 20 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	N/A	
Director Min Chih Hsuan		Honorary Doctorate, Department of Electrical Engineering, National Chiao Tung University Chairman, Vice Chairman, CEO, President and Honorary Vice Chairman of United Microelectronics Corp. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	Compliance with independence criteria (note) The person or their spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.	
Director Duei Tsai		PhD, Graduate Institute of Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd. and Independent Director for Public Welfare of Starlux Airlines Co., Ltd. The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	Compliance with independence criteria (note) The person or their spouse or relatives within the second degree of kinship (or in the name of others) hold 0 shares of the Company with a shareholding percentage of 0%.	3
Director Wen-Chung Shen		Department of Electrical Engineering, National Taiwan University Chairman of Her Tuo Co., Ltd., and Director and Executive Vice President of Compal The Director possesses more than 30 years of work experience required for the business of the Company and has not been a person of any conditions defined in the Company Act, Article 30.	Compliance with independence criteria (note) Number of shares of the Company and shareholding ratio of the person or their spouse or relatives within the second degree of kinship (or in the name of others): 5,151,000 shares, 0.11%	

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

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

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

### 1. The Diversity of the Board of Directors:

- (1) In accordance with the Company’s Corporate Governance Best-Practice Principles, the composition of the board of directors shall be determined by taking diversity. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:
1. Ability to make operational judgments.
  2. Ability to perform accounting and financial analysis.
  3. Ability to conduct management administration.
  4. Ability to conduct crisis management.
  5. Knowledge of the industry.
  6. An international market perspective.
  7. Ability to lead.
  8. Ability to make policy decisions.

(2) Status of board member diversification:

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

Note: The GICS Level 1 sectors: Energy, Materials, Industrials, Consumer Discretionary, Consumer Staples, Healthcare, Financials, Information Technology, Communication Services, Utilities, and Real Estate.



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

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

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

When the company plans to re-elect the next term of directors, the number of independent directors shall not be less than 1/3 of all directors. In addition, at least one female director shall serve, helping achieve the specific goal of diversification of the Company's Directors member.

## 2. Independence of the Board of Directors:

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

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

### 3.2.2 Management Team

April 23, 2023

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

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Position at COMPAL and Other Companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
President									University Senior Vice-President of Compal Communication Inc.				
Senior Vice- President	Shi-Kuan Chen	2009.05.01	0	0.00%	0	0.00%	0	0.00%	Master of Industrial Design, Cranbrook Academy of Art Director of Design and Customer Affairs, Philips (Hong Kong)	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Chi-Wai Wan	2017.05.10	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering Dept., Fu Jen Catholic University Senior Vice-President of Inventec Corp.	N/A	N/A	N/A	N/A
Senior Vice- President	Min-Tung Weng	2018.12.01	623,786	0.01%	0	0.00%	0	0.00%	Master of Business Administration, Washington University, USA Deputy Manager of Sales, Kapok Computer Company	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Lo-Chun Lee	2018.12.01	420,000	0.01%	0	0.00%	0	0.00%	Electronic Engineering Dept., Lee-Ming Institute of Technology Chair's Special Assistant, Mag Technology Co., Ltd.	N/A	N/A	N/A	N/A
Senior Vice- President	Sheng-Hung Li	2019.11.11	285,574	0.01%	0	0.00%	0	0.00%	Electronics Dept., National Taiwan University of Science and Technology	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Bor-Heng Chen	2020.05.13	280,010	0.01%	0	0.00%	0	0.00%	Master of Industrial Engineering and Operations Management, Columbia University	N/A	N/A	N/A	N/A
Senior Vice- President	Chung-Hsing Tan	2020.08.12	0	0.00%	5,320	0.00%	0	0.00%	Master of Electrical Engineering, Tatung University Vice-President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Senior Vice- President	Ta-Chun Wang	2016.06.29	204,200	0.00%	4,119	0.00%	0	0.00%	Tamkang University PhD of Finance Managing Vice-President of Shanghai Real Industrial Co., Ltd.	(Note 4)	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Position at COMPAL and Other Companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice-President	Chih-Chuan Cheng	2003.01.01	2,103,786	0.05%	51,194	0.00%	0	0.00%	Department of Electronic Engineering, Lunghwa University of Science and Technology Deputy Manager of Research and Development, Top Information Technologies Co., Ltd.	N/A	N/A	N/A	N/A
Vice-President	Ching-Hsiung Lu	2003.01.01	7,237,007	0.16%	650,000	0.01%	0	0.00%	Bachelor of Accounting Dept., Feng Chia University Director Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Chief Information Security Officer and Vice- President	Po-Tang Wang	2007.07.10	559,548	0.01%	486	0.00%	0	0.00%	Bachelor of Computer Science and Information Engineering Dept., National Taiwan University President of Vibo Telecom Inc.	(Note 4)	Chief Strategy Officer	Jui-Tsung Chen	Relative by affinity
Vice-President	Tzong-Ming Wang	2009.07.16	283,184	0.01%	0	0.00%	0	0.00%	National Taipei Institute of Technology Head of Research and Development, CLEVO Company	N/A	N/A	N/A	N/A
Vice-President	Fu-Chuan Chang	2009.07.16	160,662	0.00%	0	0.00%	0	0.00%	National Chin-Yi University of Technology Production Manager, ADI Corp	(Note 4)	N/A	N/A	N/A
Vice-President	Yong-Ho Su	2011.07.01	410,401	0.01%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei Institute of Technology Vice-President of Arima Photovoltaic and Optical Corp.	N/A	N/A	N/A	N/A
Vice-President	Jyh-Shyan Liang	2011.10.31	75,000	0.00%	0	0.00%	0	0.00%	Master of Digital Communication, University of Colorado Boulder, USA Vice-President of Wireless Communication, Altek Corporation	(Note 4)	N/A	N/A	N/A
Vice-President	Yi-Yun Chang	2014.08.13	140,246	0.00%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Taiwan University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current Position at COMPAL and Other Companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice-President	Hsin-Kung Mao	2014.11.13	500,714	0.01%	0	0.00%	0	0.00%	Master of Business Administration, University of Lincoln Vice-Chairman of Poindus System Corp.	(Note 4)	N/A	N/A	N/A
Vice-President	Shih-Hong Huang	2016.02.24	0	0.00%	0	0.00%	0	0.00%	Master in Control Engineering, National Chiao Tung University Director of Coretronic Corporation	N/A	N/A	N/A	N/A
Vice-President	Yi-Chiang Chiu	2016.02.24	280,000	0.01%	0	0.00%	0	0.00%	Master of Earth Sciences, National Central University	N/A	N/A	N/A	N/A
Vice-President	Jui-Chun Shyur	2016.05.11	0	0.00%	0	0.00%	0	0.00%	Ph.D., Electrical Engineering, National Taiwan University President of Photonics Industries International, Inc.	N/A	N/A	N/A	N/A
Chief Legal Officer and Vice-President	Peng-Hong Chan	2018.05.09.	0	0.00%	0	0.00%	0	0.00%	Master of Cornell University Law School, USA CSO, Pou Chen Group	N/A	N/A	N/A	N/A
Corporate Governance & Accounting Officer and Vice-President	Cheng-Chiang Wang	2018.07.04 2019.05.13	955,808	0.02%	30	0.00%	0	0.00%	Bachelor of Accounting Dept., Fu Jen Catholic University Financial officer of Allied Circuit Co., Ltd.	(Note 4)	N/A	N/A	N/A
Vice-President	Cheng-Hui Su	2018.12.01	105,000	0.00%	0	0.00%	0	0.00%	Master of Business Administration, Tulane University	N/A	N/A	N/A	N/A
Vice-President	Tu-Chuan Tu	2018.12.01	593,081	0.01%	62,105	0.00%	0	0.00%	Vanung University, Vanung University	N/A	N/A	N/A	N/A
Vice-President	Chang-Chieh Tien	2018.12.01	403	0.00%	0	0.00%	0	0.00%	Bachelor of Transportation Management Dept., National Chiao Tung University	N/A	N/A	N/A	N/A
Financial Officer and Vice-President	Guo-Dung Yu	2020.08.12	60,000	0.00%	0	0.00%	0	0.00%	Master of Accounting, George Washington University Financial officer of Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A
Vice-President	Peng Kuee Lau	2020.08.12	0	0.00%	0	0.00%	0	0.00%	Bachelor of Science and Technology	N/A	N/A	N/A	N/A

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

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

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

3. Vice-Presidents Chiao-Lie Huang, Wei-Chia Wang and Yau-De Chiou resigned in 2022. Vice Presidents Jen-Liang Lin transferred in 2023.

4. Concurrent positions in other companies

Title	Name	Selected Current Positions
Executive Vice- President	Chen-Chang Hsu	<b>Chairman:</b> HengHong Optoelectronics Technology (Kunshan) Co., Ltd., LUCOM Display Technology (KunShan) Ltd. <b>Vice-Chairman:</b> HengHao Technology Co. Ltd. <b>Director:</b> Mactech Co., Ltd. <b>President:</b> HengHao Technology Co. Ltd., HengHong Optoelectronics Technology (Kunshan) Co., Ltd., LUCOM Display Technology (KunShan) Ltd.
Senior Vice- President	Chun-Te Shen	<b>Director:</b> HippoScreen Neurotech Corp., Auscom Engineering Inc., Shennona Corporation

Title	Name	Selected Current Positions
Senior Vice-President	Chyou-Jui Wei	<p><b>Director:</b> Taiwan Star Telecom Co., Ltd., Chenfeng Optronics Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., IIH Biomedical Venture Fund I Co., Hua Vi Venture Capital Corporation, Hua VII Venture Capital Corporation, Cdib &amp; Partners Investment Holding Corp., Compal Electronic Technology (Chongqing) Co., Ltd., Compal Precision Module(Jiangsu) Co., Ltd., ShengBao Precision Electronics (Taicang) Ltd., Rayonnant Technology (HK) Holdings Limited, Ju Teng Electronic Technology (Vietnam) Limited., Compal Americas (US) Inc., Compal Electronics N.A. Inc.</p> <p><b>Supervisor:</b> HengHao Technology Co. Ltd., Rayonnant Technology Co., Ltd., Mactech Co., Ltd., Taiwan Intelligent Robotics Company, Ltd., Infinno Technology Corp., Ripal Optotronics Co., Ltd., UNICOM GLOBAL, INC., Aco Healthcare Co., Ltd., Ray-Kwong Medical Management Consulting Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd.</p> <p><b>President:</b> Compal Ruifang Health Assets Development Corporation</p> <p><b>Independent Director:</b> SYNergy ScienTech Corp., Visco Vision Inc.</p> <p><b>Remuneration Committee Member:</b> SYNergy ScienTech Corp., Visco Vision Inc.</p> <p><b>Audit Committee Member:</b> SYNergy ScienTech Corp., Visco Vision Inc.</p>
Senior Vice-President	Wen-Da Hsu	<b>Director:</b> HANHELT Communications (Nanjing) Co., Ltd.
Senior Vice-President	Shi-Kuan Chen	<b>Director:</b> Rayonnant Technology Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd.
Senior Vice-President	Min-Tung Weng	<p><b>Director:</b> Auscom Engineering Inc.</p> <p><b>President:</b> Auscom Engineering Inc.</p>
Senior Vice-President	Sheng-Hung Li	<b>Deputy Sustainability Officer of Sustainable Committee:</b> Compal Electronics, Inc.
Senior Vice-President	Chung-Hsing Tan	<b>Director:</b> Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.
Senior Vice-President	Ta-Chun Wang	<p><b>Director:</b> Compal USA (Indiana), Inc., Compal Americas (US) Inc., Compal Electronics N.A. Inc.</p> <p><b>President:</b> Compal USA (Indiana), Inc., Compal Americas (US) Inc., Compal Electronics N.A. Inc.</p>
Vice-President	Ching-Hsiung Lu	<p><b>Director:</b> Zhi-Bao Technology Corporation, Arcadyan Technology (Shanghai) Corp.</p> <p><b>Supervisor:</b> Kinpo&amp;Compal Group Assets Development Corporation, Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd.</p>

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



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

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

Unit: TWD 1,000; Thousand shares; %

Title	Name	Directors' remuneration								The sum of A, B, C and D and as a percentage of after-tax profits		Remuneration as an employee						The sum of A, B, C, D, E, F and G and as a percentage of after-tax profits		Remuneration from ventures other than subsidiaries or from the parent company (H)		
		Remuneration (A)		Pension (B)		Remuneration from earnings appropriation (C)		Business department implementation Fees for services rendered (D)				Salaries, bonuses, special allowances, etc (E)		Retirement pension (F)		Share of profits as an employee (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	Cash Amount	Stock Amount	Cash	Stock		The Company	All companies included in the financial statements
Chairman	Sheng-Hsiung Hsu																					
Vice-Chairman	Jui-Tsung Chen																					
Director	Representative of Binpal Investment Co., Ltd. Wen-Being Hsu																					
Director	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu,									41,993	42,777									136,792	186,750	
Director	Charng-Chyi Ko	0	0	0	0	39,709	39,709	2,284	3,068	0.5762%	0.5869%	72,935	122,109	784	784	21,080	0	21,080	0	1.8769%	2.5623%	30,787
Director	Sheng-Chieh Hsu																					
Director	Yen-Chia Chou																					
Director	Chung-Pin Wong																					
Director	Chiung-Chi Hsu																					
Director	Ming-Chih Chang																					
Director	Anthony Peter Bonadero																					
Director	Sheng-Hua Peng																					
Independent Director	Min-Chih Hsuan									7,675	7,675									7,675	7,675	
Independent Director	Duei Tsai	7,200	7,200	0	0	0	0	475	475	0.1053%	0.1053%	0	0	0	0	0	0	0	0	0.1053%	0.1053%	0
Independent Director	Wen-Chung Shen																					

1. Please state the remuneration payment policy, system, standard and structure of Independent Directors, and the relationship between factors such as the responsibilities, risks and time devoted, and the amount of remuneration: The remuneration of Independent Directors shall be submitted by the remuneration committee to the Board of Directors and decided by the Board of Directors, which depended on personal participation in and contribution to the Company's business and benchmarks within the same industry according to the "Articles of Association".

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

Note: 1. In 2022, the Company made pension contributions totaling TWD 784,000 (including TWD 324,000 under the new system and TWD 460,000 under the old system) for Directors who also assumed managerial roles as employees; Meanwhile, all companies reported in the financial statements had made pension contributions totaling TWD 784,000 (including TWD 324,000 under the new system and TWD 460,000 under the old system).

2. The distribution of directors' remuneration, was approved by the Board of Directors meeting on March 15, 2023. The remuneration amount of the Directors aforementioned is not determined fully until authorized by a meeting of the Board of Directors.

### Table of Remuneration Ranges

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

Note:

1. Wen-Being Hsu,Chieh-Li Hsu-2 positions
2. Sheng-Chieh Hsu,Yen-Chia Chou,Chung-Pin Wong,Chiung-Chi Hsu,Ming-Chih Chang,Sheng-Hua Peng,Min Chih Hsuan, Duei Tsai, Wen-Chung Shen, Anthony Peter Bonadero,Kinpo Electronics, Inc.-11 positions
3. Jui-Tsung Chen,Charng-Chyi Ko,Binpal Investment Co., Ltd.-3 positions
4. Sheng-Hsiung Hsu-1 position
5. Wen-Being Hsu,Chieh-Li Hsu-2 positions
6. Sheng-Chieh Hsu,Yen-Chia Chou,Chung-Pin Wong,Chiung-Chi Hsu,Ming-Chih Chang,Sheng-Hua Peng,Min Chih Hsuan, Duei Tsai, Wen-Chung Shen, Anthony Peter Bonadero,Kinpo Electronics, Inc.-11 positions
7. Jui-Tsung Chen,Charng-Chyi Ko,Binpal Investment Co., Ltd.-3 positions
8. Sheng-Hsiung Hsu.-1 position
9. Wen-Being Hsu,Chieh-Li Hsu-2 positions
10. Sheng-Chieh Hsu,Yen-Chia Chou,Chiung-Chi Hsu,Min Chih Hsuan, Duei Tsai, Wen-Chung Shen, Anthony Peter Bonadero,Kinpo Electronics, Inc.-8 positions
11. Charng-Chyi Ko,Binpal Investment Co., Ltd.-2 positions
12. Sheng-Hsiung Hsu-1 position
13. Ming-Chih Chang,Sheng-Hua Peng -2 positions

14. Jui-Tsung Chen, Chung-Pin Wong -2 positions
15. Wen-Being Hsu-1 position
16. Chieh-Li Hsu, Yen-Chia Chou, Chiung-Chi Hsu, Min Chih Hsuan, Duei Tsai, Wen-Chung Shen, Kinpo Electronics, Inc. -7 positions
17. Binpal Investment Co., Ltd.-1 position
18. Charng-Chyi Ko, Sheng-Chieh Hsu-2 positions
19. Sheng-Hsiung Hsu, Ming-Chih Chang, Sheng-Hua Peng-3 positions
20. Jui-Tsung Chen, Chung-Pin Wong, Anthony Peter Bonadero-3 positions

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

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

Unit: TWD 1,000; Thousand shares; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Share of profits as an employee (D)				Sum of A, B, C and D and as a percentage of after-tax profits (%)		Remuneration from ventures other than subsidiaries or from the parent company (E)
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
44 employees including CSO Jui-Tsung Chen (Note1)		131,458	137,641	5,925	5,925	206,935	207,509	90,620	0	90,620	0	434,938 5.96763%	441,695 6.06034%	371

Note: 1. Managers' titles and names

- Chief Strategy Officer: Jui-Tsung Chen - 1 position
  - President: Chung-Pin Wong - 1 position
  - Executive Vice-Presidents: Ming-Chih Chang, Shen-Hua Peng, and Chen-Chang Hsu - 3 positions
  - Senior Vice-Presidents: Chun-Te Shen, Kuo-Chuan Chen, Chyou-Jui Wei, Wen-Da Hsu, Shi-Kuan Chen, Chi-Wai Wan, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, Bor-Heng Chen, Chung-Hsing Tan, and Ta-Chun Wang - 12 positions
  - Vice-Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Po-Tang Wang, Tzong-Ming Wang, Fu-Chuan Chang, Yong-Ho Su, Jyh-Shyan Liang, Yi-Yun Chang, Hsin-Kung Mao, Shih-Hong Huang, Yi-Chiang Chiu, Jui-Chun Shyur, Peng-Hong Chan, Cheng-Chiang Wang, Cheng-Hui Su, Tu-Chuan Tu, Chang-Chieh Tien, Guo-Dung Yu, Peng Kuee Lau, Hou-Chun Liu, Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, Choo-Tain Chiu, Wei-Chia Wang, Yau-De Chiou, Liang-Jen Lin- 27 positions
2. In 2022, the Company made pension contributions totaling TWD 5,925,000 (including TWD 4,169,000 under the new system and TWD 1,756,000 under the old system). While all companies reported in the financial statements made pension contributions totaling TWD 5,925,000 (including TWD 4,169,000 under the new system and TWD 1,756,000 under the old system).

3. Employees' compensation appropriation was approved by the Board of Directors at the meeting on March 15, 2023. The compensations of the aforementioned managers were not yet final and will be reviewed prior to the date of distribution.

**Table of Remuneration Ranges**

Range of Remuneration	Number of President and Vice-Presidents	
	Total of (A+B+C+D)	Total of (A+B+C+D+E)
	The Company	Companies in the consolidated financial statements
Under TWD 1,000,000	1 (Note 1)	1 (Note 9)
TWD 1,000,000 - TWD 2,000,000 (exclusive)	1 (Note 2)	1 (Note 10)
TWD 2,000,000 - TWD 3,500,000 (exclusive)	1 (Note 3)	
TWD 3,500,000 - TWD 5,000,000 (exclusive)	5 (Note 4)	4 (Note 11)
TWD 5,000,000 - TWD 10,000,000 (exclusive)	21 (Note 5)	23 (Note 12)
TWD 10,000,000 - TWD 15,000,000 (exclusive)	9 (Note 6)	9 (Note 13)
TWD 15,000,000 - TWD 30,000,000 (exclusive)	4 (Note 7)	4 (Note 14)
TWD 30,000,000- TWD 50,000,000 (exclusive)	2 (Note 8)	2 (Note 15)
TWD 50,000,000 - TWD 100,000,000 (exclusive)		
Over TWD 100,000,000 (inclusive)		
<b>Total</b>	<b>44</b>	<b>44</b>

Note:

1. Wei-Chia Wang-1 position
2. Yau-De Chiou-1 position
3. Jen-Liang Lin-1 position
4. Ching-Hsiung Lu 、 Fu-Chuan Chang 、 Jui-Chun Shyur 、 Jue-Teng Chang 、 Choo-Tain Chiu -5 positions
5. Chun-Te Shen 、 Kuo-Chuan Chen 、 Wen-Da Hsu 、 Chih-Chuan Cheng 、 Po-Tang Wang 、 Tzong -Ming Wang 、 Jyh-Shyan Liang 、 Yi-Yun Chang 、 Hsin-Kung Mao 、 Shih-Hong Huang 、 Yi-Chiang Chiu 、 Peng-Hong Chan 、 Cheng-Chiang Wang 、 Cheng-Hui Su 、 Tu-Chuan Tu 、 Tu-Chuan Tu 、 Guo-Dung Yu 、 Peng Kuee Lau 、 Hou-Chun Liu 、 Wu-Ching Chi 、 Hsin-Chung Chen-21 positions
6. Chyou-Jui Wei 、 Shi-Kuan Chen 、 Min-Tung Weng 、 Lo-Chun Lee 、 Sheng-Hung Li 、 Bor-Heng Chen 、 Chung-Hsing Tan 、 Ta-Chun Wang 、 Yong-Ho Su-9 positions
7. Ming-Chih Chang 、 Sheng-Hua Peng 、 Chen-Chang Hsu 、 Chi-Wai Wan -4 positions
8. Jui-Tsung Chen 、 Chung-Pin Wong-2 positions
9. Wei-Chia Wang-1 position
10. Yau-De Chiou-1 position
11. Ching-Hsiung Lu 、 Fu-Chuan Chang 、 Jui-Chun Shyur 、 Jen-Liang Lin-4 positions
12. Chun-Te Shen 、 Kuo-Chuan Chen 、 Wen-Da Hsu 、 Chih-Chuan Cheng 、 Po-Tang Wang 、 Tzong -Ming Wang 、 Jyh-Shyan Liang 、 Yi-Yun Chang 、 Hsin-Kung Mao 、 Shih-Hong Huang 、 Yi-Chiang

- Chiu、Peng-Hong Chan、Cheng-Chiang Wang、Cheng-Hui Su、Tu-Chuan Tu、Tu-Chuan Tu、Guo-Dung Yu、Peng Kuee Lau、Hou-Chun Liu、Wu-Ching Chi、Hsin-Chung Chen、Jue-Teng Chang、Choo-Tain Chiu-23 positions
13. Chyou-Jui Wei、Shi-Kuan Chen、Min-Tung Weng、Lo-Chun Lee、Sheng-Hung Li、Bor-Heng Chen、Chung-Hsing Tan、Ta-Chun Wang、Yong-Ho Su-9 positions
14. Ming-Chih Chang、Sheng-Hua Peng、Chen-Chang Hsu、Chi-Wai Wan-4 positions
15. Jui-Tsung Chen、Chung-Pin Wong-2 positions

### Employee profits sharing granted to the management team

Unit: TWD 1,000

Title	Name	Stock Amount	Cash Amount	Total Amount	Total as a percentage of after-tax profits (%)
41 employees including CSO Jui-Tsung Chen (Note 1)		0	90,620	90,620	1.2434%

Note: 1. Managers' titles and names

- Chief Strategy Officer: Jui-Tsung Chen - 1 position
  - President: Chung-Pin Wong - 1 position
  - Executive Vice-Presidents: Ming-Chih Chang, Shen-Hua Peng, and Chen-Chang Hsu – 3 positions
  - Senior Vice-Presidents: Chun-Te Shen, Kuo-Chuan Chen, Chyou-Jui Wei, Wen-Da Hsu, Shi-Kuan Chen, Chi-Wai Wan, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, Bor-Heng Chen, Chung-Hsing Tan, and Ta-Chun Wang – 12 positions.
  - Vice-Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Po-Tang Wang, Tzong-Ming Wang, Fu-Chuan Chang, Yong-Ho Su, Jyh-Shyan Liang, Yi-Yun Chang, Hsin-Kung Mao, Shih-Hong Huang, Yi-Chiang Chiu, Jui-Chun Shyur, Peng-Hong Chan, Cheng-Chiang Wang, Cheng-Hui Su, Tu-Chuan Tu, Tu-Chuan Tu, Guo-Dung Yu, Peng Kuee Lau, Hou-Chun Liu, Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, Choo-Tain Chiu – 24 positions
2. Vice-Presidents Chiao-Lie Huang, Wei-Chia Wang, Yau-De Chiou resigned in 2022. Vice-President Liang-Jen Lin transferred in 2023.
3. Employees' compensation appropriation was approved by the Board of Directors at the March 15, 2023 meeting. The compensations of the aforementioned managers have not been finalized and will be reviewed prior to the date of distribution.

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

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

Unit: TWD 1,000

Analysis	2022		2021 (Note)		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Directors	540,457	7.42%	659,641	5.22%	(119,184)	-18.07%
CSO, Presidents, and Vice-Presidents						
Net Income	7,288,292		12,632,667		(5,344,375)	

Note: 2021 is the actual amount.

The Company's remuneration paid to Directors, CSO, the President and Vice Presidents reduced by NT\$119,184 thousand dollars in the year of 2022 compared with that in the year of 2021 (the ratio of reduce were 18.07%), primarily due to the fact of declined profits in the Company for the year 2022, in turn, boosted the reduce in the corresponding remuneration. Nevertheless, in the year of 2022, the profits recognized reduced by 42.31% compared to the year of 2021. Accordingly, the aggregate total remuneration in 2022 paid to the Company's Directors, CSO, the President and Vice Presidents to the net income after tax shown in the parent-company-only financial statements in the Company and all companies covered in the consolidated financial reports compared with the year of 2021 significantly increased by 42.15%.

■ The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and correlation with business performance.

- Remuneration paid by the Company to Directors has been made in accordance with the Articles of Association. When the Company profits makes a profit in a year, no more than 2% of the Company's pre-tax profits (not including remuneration for employees and Directors) shall be paid to Directors as remuneration along with reasonable compation based on other factors such as the Company's operational performance and the individual Director's personal contribution to the Company's performance taken into consideration.
- The Company's directors and independent directors receive a transportation allowance. Independent directors receive fixed remuneration and do not participate in the distribution of directors' remuneration, and the remaining directors do not receive fixed remuneration, but participate in the distribution of directors' remuneration. Based on the analysis of performance evaluation results, the Remuneration Committee will report to the Board of Directors and make extra recommendations, which will serve as a reference for the remuneration of individual directors.
- The Company's remuneration policy for Managers has been established based on various factors, including the Company's wage policy, the average wage offered by competitors for the same position, education/experience, professional ability, the duties and responsibilities for the position in question, and

the Manager's actual contribution to the Company's operational objectives. The remuneration ratio is calculated after comprehensive consideration of the target achievement rate, P&L, operating efficiency, and contribution to come out a reasonable remuneration, moreover the remuneration system of directors and managers is reviewed timely in accordance with the actual operating conditions, relevant laws and regulations.

- The Company's procedure for determining remuneration not only takes into account the Company's overall operational performance but is also based on financial indicators (individual performance achievement rate and contribution to the Company's profits), non-financial indicators (such as leading specific projects or subordinate departments have major deficiencies in legal compliance and operational risk matters). And the third factor is one's actions in response to climate change. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will also be keeping a close eye on the latest developments in the global economy, international financial environment, and state of the industry in order to predict its operational development, profits status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby striving for an ideal balance between the Company's sustainable operation and relevant risk control.

### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

- The term of the 14th committee ran from August 27, 2021 to August 26, 2024
- There were five Board meetings during 2022 (A). Director's attendance records are as shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Sheng-Hsiung Hsu	5	0	100%	
Vice Chairman	Jui-Tsung Chen	5	0	100%	
Director	Binpal Investment Co., Ltd. Representative: Wen-Being Hsu	3	0	60%	
Director	Kinpo Electronics, Inc. Representative: Chieh-Li Hsu,	4	1	100%	
Director	Charng-Chyi Ko	5	0	100%	
Director	Sheng-Chieh Hsu	5	0	100%	
Director	Yen-Chia Chou	5	0	100%	
Director	Chung-Pin Wong	5	0	100%	
Director	Chiung-Chi Hsu	5	0	100%	
Director	Ming-Chih Chang	5	0	100%	
Director	Anthony Peter Bonadero	3	2	60%	
Director	Sheng-Hua Peng	5	0	100%	
Independent Director	Min-Chih Hsuan	5	0	100%	
Independent Director	Duei Tsai	5	0	100%	
Independent Director	Wen-Chung Shen	5	0	100%	

- Independent Director's attendance records for 2022:

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

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

#### Other notes:

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



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

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
3 <sup>rd</sup> Meeting (14 <sup>th</sup> Term) 2022.2.10	<p><b>Approved loan to Kinpo&amp;Compal Group Assets Development Corporation</b> To avoid a conflict of interest, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Chieh Hsu, and Chieh-Li Hsu who are also acting as Directors of the Kinpo&amp;Compal Group Assets Development Corporation avoided discussion and voting on this proposal in accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors</p>
4 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.3.15	<p><b>Approved the appointment of the 1<sup>st</sup> term of sustainability committee members</b> An interested party relationship exists in Director Mr. Chung-Pin Wong, Independent Directors Mr. Duei Tsai; Mr. Wen-Chung Shen. In order to avoid a conflict of interest, these Director and Independent Directors excused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>
	<p><b>Approved the first mid-year employees’ bonus of the year 2022</b> In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>
5 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.5.11	<p><b>Approved the release of non-competition restrictions for the managers</b> An interested party relationship existed in Directors Jui-Tsung Chen, Chung-Pin Wong. In order to avoid a conflict of interest, these Directors excused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>
	<p><b>Approved employees’ salary adjustment of the year 2022</b> In accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>
	<p><b>Approve to obtain newly issued shares of Raypal Biomedical Co., Ltd. by participating in the capital injection by cash.</b> Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. To avoid a conflict of interest, Directors Directors Jui-Tsung Chen, Chieh-Li Hsu, Chung-Pin Wong who are also acting as Directors of Raypal, Director Sheng-</p>

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
	Hsiung Hsu, who has a the Father-son relationship, with Director Chieh-Li Hsu of Raypal, Director Jui-Tsung Chen, who has a Father-son relationship with Director Hsin-Chung Chen of Raypal, recuses and excludes themselves from discussion and voting on this proposal in accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the deputy chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present
6th Meeting (14th Term) 2022.8.12	<p><b>Approved the Directors' Remuneration for the year 2021</b></p> <p>Chairman Sheng-Hsiung Hsu asked the Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. Since an interested party relationship exists, the Directors (i.e., Sheng-Hsiung Hsu, Jui-Tsung Chen, Chieh-Li Hsu, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Sheng-Hua Peng and Anthony Peter Bonadero) recused and excluded themselves from discussion and voting on this proposal to avoid a conflict of interest. Upon solicitation of comments by the deputy chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>
	<p><b>Approved 2nd mid-year employees' bonus for the year 2022</b></p> <p>In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, if an interested party relationship exists among any Directors and any agenda proposals, such Directors shall recuse and exclude themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present</p>
7th Meeting (14th Term) 2022.11.11	<p><b>Approved the compensation of Employee bonuses in cash of year 2021</b></p> <p>In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>
	<p><b>Approved the proposal for 2022 year-end employees' bonus</b></p> <p>In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
	<p><b>Approved the proposal of the subsidiary’s planned gross project budget of the leased land and commissioned to build the new group operating headquarters building</b></p> <p>Chairman Sheng-Hsiung Hsu asked the Independent Director Min Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. Directors of the Company, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Chieh Hsu, and Chieh-Li Hsu are also acting as Directors of Kinpo&amp;Compal Group Assets Development Corporation. In addition, Sheng-Hsiung Hsu and Sheng-Chieh Hsu are second cousins (brothers), Sheng-Hsiung Hsu and Chieh-Li Hsu are first cousins (father and son). To avoid a conflict of interest, they recused and excluded themselves from discussion and voting on this proposal in accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p> <p><b>Approved the issuance of Letter of Undertaking by the Company to facilitate its subsidiary in obtaining credit facilities from financial institution</b></p> <p>Chairman Sheng-Hsiung Hsu asked the Independent Director Min Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. Directors of the Company, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Chieh Hsu, and Chieh-Li Hsu are also acting as Directors of Kinpo&amp;Compal Group Assets Development Corporation. In addition, Sheng-Hsiung Hsu and Sheng-Chieh Hsu are second cousins (brothers), Sheng-Hsiung Hsu and Chieh-Li Hsu are first cousins (father and son). To avoid a conflict of interest, they recused and excluded themselves from discussion and voting on this proposal in accordance with the Company’s Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>

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

Evaluation cycles	Once a year
Evaluation periods	From June 1, 2021 to May 31, 2022
Scope of evaluation	Board of Directors, Functional Committees (Including Audit Committee, Remuneration Committee), individual Directors
Method of evaluation	Internal self-evaluation of Board of Directors and Functional Committees (Including Audit Committee, Remuneration Committee), Self-evaluation of individual Directors
Content of evaluation	<p>◆Criteria for evaluating the performance of the Board of Directors, which should cover the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company;</li> <li>2. Improvement of the quality of the Board of Directors' decision making;</li> <li>3. Composition and structure of the Board of Directors;</li> <li>4. Election and continuing education of the Directors; and</li> <li>5. Internal control.</li> </ol> <p>◆Criteria for evaluating the performance of the Functional Committees, which should cover the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company;</li> <li>2. Awareness of the duties of the Functional Committee;</li> <li>3. Improvement of quality of decisions made by the Functional Committee;</li> <li>4. Makeup of the Functional Committee and election of its members; and</li> <li>5. Internal control.</li> </ol> <p>◆Criteria for evaluating the performance of the individual Directors, which should cover the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Alignment with the goals and mission of the Company;</li> <li>2. Awareness of the duties of a Director;</li> <li>3. Participation in the operation of the Company;</li> <li>4. Management of internal relationship and communication;</li> <li>5. The Director's professionalism and continuing education; and</li> <li>6. Internal control.</li> </ol>

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

- The Company established a “Remuneration Committee” in 2011. During the election of the 11th Board of Directors and Supervisors at the 2012 annual shareholders’ meeting, three (3) Independent Directors were elected and appointed as committee members of the Remuneration Committee.
- Supervisor positions were replaced with the Audit Committee after the 12th Board of Directors was elected at the 2015 annual shareholders’ meeting.
- In 2019, the “Rules and Procedures for Board of Directors Meetings” was amended in accordance with the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers” and “Company Act,” and the Company shall appoint a chief corporate governance officer to execute corporate governance matters.
- In 2020, to implement corporate governance, enhance the function of the Board of Directors and set the performance targets, the “Rules of Self-Evaluation of the Board of Directors and Functional Committees Performance” were adopted to strengthen their operation efficiency. The performance of evaluation results for the year 2022, submitted to the Remuneration Committee for analytical review and reported to the Board of Directors for discussion and improvement, shall be used as reference in determining individual Director’s compensation and their nomination for

a next office term. The performance evaluation results have been published on the Company's website.

- In 2022, to fulfill the company's commitment to sustainable development and improve the company's overall capacity in ESG risk management, Compal Electronics established a Sustainability Committee.
- In 2023, in order to strengthen corporate governance and risk management functions, it is to set up a Risk Management Committee.

### 3.3.2 Audit Committee

#### Duties of the Audit Committee

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

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

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

#### Professional Qualifications and Experience of Audit Committee Members

Title	Name	Professional Qualifications and Experience
Convener	Min-Chih Hsuan	Honorary Doctorate, Department of Electrical Engineering, National Chiao Tung University Chairman, Vice Chairman, CEO, President and Honorary Vice Chairman of United Microelectronics Corp. The individual has rich knowledge and adequate experience in business operations, performance evaluation, investment, corporate merger/acquisition, which is extremely helpful to the company's development. The Independent Director possesses more than 30 years of work experience required for the business of the Company.
Committee Member	Duei Tsai	PhD, Graduate Institute of Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd. and Independent Director for Public Welfare of Starlux Airlines Co., Ltd. The individual has professional capability in the communications network field, and rich knowledge as well as adequate experience in the company management and information security protection, which will help the company strengthen relevant management measures. The Independent Director possesses more than 30 years of work experience required for the business of the Company.
Committee Member	Wen-Chung Shen	Department of Electrical Engineering, National Taiwan University Chairman of Her Tuo Co., Ltd., and Director and Executive Vice President of Compal The individual has rich knowledge and adequate experience in electronics industry, business operations, risk management, which is extremely helpful

Title	Name	Professional Qualifications and Experience
		to the company's development. The Independent Director possesses more than 30 years of work experience required for the business of the Company.

#### Attendance of Members at Audit Committee Meetings

- The Company's Audit Committee is composed of three independent directors.
- The term of the 3<sup>rd</sup> committee ran from August 27, 2021 to August 26, 2024.
- There were five Audit Committee meetings during 2022 (A). The attendance records of the Independent Directors are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Min-Chih Hsuan	5	0	100%	-
Committee Member	Duei Tsai	5	0	100%	-
Committee Member	Wen-Chung Shen	5	0	100%	-

#### The major audit items of the Audit Committee in 2022 are as follows:

1. The amendments to the internal control system pursuant.
2. The amendment to the Procedures for Acquisition or Disposal of Assets, Procedures for Lending Funds to Other Parties
3. Annual and interim financial reports, Business report, Proposal for distribution of profits
4. To evaluate the CPAs' independence and competence for performing the financial report audit.
5. Matters in which a Director is an interested party.
6. A material monetary loan and providing of Letter of Undertaking.
7. A material asset transaction.
8. Assessment of the design and operation effectiveness of the internal control system.
9. The defects, irregularities, and the status of corrections in the internal control system.
10. Annual audit plan for year 2023
11. Compliance with the relevant laws and regulations by the Corporation.

#### Other notes:

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

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

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.
3 <sup>rd</sup> Meeting (14 <sup>th</sup> Term) 2022.2.10	1.To approve for loan to Kinpo&Compal Group Assets Development Corporation	V	None
	2. To approve for the Company to acquire the common shares of Poindus Systems Corp. by public tender offer.	V	None
	<b>▲Resolution adopted by the Audit Committee (2022.2.10):</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.		
	<b>▲Action taken by the Company in response to the opinion of the Audit Committee:</b> • <b>Motion 1</b> To avoid a conflict of interest, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Chieh Hsu,		

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.	
	<p>and Chieh-Li Hsu who are also acting as Directors of the Kinpo&amp;Compal Group Assets Development Corporation avoided discussion and voting on this proposal in accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p> <p>• <b>Motion 2</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.</p>			
4 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.3.15	1. To approve 2021 Audited Consolidated Financial Statements and Parent Company Only Financial Statements	V	None	
	2. To approve the Business Report for the year 2021	V	None	
	3. To approve the proposal for Distribution of Earnings for the year 2021	V	None	
	4. To evaluate CPAs' independence and competence of performing financial report audit.	V	None	
	5. To approve the Internal Control System Statement for the year 2021	V	None	
	<p>▲ <b>Resolution adopted by the Audit Committee (2022.3.15):</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p>			
<p>▲ <b>Action taken by the Company in response to the opinion of the Audit Committee:</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.</p>				
5 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.5.11	1. To approve the 1Q 2022 Consolidated Financial Review Report	V	None	
	2. To approve the amendment to the "Procedures for Acquisition or Disposal of Assets"	V	None	
	3. To approve the amendment to the "Procedures for Lending Funds to Other Parties"	V	None	
	4. To approve the release of non-competition restrictions for the managers	V	None	
	5. To approve fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	V	None	
	6. To approve fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.	V	None	
	7. To approve the execution of the investment agreement for the project of New Taipei City RuiFang District Medical and Long-Term Care Facility BOT+BTO Project	V	None	
	8. To approve to obtain newly issued shares of Raypal Biomedical Co., Ltd. by participating in the capital injection by cash.	V	None	
	<p>▲ <b>Resolution adopted by the Audit Committee (2022.5.11):</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p>			
	<p>▲ <b>Action taken by the Company in response to the opinion of the Audit Committee:</b></p>			



Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.	
	<ul style="list-style-type: none"> <li>• <b>Except for motion 4 and 8</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</li> <li>• <b>Motion 4</b> An interested party relationship existed in Directors Jui-Tsung Chen, Chung-Pin Wong. In order to avoid a conflict of interest, these Directors excused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</li> <li>• <b>Motion 8</b> Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. To avoid conflict of interest, Directors Directors Jui-Tsung Chen, Chieh-Li Hsu, Chung-Pin Wong who are also acting as Directors of Raypal, Director Sheng-Hsiung Hsu, who has a Father-son relationship with Director Chieh-Li Hsu of Raypal, Director Jui-Tsung Chen, who has a Father-son relationship with Director Hsin-Chung Chen of Raypal, recuse and exclude themselves from discussion and voting on this proposal in accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the deputy chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present</li> </ul>			
6 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.8.12	1.To approve the 1H 2022 Consolidated Financial Review Report	V	None	
	2.To approve for a loan to Henghao Technology Co. Ltd.	V	None	
	3.To approve for a loan to Unicom Global, Inc.	V	None	
	4.To approve the Company to adjust the lending interest rate and interest payment date of the capital loan to the subsidiaries	V	None	
	▲ <b>Resolution adopted by the Audit Committee (2022.8.12):</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.			
	▲ <b>Action taken by the Company in response to opinion of the Audit Committee:</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.			
7 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.11.11	1.To approve the 3Q 2022 Consolidated Financial Statements	V	None	
	2.To approve the amendment to the "Internal Control System"	V	None	
	3. To approve to indirectly invest in the establishment of a Vietnamese subsidiary and obtain the land use rights by the subsidiary.	V	None	
	4. To approve the proposal of the subsidiary's planned gross project budget of the leased land and commissioned to build the new group operating headquarters building	V	None	
	5. To approve the issuance of Letter of Undertaking by the Company to facilitate its	V	None	

Board of Directors Meeting	Content of discussion and actions taken in response	Matters listed in Item 5, Article 14 of the Security Act	Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.
	subsidiary in obtaining credit facilities from financial institution		
	6. To propose for approval of annual audit plan for year 2023	V	None
	<p><b>▲ Resolution adopted by the Audit Committee (2022.11.11):</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present.</p>		
	<p><b>▲ Action taken by the Company in response to opinion of the Audit Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Except for motion 4 and 5</b> Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present.</li> <li>• <b>Motion 4</b> Chairman Sheng-Hsiung Hsu asked the Independent Director Min Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. Directors of the Company, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Chieh Hsu, and Chieh-Li Hsu are also acting as Directors of Kinpo&amp;Compal Group Assets Development Corporation. In addition, Sheng-Hsiung Hsu and Sheng-Chieh Hsu are second cousins (brothers), Sheng-Hsiung Hsu and Chieh-Li Hsu are first cousins (father and son). To avoid a conflict of interest, they recused and excluded themselves from discussion and voting on this proposal in accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</li> <li>• <b>Motion 5</b> Chairman Sheng-Hsiung Hsu asked the Independent Director Min Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. Directors of the Company, Jui-Tsung Chen, Chung-Pin Wong, Sheng-Chieh Hsu, and Chieh-Li Hsu are also acting as Directors of Kinpo&amp;Compal Group Assets Development Corporation. In addition, Sheng-Hsiung Hsu and Sheng-Chieh Hsu are second cousins (brothers), Sheng-Hsiung Hsu and Chieh-Li Hsu are first cousins (father and son). To avoid a conflict of interest, they recused and excluded themselves from discussion and voting on this proposal in accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</li> </ul>		

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

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

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

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

- After the Internal Audit Officer has submitted an audit report and follow-up report, he/she should provide the completed audited items to the Independent Directors for their review by the end of the following month. Should the Independent Directors require clarification of the audit and follow-up, they should contact the internal audit supervisor. The internal auditor shall

report the audit results to the Audit Committee on a quarterly basis and discuss the relevant matters in person with the committee.

- The Independent Directors must communicate with the CPA on a yearly basis through the Audit Committee or Board of Directors' Meeting. The CPA shall report to the Independent Directors on the results of the financial statement audit and other pertinent legal requirements while the Audit Committee shall also evaluate the selection, independence, and fitness of the CPA engaged by the Company.

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

Audit Committee	Content of discussion	Results
4 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.3.15	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
	2.To approve the Internal Control System Statement for the year 2021	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
5 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.5.11	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
6 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.8.12	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
7 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.11.11	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
	2. To propose for approval of annual audit plan for year 2023	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
8 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2023.3.15	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
	2.To approve the Internal Control System Statement for the year 2022	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
9 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2023.5.8	1. Report on operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.

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

Audit Committees Meeting	Content of discussion	Results
4 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2022.3.15	1. To approve the 2021 Audited Consolidated Financial Statements and Parent Company Only Financial Statements <ul style="list-style-type: none"> <li>• Explanation of key audit items</li> <li>• Explanation of statements and major accounting items</li> </ul>	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
8 <sup>th</sup> Meeting (3 <sup>rd</sup> Term) 2023.3.15	1. To approve the 2022 Audited Consolidated Financial Statements and Parent Company Only Financial Statements <ul style="list-style-type: none"> <li>• Declaration of Independence</li> <li>• The responsibility of auditors in auditing financial statements.</li> <li>• The types of audit opinion</li> <li>• The audit scope (including Explanation of key audit items)</li> <li>• The audit Findings</li> </ul>	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors

4. Status of individually communication between independent directors, internal audit supervisor and CPA:

Forum	Object	Communication focus	Results
2022.11.11	Internal audit supervisor	1. Annual Manpower Planning and Education and Training Promotion of Internal Audit Office	Agree to strengthen the professional training of auditors and fill the vacancies.
		2. Proposed amendments to the Risk Management Regulations in accordance with the latest regulations of the competent authorities and consultation with independent directors	Agreed to establish a risk management committee in accordance with the recommendation of the competent authority, and all three independent directors agreed to be members.
2022.11.11	CPA	1. Annual audit plan 2. Independence 3. Audit Quality Indicators in 2021	The independent directors have no issue with content of communication

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

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
I. Has the Company established and disclosed its corporate governance principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?”	Yes		The Company’s corporate governance principles were approved by the Board of Directors on May 8, 2023, and have been disclosed on its official website and MOPS.	No deviations were found
II. Shareholding structure and shareholders’ interests				
1. Has the Company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes, and litigation?	Yes		The Company has a spokesperson and acting spokesperson that represent the interests of the shareholders and a unit that specializes in addressing shareholders’ suggestions, queries, disputes, and litigation.	No deviations were found
2. Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	Yes		The Company keeps track of the identities of its ultimate beneficiaries by monitoring insider shareholding positions (including Directors, supervisors, managers, and shareholders with more than 10% ownership interest), with the shareholder registry held by the share administration agency.	No deviations were found
3. Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	Yes		The Company has an “Internal Control Policy - Non-trade Activities - Supervision and Management of Subsidiaries,” “Internal Control Policy - Trade Activities – Investment Management,” and “Guidelines on Financial and Business Dealings Between Affiliated Enterprises” to set up and execute firewalls and risk controls over related parties.	No deviations were found
4. Has the Company established internal policies that prevent insiders from trading securities against non-public information?	Yes		To prevent insider trading, the “CO10 Insider Trading Prevention Management” and “Insider Trading Prevention Procedures” have been included as part of the internal control of the Company and details are published on the intranet and linked to the TWSE website to which employees have access. Both policies have been included as part of the compulsory e-Learning courses for departmental heads, and eCSA questionnaires are issued on a yearly basis to facilitate self-assessment. Insiders such as Directors, supervisors, and managers are given a copy of the TWSE “Insider Share Trading Manual” when they come aboard to make them aware of the company	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			insider rules.	
III. Assembly and obligations of the Board of Directors				
1. Has the board devised and implemented policies to ensure the diversity of its members?	Yes		The Company has rules in place such as the “Corporate Governance Guidelines” and “Rules for Director Elections” to ensure a diversified board member composition in addition to drafting suitable guidelines for diversification based on the Board’s operation, the Company’s operating format, and its needs and developments. As such, board members are required to possess the required knowledge, skills, and character in order to accomplish the goal of ideal corporate governance. For more information on the diversification of board members, please refer to page 22.	No deviations were found
2. Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	Yes		<p>Apart from the Remuneration and Audit Committees, the Company also has a Sustainability Committee headed by President and member Chung-Pin Wong, the Sustainability Committee is responsible for taking point in explaining company policies and positions externally, defining goals and directions internally, integrating resources, reviewing action plans, monitoring execution progress and reporting results to the board of directors on a yearly basis.</p> <p>In order to strengthen corporate governance and risk management functions, the Company has established a "Risk Management Committee" and reports regularly (at least once a year) to the Board of Directors to review the implementation of risk management and make necessary recommendations for improvement.</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation															
	Yes	No	Summary description																
3. Has the Company established performance evaluation measures and methods for the Board of Directors, conducted performance evaluation annually and regularly, reported the results of performance evaluation to the Board of Directors and applied them to the reference of salary and remuneration of individual Directors and for nomination and renewal? )	Yes		<p>The Board of Directors adopted the “Rules of Self-Evaluation of the Board of Directors and Functional Committees Performance” on March 30, 2020. The performance evaluation scope covers the evaluation of the Board as a whole, individual Directors and Functional Committees. Methods of evaluations included the Self-Evaluation of the Board of Directors and Functional Committees, self-evaluation by individual board members, or other appropriate methods. The evaluation results, being submitted to the Remuneration Committee for analytical review and reported to the Board of Directors for discussion and improvement, shall be used as reference in determining individual Director’s compensation and their nomination for the next office term.</p> <p>■ The performance of evaluation results in 2022 are as follows:</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Total average</th> <th>Evaluation level</th> </tr> </thead> <tbody> <tr> <td>Individual board members</td> <td>4.62</td> <td>Good</td> </tr> <tr> <td>Board of Directors</td> <td>4.80</td> <td>Good</td> </tr> <tr> <td>Audit Committee</td> <td>5.00</td> <td>Excellent</td> </tr> <tr> <td>Remuneration Committee</td> <td>4.90</td> <td>Good</td> </tr> </tbody> </table>	Items	Total average	Evaluation level	Individual board members	4.62	Good	Board of Directors	4.80	Good	Audit Committee	5.00	Excellent	Remuneration Committee	4.90	Good	No deviations were found
Items	Total average	Evaluation level																	
Individual board members	4.62	Good																	
Board of Directors	4.80	Good																	
Audit Committee	5.00	Excellent																	
Remuneration Committee	4.90	Good																	
4. Is the independence of external auditors assessed on a regular basis?	Yes		<p>The Company evaluates the independence and competence of the CPA at least once a year, in accordance with Article 47 of the Certified Public Accountant Act and No. 10 of the Professional Ethics for Certified Public Accountant of the Republic of China. The CPA cannot be a Director, supervisor, or shareholder of the Company and may not receive payroll or be a related party to the Company. The Company requests the “Evaluation Form of the CPA's Independence and Competence” along with the “the CPA’s Independent Confirmation” and the “Audit Quality Indicators (AQIs)” from the CPA. The company also evaluates the independence of the CPA in accordance with the items listed (please refer to page 59) as well as 13 indicators of AQIs. After evaluation, the CPA has no other financial interests or joint investment relationship with the Company except for the service fees due from audit, financial and tax cases, the CPA's family members do not violate the independence requirements, as well as the experience in audit, professional support and training hours of the CPA and his/her firm are all better than the average of the peer industry by referring to the AQIs. The latest evaluation of the independence and competence of CPA was approved by the Audit Committee held on March 15, 2023, and was</p>	No deviations were found															

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			resolved by the Board of Directors held on March 15, 2023. The same evaluation applies to the condition whenever there is an internal rotation within the CPA firm.	
IV. Is the listed or OTC Company equipped with competent and sufficient corporate governance personnel and is its designated corporate governance Director responsible for corporate governance related matters (including but not limited to providing information required by Directors and supervisors to carry out business, assisting Directors and supervisors to comply with laws and regulations, managing related matters of the Board of Directors' meeting and shareholders' meeting in accordance with laws, taking minutes of the Board of Directors' meeting and shareholders' meeting, etc.)	Yes		<p>Vice-President Cheng-Chiang Wang was appointed to lead and supervise affairs pertaining to corporate governance in accordance with the Company's "Corporate Governance Guidelines," while the Board of Directors secretariat was assigned as the Company's responsible unit to handle corporate governance affairs.</p> <p>Vice-President Cheng-Chiang Wang and the designated personnel responsible for corporate governance have more than 25 years of experience in stock affairs and meeting-related management for publicly traded companies. They are primarily responsible for handling corporate governance affairs, such as handling matters relating to board meetings and shareholders meetings according to the laws, producing minutes of board meetings and shareholders meetings, assisting in onboarding and continuous development of Directors, furnishing information required for duty execution by Directors and members of the audit committee, ensuring legal compliance and taking other matters set out in the articles or corporation or contracts, periodically examining and revising the Company's corporate governance guidelines and relevant procedures, improving disclosure transparency, safeguarding shareholder rights and promoting better corporate governance. For more information on the status of Compal's corporate governance operations for 2022, refer to page 59.</p>	No deviations were found
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not	Yes		The Company addresses its stakeholder relations on its corporate website, Sustainability report, and CSR Sustainability website. Separate contact persons, phone numbers, and e-mail addresses have been provided for each type of stakeholder relation to ensure that queries are directed to the relevant departments. In addition, an online "Material Aspects" questionnaire was also created for stakeholders to identify issues that are of significant concern. The Company will address stakeholders' responses properly and take their suggestions as part of the Company's goals.	No deviations were found



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

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
ahead of the required time limit?				
VIII. Does the Company offer other vital information (including but not limited to employee rights, employee care, investor relationships, supplier relationships, stakeholders' interests, continuing education of Directors/supervisors, risk management policies, risk assessment standard implementation status, implementation status of customer policies, insuring against liabilities of Company Directors and supervisors) that would enable a better understanding of the Company's corporate governance practices?	Yes		<ul style="list-style-type: none"> <li>• Employee rights and care for employees (please refer to page 60)</li> <li>• Code of Conduct for Directors, managers, and employees (please refer to page 61)</li> <li>• Investor relations (please refer to pages 61)</li> <li>• Supplier relations and operation status of customer policy (please refer to page 61-62)</li> <li>• Stakeholders' interests (please refer to page 62)</li> <li>• Risk management practice and framework (please refer to pages 62-64), Risk analysis (please refer to pages 201-204)</li> <li>• Purchasing liability coverage for the Company's Directors &amp; Supervisors (please refer to page 65)</li> <li>• Continuing education for Directors and managers (please refer to pages 65-68)</li> <li>• Succession plan for Board members and key Management team (please refer to page 68)</li> <li>• Acquisition of certificate(s) by the Company's personnel related to the transparency of financial information (please refer to page 69)</li> </ul>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
<p>IX. State the improvements that have been made with regard to the results of the latest Corporate Governance Evaluation conducted by TWSE in the most recent year. For items that have yet to be improved upon, state the Company's priorities and measures for improvement.</p> <ul style="list-style-type: none"> <li>• With regard to the further education of Directors (including Independent Directors), Compal has encouraged its Directors to take part in courses on the pertinent regulations offered by subsidiary Kinpo Group Management Consultant Company or training provided by external professional organizations. In 2022, members of the Board of Directors completed a total of 95.01 hours of training.</li> <li>• In 2022, establish a Sustainability Committee, the enactment to the "Sustainability Committee Charter", "Risk management policy of Compal Group", "Compal Group's Business Continuity Management Policy" and the amendment "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" were proposed to accommodate the corporate governance, all of which have been submitted to the Board of Directors for resolution.</li> <li>• In 2022, to accommodate the business needs and the requirements of applicable laws and regulations, the amendment to the "Articles of Incorporation", "Procedures for Acquisition or Disposal of Assets", "Procedures for Lending Funds to Other Parties", "Rules and Procedures of Shareholders Meeting", "Rules and Procedures for Board of Directors Meetings", and the amendment "Procedures for Handling Material Inside Information" were proposed to the Board meeting and the Shareholders Meeting for approval.</li> <li>• In 2023, establish a Risk Management Committee the enactment to the "Risk Management Best Practice Principles", "Risk Management Committee Charter", "Human Rights Policy" and the amendment "Corporate Governance Best-Practice Principles", "Sustainable Development Best Practice Principles", "Management Rules for Preventing Insider Trading" to "Regulations on Prevention of Insider Trading", "Risk management policy of Compal Group" to "Company's Risk Management Policies and Procedures" were proposed to accommodate corporate governance, all of which have been submitted to the Board of Directors for resolution.</li> <li>• In the "9<sup>th</sup> Round of Corporate Governance Evaluations" by TWSE, Compal was placed in the top 21%-35% of listed companies.</li> <li>• We uploaded the English annual financial report 16 days before the shareholders' meeting.</li> </ul>				

■ **Items to evaluate the independence of the CPA:**

Item	Evaluation result	Meets independence or not
Whether or not the CPA has a direct or material indirect financial interest with the Company	NO	YES
Whether or not the CPA has joint investment relationship with the Company or its affiliates, or has shares in financial gains therewith with the Company or its affiliates	NO	YES
Whether or not the CPA holds any share of the Company and its affiliates, or the CPA lends or borrows funds to or from the Company and its affiliates	NO	YES
Whether or not the CPA has any improper relationship with the Company, or is currently employed by the Company to perform routine work for which the CPA receives a fixed salary	NO	YES
Whether or not the CPA participates in the Company's management and operational decision-making	NO	YES
Whether or not the CPA is a spouse, lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of any responsible person or managerial officer of the Company	NO	YES
Whether or not the CPA provides management consulting or other non-attestation services that may affect the CPA's independence	NO	YES
Whether or not the CPA permits others to practice under his/her name	NO	YES
Whether or not the CPA accepts commission related to his/her business	NO	YES
As for the latest attestation work, whether or not the CPA remains unchanged over seven years	NO	YES
Whether or not the CPA has received any sanction or has any circumstances which affect his/her independence	NO	YES

■ **The results of Compal's corporate governance unit operations for 2022 is as follows:**

- Compile and prepare relevant documents in need for the Audit Committee and the Board of Directors' Meetings in accordance with pertinent regulations and operational/financial request; and be responsible for coordination with proposal making relevant units.
- Establishment of a Sustainability Committee, the enactment to the "Sustainability Committee Charter", "Risk management policy of Compal Group", "Compal Group's Business Continuity Management Policy" and the amendment "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" were proposed to accommodate the corporate governance, all of which have been submitted to the Board of Directors for resolution.
- The amendment to the "Articles of Incorporation", "Procedures for Acquisition or Disposal of Assets", "Procedures for Lending Funds to Other Parties", and "Rules and Procedures of Shareholders Meeting", "Rules and Procedures for Board of Directors Meetings", and the amendment "Procedures for Handling Material Inside Information" were proposed to accommodate the business needs and the requirements of applicable laws and regulations, all of which have been submitted to the Board of Directors and shareholders' meeting for resolution.
- Planned the communication meeting between Independent Directors, Internal Audit Supervisors and CPA to have the Audit Committee determine the independence and fitness of the CPA engaged by the Company, as

well as to ensure sound corporate governance. For the records of the communication meetings, please see page 50-51.

- Pursuant to “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”, Compal has encouraged its Directors to take part in the courses on pertinent regulations offered by subsidiary Kinpo Group Management Consultant Company or by external professional organizations.
- The Company disclosed and announced important financial and operational information in conjunction with the events of the Board of Directors Meetings, Shareholders Meetings. In addition, the Company has also held financial result announcement conferences at least twice every year, and was invited to participate in domestic/foreign brokers’ investor forums on a quarterly basis, to help investors understand the Company’s financial and operational results.
- Registered the date for Shareholders Meetings as required by law; prepared meeting notifications within the scheduled deadline, meeting handbook and meeting minutes and filing; coordinated relevant units, agents for stock affairs, CPA, attorneys and so forth.
- Edit contents on the chapter for corporate governance in the Annual Report – responsible for the collection of data, compilation of stock affairs data, and coordination of different units and editing.
- Corporate governance evaluation – responsible for the collection of data, plan setting, compilation of stock affairs data, coordination of different units and website maintenance.
- The Company has offered liability coverage for directors, supervisors and managers. The amount for their liability insurance in 2022 came to USD 50,000 thousand, which was roughly equivalent to TWD 1,557,500 thousand. Vital information relating to their liability insurance was reported to the Board of Directors on the latest meeting of the Board of Directors.
- The Corporate Governance Officer took 14 hours of continuing education. For the exact education program, please see page 65-68.

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

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

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

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

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

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

- Common dining: Employee dining facilities have been made available to serve nutritious and healthy foods.

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

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

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

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

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

## ■ Investor relations

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

In 2022, Compal proactively participated in online investor forums and investor conference calls, hosted by either local or foreign brokers every quarter, 15 events in total, to regularly update its financial results and business progress to shareholders and investors, which to enhance investors understanding for the Company operation and increase the communication and engagements.

## ■ Supplier relations and execution of customer policy

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

Since 2015, Compal has set up a supplier communication window on the procurement platform, CPS (Compal Procurement System), to establish an effective communication channel with suppliers and announce important information on CPS.

Every year we cooperate with the Ministry of Safety and Environmental Affairs to hold a supplier conference. In 2019, 3 conferences were held in Taipei, Kunshan, China, and Chongqing, Sichuan. The content included the revision of environmental substance management standards and system. Affected by Covid-19 in 2020-2021, Compal maintained a good communication relationship with suppliers and changed to online conferences. The content of 2021 online conference included the update of global green product regulations, RBA VAP v7.0, conflict minerals, introduction of Compal Supplier Management System and supply chain green environment promotion. Total 349

suppliers participated.

Our company values customer rights, ensures compliance with signed contracts and related regulations, protects customer information privacy, and provides high-quality products and services to increase our product competitiveness and customer reliance, while also solidifying long-term cooperation relationships. In addition, we conduct regular customer satisfaction surveys and proceed appropriate improvement plans based on customer feedback and opinions to continuously meet customer needs.

## ■ Stakeholders' interests

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

## ■ Risk management

### 1. Risk management practice

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

#### (1) Comply with the policies and regulations of the country in which it operates :

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

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

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

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

internal control self-assessment and performance assessment.

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

- (3) From the implementation perspective, all the divisions of the Company evaluate various business risks to make contingency plans, while preparing annual budget and work plan. At the same time, the internal audit office drafts the annual audit plans for the coming year based on the risk assessment of operating activities. The annual audit plan is implemented after approval by the Board of Directors, and the execution status is also reported to the Board of Directors. Given the Company's role as an ODM for 5C electronics, we review and assess business risks on an annual basis, and reflect our findings in the financial statements under accounts such as allowance for doubtful debts, warranty reserves, and royalties. All provisioning policies are submitted to the CPA for review whenever adjustments are made. This is to ensure that financial reports present a fair view of the Company's operations. Furthermore, the Company has dedicated personnel appointed to monitor and control exchange rate risks, and take hedging measures as necessary (please refer to page 201).
- (4) If an important operating activity is identified with a potential urgent risk, it can be reported to the supervisor immediately for proper prevention. Extremely important matters, such as investments or engineering project bidding, will be jointly reviewed by relevant departments. Audits will be performed on a regular or irregular basis.
- (5) The future plan of risk management in the following five years.
  - a. Continue to manage the "new type of risk" refer to the GRPS research report issued by WEF.

According to the Global Risks Perception Survey carried out by the World Economic Forum every year, we evaluates key issues such as economy, geopolitics, environment, society and technology, from the "likelihood" and "impact" of the event, and we also take new types of risks into management scope such as climate change or contagious disease.
  - b. Digital transformation to enhance corporate governance

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

The number of international professional certificates related to risk management is expected to increase from 12 in 2022 to 13 in 2023. At the same time, the professional certificate holders of CPA/CIA/CISA is expected to increase from 36% to more than 50% in five years time.



## 2. Risk management framework

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

Notes: 1. Business departments/centers: America/Europe, Asia Pacific, Operations, Enterprise Products, Auto Electronics, Creativity, Quality Assurance, Procurement, R&D, Manufacturing, and Sales, etc.  
2. Business groups/centers: PCBG 1, PCBG 2, PCOBG, GOBG, SDBG, etc.  
3. Common departments: Finance, Accounting, HR and Administration, Investment Planning and Management Office, Legal Affairs Office, etc.

### 3. The actual performance of risk management in 2022

The “Risk Management Policy of Compal Group” has been approved by the Board of Directors on March 15, 2022. And the “Compal Group's Business Continuity Management Policy” has been approved by the Board of Directors on August 12, 2022. With respect to complying the risk management policy, the company formulated annual plans and gradually improved the risk management mechanism. The relevant implement has reported to the Board of Directors on November 11, 2022.

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

Since 2002, the Company has purchased liability insurance for its Directors, supervisors, and managers. The summary of the insurance policies purchased in 2022 are listed as follows:

Insured Individuals	Insured amount	Insured Period	Date of submission to the Board of Directors
Directors, Supervisors and Managers	USD 50,000,000 (Equivalent to TWD 1,557,500,000)	From:2022.11.21 To: 2023.11.21	2023.02.07

■ **Continuing education for Directors and managers**

All Directors and managers possess relevant professional knowledge and skills. In addition to offering relevant information both on a regular and intermittent basis to Directors and managers, the Company would also organize seminars and workshops when deemed necessary. Training completed by Directors and managers in 2022 include:

• **Continuing education for directors**

Title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Sheng-Hsiung Hsu	2022.10.03	Securities and Futures Institute	The key point analysis of Corporate Governance Evaluation, items list for Directors reminding	3
		2022.12.01	Securities and Futures Institute	Ways to handle and manage the trends of Net-Zero carbon emissions	3
Vice Chairman	Jui-Tsung Chen	2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
		2022.04.22	Taiwan Institute for Sustainable Energy	The Taishin bank 30 summit forum: strive to reach Net-Zero Carbon emissions and be sustainable in 2030	3
		2022.10.03	Securities and Futures Institute	The key point analysis of Corporate Governance Evaluation, items list for Directors reminding	3
		2022.12.09	Compal Electronics, Inc.	Seminar on "Global Economic Outlook for year 2023"	1
Director	Chieh-Li Hsu	2022.04.22	Taiwan Institute for Sustainable Energy	The Taishin bank 30 summit forum: strive to reach Net-Zero Carbon emissions and be sustainable in 2030	3
		2022.10.24	Taiwan Corporate Governance Association	The analysis of regulations and business trends of third-party payment	3
		2022.10.25	Taiwan Corporate Governance Association	The material economic / trading topics and outlook in 2022	3
		2022.10.27	Taiwan Corporate Governance Association	The new business opportunity from AI development with integration of hardware and software: digital marketing trends (Web 3 plus ESG)	3
Director	Charng-Chyi Ko	2022.10.03	Securities and Futures Institute	The key point analysis of Corporate Governance Evaluation, items list for Directors reminding	3
		2022.12.01	Securities and Futures Institute	Ways to handle and manage the trends of Net-Zero carbon emissions	3
Director	Sheng-Chieh Hsu	2022.05.20	Kinpo Group Management Consultant Company	The impact of ESG trends on the capital market and how to cope	2
		2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Improving the Functions of Directors and Implementing Sustainable Corporate Governance	3

Title	Name	Date of training	Organized by	Course title	Hours of training
Director	Yen-Chia Chou	2022.05.20	Kinpo Group Management Consultant Company	The impact of ESG trends on the capital market and how to cope	2
Director	Chung-Pin Wong	2022.02.10	Taiwan Institute for Sustainable Energy	The introduction of investment strategy under current global environment	1
		2022.02.10	Taiwan Institute for Sustainable Energy	Grasping sustainability and new investment trends	1
		2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
		2022.04.28	Taiwan Institute for Sustainable Energy	Sustain recycle in the woods	1
		2022.04.28	Taiwan Institute for Sustainable Energy	The current conditions and outlook regarding Net-Zero Carbon emissions in agriculture department	1
		2022.05.20	Kinpo Group Management Consultant Company	The impact of ESG trends on the capital market and how to cope	2
		2022.07.28	Taiwan Institute for Sustainable Energy	The experiences of promoting ESG (Nanya Technology Corporation)	0.67
		2022.07.28	Taiwan Institute for Sustainable Energy	The impact of Green manufacturing on the technology industry	0.67
		2022.07.28	Taiwan Institute for Sustainable Energy	The introduction of carbon credits worldwide	0.67
		2022.12.09	Compal Electronics, Inc.	Seminar on "Global Economic Outlook for 2023"	1
Director	Ming-Chih Chang	2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
Director	Sheng-Hua Peng	2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
		2022.04.22	Taiwan Institute for Sustainable Energy	The Taishin bank 30 summit forum: strive to reach Net-Zero Carbon emissions and be sustainable in 2030	3
		2022.10.12	Securities and Futures Institute	The 2002 forum of laws and regulations on insider trading	3
		2022.12.09	Compal Electronics, Inc.	Seminar on "Global Economic Outlook for 2023"	1
Independent Director	Min Chih Hsuan	2022.06.27	Taiwan Corporate Governance Association	The study of Martial Information disclosure and the responsibility of Directors and Supervisors	3
		2022.08.08	Taiwan Corporate Governance Association	How to protect trade secrets effectively	3
Independent Director	Duei Tsai	2022.04.13	Securities and Futures Institute	External innovation and Corporate sustainable business operations	3
		2022.05.20	Kinpo Group Management Consultant Company	The impact of ESG trends on the capital market and how to cope	2
		2022.07.21	Securities and Futures Institute	The study of Corporate governance and Law of Securities Exchange and Trading	3
		2022.08.03	Securities and Futures Institute	Under the threat of ransomware, the legality of information security management law	3
		2022.09.07	Securities and Futures Institute	The international trend of Net-Zero Carbon emissions and Taiwan's actions in promoting the transition to Zero-Carbon	3
		2022.10.11	Taiwan Stock Exchange Corporation	The roles and responsibilities guidelines for Independent directors and audit committee and the Director/Supervisors education program	3

Title	Name	Date of training	Organized by	Course title	Hours of training
		2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Improving the Functions of Directors and Implementing Sustainable Corporate Governance	3
		2022.10.28	Securities and Futures Institute	The 2022 seminar on the prevention of insider trading	3
Independent Director	Wen-Chung Shen	2022.04.22	Taiwan Institute for Sustainable Energy	The Taishin bank 30 summit forum: strive to reach Net-Zero Carbon emissions and be sustainable in 2030	3
		2022.05.20	Kinpo Group Management Consultant Company	The impact of ESG trends on the capital market and how to cope	2
		2022.10.19	Taiwan Corporate Governance Association	The 18th (2022) Corporate Governance Summit Forum - Improving the Functions of Directors and Implementing Sustainable Corporate Governance	3

• Continuing education for managers

Title	Name	Date of training	Organized by	Course title	Hours of training
Senior Vice President	Chun-Te Shen	2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
Vice President	Cheng-Chiang Wang	2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
		2022.12.09	Compal Electronics, Inc.	Seminar on "Global Economic Outlook for 2023"	1
Vice President	Guo-Dung Yu	2022.02.11	Compal Electronics, Inc.	<2022> or <2020, too>?	1
		2022.04.22	Taiwan Institute for Sustainable Energy	The Taishin bank 30 summit forum: strive to reach Net-Zero Carbon emissions and be sustainable in 2030	3
		2022.12.09	Compal Electronics, Inc.	Seminar on "Global Economic Outlook for 2023"	1
Vice President	Wu-Ching Chi	2022.01.05	Compal Electronics, Inc.	The management of preventing insider trading for - and with - high level managers	0.58
Vice President	Hsin-Chung Chen	2022.01.06	Compal Electronics, Inc.	The management of preventing insider trading for - and with - high level managers	0.58
Vice President	Jue-Teng Chang	2022.01.21	Compal Electronics, Inc.	The management of preventing insider trading for - and with - high level managers	0.58
Vice President	Choo-Tain Chiu	2022.05.03	Compal Electronics, Inc.	The management of preventing insider trading for - and with - high level managers	0.58
Corporate Governance Officer	Cheng-Chiang Wang	2022.04.11	Accounting Research and Development Foundation	The study of legal matters regarding Corporate ownership battles and related practical issues	3
		2022.04.27	Accounting Research and Development Foundation	Knowing TCFD report: Grasping the key information points	3
		2022.05.20	Kinpo Group Management Consultant Company	The impact of ESG trends on the capital market and how to cope	2
		2022.07.19	Taiwan Corporate Governance Association	Ways to handle and manage the trends of Net-Zero carbon emissions	3

Title	Name	Date of training	Organized by	Course title	Hours of training
		2022.10.12	Securities and Futures Institute	The 2002 forum of laws and regulations on insider trading	3
Accounting Officer	Cheng-Chiang Wang	2022.11.17-2022.11.18	Accounting Research and Development Foundation	"Training program for the new Accounting Officer" A class for new Accounting Officers, requested due to the Company's share exchange/transaction program	12
Internal Audit Officer	Chenyi Li	2023/01/09	Accounting Research and Development Foundation	The latest "Internal Control Management Guidelines Amendment" and "Information Security" legal compliance and fraud prevention practices	6
		2023/01/10	Accounting Research and Development Foundation	The latest policy development and internal control management practices related to "ESG sustainability" and "self-compilation of financial reports"	6

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

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

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

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

Name of certificate	No. of persons
CPA qualification	5 persons
USCPA qualification	2 persons
Senior Securities Specialist	9 persons
Securities Specialist	4 persons
Futures Specialist	3 persons
Securities Investment Trust and Consulting Professional	3 persons
Chartered Financial Analyst	1 person
Certificate In ESG Investing	1 person
Investor Relations Charter (IRC®)	1 person
Professional in Business Analysis	1 person
Certified Internal Auditor - Taiwan	3 persons
Certified Internal Auditor	3 persons
Business Continuity Management Lead Auditor	1 person
Information Security Management Lead Auditor	1 person
Information Technology Service Lead Auditor	1 person
Greenhouse gas emissions Auditor	1 person
Personal Information Management Lead Auditor	1 person
Environmental management systems Auditor	1 person
Occupational health and safety management Lead Auditor	1 person
Lean Six Sigma Black Belt	1 person
Project Management Professional	1 person
Certified SCRUM Master	1 person
Certified Basic Proficiency for foreign exchange personnel	1 person
Certified Basic Proficiency for credit officer	1 person
Certified Product insurance salesman	1 person

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

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

May 8, 2023

Identity	Name	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Convener Independent Director	Wen-Chung Shen	Bachelor of Electrical Engineering Dept., National Taiwan University Chair of Hetuo Investment Co., Ltd. Director & Executive Vice-President of Compal Electronics, Inc. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	<ul style="list-style-type: none"> <li>· Compliance with independence requirement (note)</li> <li>· The person him/herself or his/her spouse or relatives within the second degree (or in the name of others) hold 5,151,000 shares of the Company at a ratio of 0.11%.</li> </ul>	
Independent Director	Min Chih Hsuan	Honorary Doctorate, National Chiao Tung University Bachelor of Electrical Engineering Dept., National Chiao Tung University Chairman, Vice Chairman, CEO, President and Honorary Vice Chairman of United Microelectronics Corp. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	<ul style="list-style-type: none"> <li>· Compliance with independence requirement (note)</li> <li>· The person him/herself or his/her spouse or relatives within the second degree (or in the name of others) hold 0 shares of the Company at a ratio of 0%.</li> </ul>	
Independent Director	Duei Tsai	Ph.D., Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd. and Independent Director for Public Welfare of Starlux Airlines Co., Ltd. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	<ul style="list-style-type: none"> <li>· Compliance with independence requirement (note)</li> <li>· The person him/herself or his/her spouse or relatives within the second degree (or in the name of others) hold 0 shares of the Company at a ratio of 0%.</li> </ul>	3

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

- Including but not limited to that the person him/herself or his/her spouse or relatives within the second degree have not worked as the directors, supervisors or employees of the Company or its affiliated enterprises;
- Have not worked as a director, supervisor or employee of a company that has a specific relationship (per the provisions of subparagraphs 5~8, paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange) with

the Company;

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

## 2. Responsibility of the Remuneration Committee

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

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

## 3. Attendance of Members at Remuneration Committee Meetings

- The Company's Remuneration Committee is composed of three Independent Directors.
- The term of the 5<sup>th</sup> committee ran from August 27, 2021 to August 26, 2024.
- There were four Remuneration Committee meetings during 2022(A) and the committee member qualifications and attendance records are as follows.

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Wen-Chung Shen	4	0	100%	
Committee Member	Min-Chih Hsuan	4	0	100%	
Committee Member	Duei Tsai	4	0	100%	

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

Board of Directors Meeting	Resolution Adopted by the Remuneration Committee
4 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.3.15	1. To approve the proposal of the distribution of compensation to employees and directors for the year 2021
	2. To approve the first mid-year employees' bonus of the year 2022
	▲Resolution Adopted by the Remuneration Committee (2022.3.15): The resolution was adopted unanimously by the Committee Members present.
	▲Action taken by the Company in Response to the opinion of the Remuneration Committee: • Motion 1: Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present. • Motion 2: In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.



Board of Directors Meeting	Resolution Adopted by the Remuneration Committee
5 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.5.11	1. To approve the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2022
	2. To approve employees' salary adjustment of the year 2022
	▲ Resolution Adopted by the Remuneration Committee (2022.5.11): The resolution was adopted unanimously by the Committee Members present.
	▲ Action taken by the Company in Response to the opinion of the Remuneration Committee: • Motion 1: Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Directors present. • Motion 2: In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.
6 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.8.12	1. To approve the Directors' Remuneration for the year 2021
	2. To approve 2 <sup>nd</sup> mid-year employees' bonus for the year 2022
	▲ Resolution Adopted by the Remuneration Committee (2022.8.12): The resolution was adopted unanimously by the Committee Members present.
	▲ Action taken by the Company in Response to the opinion of the Remuneration Committee: • Motion 1: Chairman Sheng-Hsiung Hsu asked the Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting for discussion and voting on this proposal. Since an interested party relationship exists, the Directors (i.e., Sheng-Hsiung Hsu, Jui-Tsung Chen, Wen Being Hsu, Chieh-Li Hsu, Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Chung-Pin Wong, Chiung-Chi Hsu, Ming-Chih Chang, Sheng-Hua Peng and Anthony Peter Bonadero) recuse and exclude themselves from discussion and voting on this proposal to avoid conflict of interest. Upon solicitation of comments by the deputy chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present. • Motion 2: In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, if an interested party relationship exists among any Directors and any agenda proposals, such Directors shall recuse and exclude themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.
7 <sup>th</sup> Meeting (14 <sup>th</sup> Term)	1. To approve the compensation of Employee bonuses in cash of year 2021
	2. To approve the proposal for 2022 year-end employees' bonus

Board of Directors Meeting	Resolution Adopted by the Remuneration Committee
2022.11.11	<p>▲ Resolution Adopted by the Remuneration Committee (2022.11.11): The resolution was adopted unanimously by the Committee Members present.</p> <p>▲ Action taken by the Company in Response to the opinion of the Remuneration Committee:</p> <ul style="list-style-type: none"> <li>• Motion 1 and 2:</li> </ul> <p>In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid a conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, there was no objection addressed and the resolution was adopted unanimously by the remaining Directors present.</p>

■ Other notes:

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

### 3.3.5 Corporate Sustainability Development

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
1. Does the Company conduct risk assessment on environmental, social, and corporate governance issues related to the Company's operation in accordance with the principle of materiality and formulate relevant risk management policies or strategies?	Yes		<p>To fulfill the company's commitment to sustainable development and improve the company's overall capacity in ESG risk management, Compal Electronics established a Sustainability Committee (the "Committee") with the approval of the board of directors in March 2022. Composed of three members appointed by the board of directors, more than half (two) of the members in the Committee are independent directors, and the member Chung-Pin Wong is elected by all Committee members as the chairperson. Holding at least one meeting a year, the Committee is responsible for taking point in explaining company policies and positions externally, defining goals and directions internally, integrating resources, reviewing action plans, monitoring execution progress, and reporting results to the board of directors.</p> <p>Composition, Responsibilities, and Operations of the Sustainability Committee, Board of Directors' Supervision of the Sustainability Committee. Please refer to page 88-89.</p> <p>For the 2022 Sustainable Development operation and implementation please refer to page 90-93, the targets and plans of 2023 Sustainable Development please refer to page 94. The results of implementation are also disclosed in our Annual Report, Sustainability Report, and on our corporate website/CSR sustainability website.</p>	No deviations were found
2. Has the Company set up a full-time (or part-time) unit to promote corporate social responsibility, which is authorized by the Board of Directors to be handled by the senior management and reported to the Board of Directors?	Yes		<p>■ The Group performs risk identification, assessment and analysis, response and management at least once a year.</p> <p>■ The scope of execution includes parent company and subsidiary company.</p> <p>1. Risk identification: Collect environmental, social and corporate governance issues that stakeholders are concerned about, and refer to analysis reports on international situations and industry trends, then classified risk issues into "Strategy," "Finance," "Operation," and "Legal Compliance", "Environment".</p> <p>2. Risk assessment Through a risk analysis matrix, the likelihood and impact of risk issues are evaluated respectively,</p>	No deviations were found

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>and ranked by the result of the evaluation. Among them, "supply chain material interruption risk", "risk of overseas factory expansion" and "infectious disease spread " were rated as the top three risk issues</p> <p>3. Risk response and management</p> <p>(1) Supply chain material interruption risk</p> <p>The Company's revenue continues to grow, and it is highly dependent on the stable supply of key components. In order to reduce the risk of sluggish materials and increase profits, the Company implements real-time production and precise control of inventory management. However, the conflict between Russia and Ukraine could lead to shortages of semiconductor-related raw materials, and the Covid-19 continues to rage and the energy shortages in various countries. The risk of material outage and production stoppage arising from the model of precise inventory management is also increasing day by day. Under this circumstance, the Company intends to take the following countermeasures</p> <ol style="list-style-type: none"> <li>a. Continue to strengthen the supply chain information system and improve the platform's management mechanisms such as demand forecasting, inventory inquiry and delivery instructions.</li> <li>b. Strengthen the strategic partnership of key component manufacturers.</li> <li>c. Big data analysis to grasp the changing trend of raw material market.</li> <li>d. In response to the impact of the Covid-19, plan and promote online bidding (inquiry and price negotiation) and the modularization of the procurement system.</li> </ol> <p>(2) Risk of overseas factory expansion</p> <p>Due to the changes in the international situation such as the China-United States trade war, the demand for international strategic planning of customers, as well as the fact that multinational factory operations can strengthen the company's flexible and efficient management model and build the advantage of continuous and uninterrupted operations, the demand for overseas expansion of operating bases is increasing However, factors such as geopolitics and infectious diseases may affect the smoothness of the supply chain, thereby</p>	

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>affecting the company's ability to flexibly produce and respond flexibly. In response to this risk, the company intends to take the following measures:</p> <ol style="list-style-type: none"> <li>a. Prudent investment evaluation and analysis, drawing on other past business failure cases and taking into account national policies and research reports of professional institutions (for example, geopolitical risk index)</li> <li>b. Introduce local professionals and establish a management team with international vision and risk awareness</li> <li>c. Build an "agglomeration economy" with strategic partners, increase productivity, reduce production costs and expenses through resource sharing, increase the degree of localization of the supply chain, and coordinate with existing suppliers to set up cargo distribution centers around the new factory.</li> </ol> <p>(3) Infectious disease spread</p> <p>The global spread of emerging infectious diseases is fast, the disease is unpredictable and the fatality rate is high. Once an outbreak occurs, it will have a major impact on the economy and change consumers' lifestyles and consumption habits. Taking the novel coronavirus epidemic as an example, the demand of online shopping, remote video equipment or home office has soared, and the performance of related industries has skyrocketed. However, as the epidemic slows down, the performance of related industries benefiting from the epidemic will return to normal, and even face the problem of stagnant performance due to destocking. At the same time, some countries have taken relevant measures to prevent the spread of the epidemic, resulting in delays or interruptions in supply chains and logistics delivery. In addition, employees are exposed to high health threats. If they are quarantined due to the epidemic, the continuous operation of related businesses will be tested. In response to this risk, the company intends to take the following measures:</p> <ol style="list-style-type: none"> <li>a. The anti-epidemic team at the headquarters plans five major-oriented anti-epidemic policies, including office control, access control, going abroad/returning to Taiwan, course/event control, and restaurant control. At the same time, in response to changes in the government's epidemic prevention policy at any time, we will flexibly adjust the</li> </ol>	

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>company's epidemic prevention policy.</p> <p>b. Both Taiwan and overseas factories formulated emergency plans for epidemic prevention immediately, set up emergency epidemic prevention and control teams, and formulated procedures to prevent abnormal personnel, control and track close contacts of abnormal persons, and prepared emergency plans, and carried out nucleic acid sampling for all employees when necessary. In addition, declarations are made through multiple channels such as the dedicated line of the epidemic prevention team, employee suggestion boxes, mailboxes of the epidemic prevention communication group, and telephone to comprehensively monitor and prevent the spread of the epidemic</p>	
3. Environmental issues.				
(1) Has the Company established an appropriate environmental management system according to its industrial characteristics?	Yes		<p>Compal has established environmental sustainability policies, and each plant has its own responsible personnel. Each month, they collect and transfer relevant laws and regulations on environment, safety and health to relevant personnel, and designate personnel to review the operations and methods related to laws, and to amend the operations and methods that do not conform to the regulations. If there is a major change in laws and regulations, it is necessary to change the Company's relevant policies, objectives and targets, and amendments should be proposed at any time.</p> <p>In order to grasp the possible operational challenges faced by Compal in terms of environment, we are gradually building, managing and implementing the environmental management system, all factories have adopted ISO 14001 and ISO 45001, conduct internal audit every year, and obtain third-party verification to ensure the effective operation of the management system, effectively tracking and controlling various environmental performance, actively practicing waste reduction, promoting zero landfill of regulation update waste, providing various complaint pipelines, and continuously and stably providing products and services recognized by stakeholders. All production processes and products of Compal shall comply with the requirements of environmental protection laws and regulations. We shall continue to improve and effectively manage our operation. In 2022, no violation of the environment laws or regulations has occurred.</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
(2) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with a low impact on the environment?	Yes		<p>Throughout the "product lifecycle," we consider the environmental impacts of raw material procurement, manufacturing, transportation and distribution, consumer use and disposal, etc., at the beginning of product design. In addition to focusing on user needs, functionality and added value, the R&amp;D team is more focused on product development and design from the perspective of "environmental load minimization" at each stage, covering at least the three core directions of "green materials," "energy efficiency," and "ease of dis-assembly/recycling."</p> <p>Improve production line yield and energy efficiency, develop, and use recycled materials stably, design energy-saving products to reduce energy consumption during reuse, and increase the recoverable proportion of waste entering the waste phase.</p> <p>In 2022, recycled materials will be fully introduced into commercial laptops, and the weight ratio of recycled materials for each model must be more than 5%, a total of 23 laptop projects meet the requirements</p> <p>Although the operating model has changed due to the unstable power supply at the location of the factory, the power consumption intensity is 353 kWh per million of revenue, which is 33 kWh higher than that of 2021 per million of revenue, but we are still actively promoting energy conservation in factories, setting 100% by 2050 The long-term goal of using renewable energy is to continue to promote and maintain solar power generation systems, and to purchase renewable energy. PCP, KS3, CDT, CD, CQA passed the ISO 50001 energy management system certification, and completed the construction of the "Energy and Environmental Monitoring" platform, which can instantly understand the energy consumption of plants, Calculate the daily energy usage budget according to the production capacity, and provide employees with energy-saving reminders at any time.</p>	No deviations were found
(3) Does the Company assess the risks and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate-	Yes		<p>Extreme weather conditions caused by global warming and climate change have caused significant impact to the world and Taiwan, and pose unprecedented challenges to mankind. Apart from mitigation, we must also begin adaptation operations since climate change is inevitable. Adaptation applies not only to individuals, but to corporations as well, for it is important for companies to minimize business risks caused by extreme weather, which will require extensive and</p>	No deviations were found

Assessment criteria	Actual governance		Deviation and causes of deviation
	Yes	No	
related issues?			<p>thorough risk assessments in order to turn risks into opportunities.</p> <p>Continue to follow the TCFD framework to identify risks and opportunities, incorporate strategic planning and risk management mechanisms, and further identify financial shocks and plan the use of capital.</p> <p>According to the results of identification, evaluation and sorting of risks and opportunities, the operating decision-making committee will select three risks and three opportunities for calculating financial risks, which are:</p> <p>Risk 1. Importing alternative recycled raw materials, increasing the cost of R&amp;D technology transformation.</p> <p>Action 1. In the design stage, Compal considers waste reduction and resource reuse, introduces environmentally friendly materials and low-polluting alternative materials, and introduces many regulation update design patterns that can reduce the use of natural resources and increase recycling.</p> <p>Actively develop and introduce recycled plastics and biodegradable plastics in electronic products to meet international trends and meet customer expectations.</p> <p>Risk 2. In response to external requirements, the increase in the use of renewable energy will increase operating costs.</p> <p>Action 2. The global awareness of environmental protection is gradually on the rise. Green production is the most important part of maintaining environmental resources and industrial competitiveness. Compal continues to abide by its excellent green production methods, and improves the operation mode of power saving, water saving and waste reduction.</p> <p>In 2022, Purchase 8,008,485 kWh of photovoltaic power generation, 113,604,723 kWh of hydropower generation and 20,000,000 kWh of green electricity certificates.</p> <p>Risk 3. Improve the energy efficiency standards of various assets and increase operating cost.</p>



Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>Action 3. The "Energy and Environment Monitoring" platform has been completed, which can immediately understand the energy consumption of the plants, calculate the daily energy usage budget according to the production capacity, and provide energy saving tips to employees at any time; create new means to improve energy efficiency, and choose energy-saving products when energy-consuming equipment needs to be replaced. We have actively introduced external counseling units, and a total of 5 plants have passed the ISO 50001 energy management system certification and are on par with the EP100 target.</p> <p>Opportunity 1. Actively take sustainability as a way to continuously gain customers' favor.</p> <p>Action 1. In recent years, climate actions as carbon reduction have been raging like a storm around the world, and internationally renowned large companies, such as Apple, Google, and Microsoft, have issued relevant carbon reduction commitments in 2020. Being confronted by the environmental impacts brought about by those climate changes, Compal has also actively invested itself into green product design, plant energy-saving management, and coping measures to extreme climate by promoting lean production, controlling energy use, reducing useless waste in production process, and creating higher economic benefits as well as environmental protection</p> <p>Opportunity 2. Assist suppliers in low-carbon transformation and reduce procurement cost affected by climate change.</p> <p>Action 2. Compal uses the ISO 14001 environmental management system to evaluate the environmental policies and implementation of suppliers in the new supplier selection criteria, and adds a green management evaluation form for new supplier management and selection.</p> <p>Due to the Covid-19, In 2022, an online supplier conference was planned, and a professional consultant team was specially invited to explain the topic of "creating a sustainable value chain through SBT and supply chain management" in order to improve</p>	

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation
	Yes	No		
			<p>suppliers' willingness and ability to manage carbon.</p> <p>Opportunity 3. Introduce smart manufacturing processes to improve production and distribution efficiency, thereby reducing operating cost</p> <p>Action 3. Although Compal Electronics is not a high-energy consuming industry, it is also actively working to improve the energy efficiency of its production lines. In addition to promoting the automation of production lines, it has also eliminated all difficulties in building its equipment networking system to connect different equipment usage conditions at various stages, which is convenient for remote monitoring and management.</p> <p>We attach a climate-related risk and opportunity identification table. Please see page 95-96.</p>	

Assessment criteria	Actual governance			Deviation and causes of deviation																								
	Yes	No	Summary description																									
(4) Does the Company prepare statistics of greenhouse gas emissions, water consumption, and the total weight of waste in the past two years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	Yes		<p>The Company began its greenhouse gas surveys (scopes 1 and 2) and carbon footprint inventory as early as 2010. Starting from 2014, the Company has conducted greenhouse gas (scope 3) inventories on a yearly basis. In 2015, Compal was included in the CDP Climate Disclosure Leadership Index (“CDLI”) for the first time. The Company has actively participated in the Carbon Disclosure Project (“CDP”) as a means to improve its response to climate changes. The CDP achieves its purpose by assessing a company’s carbon emissions, reduction progress, compliance risks and exposure to physical risks in the hopes of reducing operational risks and cost through autonomous carbon reduction or even turning risks into opportunities to ensure the Company’s sustainability.</p> <p>Set a long-term goal of using 100% renewable energy by 2050. Through power saving and renewable energy procurement, it is estimated that 63% renewable energy can be used in 2030, and promote the management method of UL 2799 zero landfill waste, and actively reduce waste generation. Achieve a 50% reduction target in 2025 (base year 2018), pay attention to water resources in the basin, and reduce water consumption by 10% (base year 2018)</p> <p>In order to reduce the environmental impact of Compal's operations, we actively promote water saving and waste reduction in each plant area, and record the water consumption and the total amount of various types of waste of the latest 2 years attached as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: right;">Unit: Tons</th> </tr> <tr> <th>Items</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Scope 1 greenhouse gas emissions</td> <td style="text-align: right;">22,445.151</td> <td style="text-align: right;">21,251.4272 (Note)</td> </tr> <tr> <td>Scope 2 greenhouse gas emissions</td> <td style="text-align: right;">220,617.737</td> <td style="text-align: right;">190,569.0017 (Note)</td> </tr> <tr> <td>Scope 3 greenhouse gas emissions</td> <td style="text-align: right;">24,633.557</td> <td style="text-align: right;">19,512.714 (Note)</td> </tr> <tr> <td>Total water consumption</td> <td style="text-align: right;">2,554,897</td> <td style="text-align: right;">2,499,769</td> </tr> <tr> <td>Total general waste</td> <td style="text-align: right;">6,046.5</td> <td style="text-align: right;">8,321.5</td> </tr> <tr> <td>Total hazardous industrial waste</td> <td style="text-align: right;">1,482.9</td> <td style="text-align: right;">1,002.2</td> </tr> </tbody> </table> <p>Note: Please refer to the Company’s Sustainability Report for the assurance data and details.</p>	Unit: Tons			Items	2021	2022	Scope 1 greenhouse gas emissions	22,445.151	21,251.4272 (Note)	Scope 2 greenhouse gas emissions	220,617.737	190,569.0017 (Note)	Scope 3 greenhouse gas emissions	24,633.557	19,512.714 (Note)	Total water consumption	2,554,897	2,499,769	Total general waste	6,046.5	8,321.5	Total hazardous industrial waste	1,482.9	1,002.2	No deviations were
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4. Social issues																												
(1) Has the Company formulated management policies and specific management plans regarding	Yes		<p>The Company places great emphasis on equal opportunities and business ethics. It has policies and systems in place to ensure compliance with international conventions.</p> <p>The Company and all its subsidiaries throughout the world are all followed the human and labor</p>	No deviations were found																								

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

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
(2) Has the Company established and implemented reasonable employee welfare measures (including compensation, vacation, and other benefits) and properly reflected the operating performance or the results of employee compensation?	Yes		<ul style="list-style-type: none"> <li>■ Employee Benefits The Company allocates 0.05% of its turnover to welfare funds every year, and has employee welfare committees to handle various welfare matters, including marriage, funeral, and childbirth allowance, social activities allowance employee health and travel allowance, festival gift certificates, birthday gift certificates, cultural and leisure allowance and other welfare matters.</li> <li>■ Employee compensation Pursuant to the Articles of Association, when the Company makes a profits in a year, no more than 2% of the Company's pre-tax profits (not including remuneration for employees and Directors) shall be appropriated to employees. The aforementioned bonus, adjustment in wages, and employee compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company's remuneration policy is based on personal ability, contribution to the Company, performance, and is considered to be a correlation between operating performance of the Company and personal job performance. In addition, the Company aims to create a diverse and equal working environment. In 2022, 38.86% of worldwide Compal employees are women, and 29.2% of supervisors are women. The Company is committed to cultivating local talent in overseas factories. In 2022, the proportion of local supervisors in China and Brazil were 90.68% and 93.1%.</li> </ul>	No deviations were found
(3) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	Yes		<p>The Company is well-aware of how significantly “workplace safety and health” affect a company, its employees, and stakeholders. This was the reason why the Company has enhanced its environmental, safety, and quality policies and obtained ISO 14001 and ISO 45001 certification, which requires all departments to implement proper safety and health practices, as well as regular training on matters such as fire safety equipment, utility plans, working environment monitoring, waste disposal, emergency response procedures, etc.</p> <p>The Company organizes health and safety training for employees on a regular basis as a means to prevent occupational accidents and ensure workplace safety. In addition, we analyze the causes of occupational accidents and provide suggestions and measures to improve the situation.</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			<p>In 2022, 3,915 employees had completed their training for a total of 9,545 hours, and the number of occupational accidents among employees was 151, involving 151 employees (accounting for 0.21% of the total number of employees).</p> <p>Related Verification Scenarios: All major site implement ISO 45001 OH&amp;SMS and commit to maintain sustainable operations for employees' working environment.</p>	
(4) Has the Company established an effective career development training program for its employees?	Yes		<p>Annual training programs are tailored to suit the needs of different employees, based on the Company's business strategies, policy guidelines, and career roadmaps, including newcomer training, core competencies, managerial competencies, and common competencies courses. The Company constantly aims to establish itself as a learning organization and coaching management.</p> <p>In 2022, a total of 763 training sessions (both internal and external) were organized; these courses delivered 718,685 hours of training and 190,216 persons enrolled.</p>	No deviation was found
(5) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?	Yes		<p>The Company is an OEM/ODM. It manufactures TV sets, notebooks, cell phones and electronics for the world's top brands. All products are printed with customers' trademarks, names, and labeling that conform to relevant laws and international guidelines. However, the Company does not print its own logos or names on the products it produces. Until customers have officially launched their products, employees are not allowed to disclose product appearance, design, specifications, or technical information in any way. We offer, a complaint channel for stakeholders on the official website of Compal.</p> <p>Compal is committed to protecting customers' information in every step along the way and is operated based on the policy and plans of Compal's "Information Security Committee."</p> <p>Compal aims for customers' health and safety. Maintaining customer health and safety is the most basic and important issue. All products produced by Compal have passed the IEC 60950-1 certification standard, gradually convert the version to IEC 62368-1, and have never violated product safety and health regulations and voluntary regulations and the development of Halogen-free products and construction of a more robust production capacity are our promise and responsibility.</p>	No deviations were found

Assessment criteria	Actual governance		Deviation and causes of deviation
	Yes	No	
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health, or labor human rights issues?	Yes		<p>Compal is a responsible purchaser, and we are dedicated to improving the efficiency of sustainable supply chain management and meet international sustainable standards. New suppliers are required to sign the "Compal Procurement Contract" to regulate information security, and the products traded must comply with international, national and regional environmental laws and regulations. According to different product categories, suppliers are required to have international quality and environmental standards such as ISO9001, ISO14001, ISO13485, ISO17025, IATF16949...etc. As the global trend pays more and more attention to issues such as greenhouse gases, water resources and waste, Compal combines the corresponding ISO into supply chain management gradually.</p> <p>As a member of RBA, we require suppliers to undertake social responsibilities and sign the "Commitment Letter to Comply with RBA (Responsible Business Alliance) Code of Conduct Standards", which includes five aspects of RBA: labor, health and safety, environment, ethics, and management. In recent years, in order to keep up with international ESG norms, we have adjusted and added the "Compal Supplier Code of Conduct", which is in line with the RBA guidelines and raises the requirements for suppliers. At the same time, it is necessary to sign the "Declaration of Prohibition/Not Supporting/Not Using "Conflict Minerals"" to make suppliers understand and commit to the importance of banning conflict minerals.</p> <p>In terms of sustainable risk management, Compal conducts a sustainable assessment of suppliers every year. The assessment is conducted using the RBA SAQ questionnaire. The assessment results show the sustainable risk of the supplier. Audits are conducted for high sustainable risk manufacturers in accordance with the RBA VAP standard. A total of 11 suppliers were audited by Compal in 2022, manufacturers with poor performance must improve within a time limit. Through the annual self-assessment and auditing of suppliers, we collaborate with suppliers to improve sustainable performance.</p> <p>As the international sustainable issues extend, we invite suppliers to follow Compal's footsteps and philosophy, and together take care about the social issues of environment, labor, health and safety. Continue to improve the resilience and perseverance of the sustainable supply chain through the</p>

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			above actions.	
5. Does the Company prepare the Corporate Sustainability and Social Responsibility Report and other reports that disclose the Company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification organization?	Yes		<p>The Company has published annual CSR reports (The name was changed to Sustainability Report in 2022) for its stakeholders on its website since 2010. The Sustainability report was first certified by an external institution in 2012. The Company adopted Global Reporting Initiative's most updated guidelines (GRI Standards, published in 2018) to prepare its Sustainability report. The report was compiled based on issues concerning stakeholders and the Company's key objectives. In 2021, we added Sustainability Accounting Standards Board (SASB) standards to disclose relevant information. To ensure the credibility of reported contents, the Company commissioned SGS to provide independent assurance based on the criteria specified in AA 1000, GRI Standards and SASB Standards. After their assurance, the report was certified as meeting AA 1000 Standard Type 2, mid-level accountability and the GRI Standards Core Requirements.</p> <p>The Company was awarded Awards by the Taiwan Institute for Sustainable Energy for its "Taiwan Corporate Sustainability Report Award" for many years. In 2022, we received the Platinum Award of this award and Taiwan Top 100 Sustainable Model Enterprises Award.</p>	No deviations were found



## ■ Composition, Responsibilities, and Operations of the Sustainability Committee

To fulfill the company's commitment to sustainable development and improve the company's overall capacity in ESG risk management, Compal Electronics established a Sustainability Committee (the "Committee") with the approval of the board of directors in March 2022. Composed of three members appointed by the board of directors, more than half (two) of the members in the Committee are independent directors, and the Convenor Chairman Chung-Pin Wong is elected by all Committee members as the chairperson. Holding at least one meeting a year, the Committee is responsible for taking point in explaining company policies and positions externally, defining goals and directions internally, integrating resources, reviewing action plans, monitoring execution progress, and reporting results to the board of directors.

Based on the four major aspects of Economy, environment, society, and governance ("EESG"), the Committee is composed of eight task forces, including "Innovation", "Customer Relationship", "Supply Chain", "Environment", "Responsible manufacturing", "Human Resources", "Social Participation", "corporate governance", "information security", and "risk management". Composed of the heads of departments from business sectors across different regions, task forces are responsible for stipulating the operating guidelines, development tools, and workflow of each project, making annual plans through regular meetings, checking operational directions and execution progress, and reporting results to the Committee. Committed to promoting sustainable development strategies, Compal Electronics will continue to contribute to environmental protection and the low carbon economy transition.

### 1. Professional Qualifications and Experience of Sustainability Committee Members

Identity	Name	Professional Qualifications and Experience
Director	Chung-Pin Wong	Master of Management Science, National Chiao Tung University Chairman of Compal Broadband Networks, Inc. and Poindus Systems Corp., and President of Compal The individual has rich knowledge and adequate experience in computer industry, business operations, performance evaluation, risk management, which is extremely helpful to the company's development. The Director possesses more than 30 years of work experience required for the business of the Company and of corporate governance.
Independent Director	Duei Tsai	PhD, Graduate Institute of Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd. and Independent Director for Public Welfare of Starlux Airlines Co., Ltd. The individual has professional capability in the communications network field, and rich knowledge as well as adequate experience in the company management and information security protection, which will help the company strengthen relevant management measures. The Independent Director possesses more than 30 years of work experience required for the business of the Company.
Independent Director	Wen-Chung Shen	Department of Electrical Engineering, National Taiwan University Chairman of Her Tuo Co., Ltd., and Director and Executive Vice President of Compal The individual has rich knowledge and adequate experience in electronics industry, business operations, risk management, which is extremely helpful to the company's development. The Independent Director possesses more than 30 years of work experience required for the business of the Company and professional innovation capability in R&D.

## 2. Operations

- The term of the 1<sup>st</sup> committee is from March 15, 2022 to August 26, 2024.
- In 2022, the Sustainability Committee held two meetings (A) and the qualifications and attendance of Committee members are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convenor Chairman	Chung-Pin Wong	2	0	100	
Committee member	Duei Tsai	2	0	100	
Committee member	Wen-Chung Shen	2	0	100	

- Topics of discussion in the Sustainability Committee 's meeting:

Meeting Date	Topics of Discussion	Resolution and Follow-up
1 <sup>st</sup> Meeting (1 <sup>st</sup> Term) 2022.3.15	1. Election of the Chairman of the 1 <sup>st</sup> Sustainability Committee.	Chung-Pin Wong is elected by all members as the Chairman of the Sustainability Committee.
2 <sup>nd</sup> Meeting (1 <sup>st</sup> Term) 2022.5.11	1. Report the implementation result of Sustainability for the 2021	Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present, and report to the Board of Directors.
	2. To approve the targets and plans of Sustainability for the year 2022	Upon solicitation of comments by the Chairman, there was no objection addressed and the resolution was adopted unanimously by the Committee Members present, all of which have been submitted to the Board of Directors for resolution.

### ■ Board of Directors' Supervision of the Sustainability Committee

In March 2022, the Board of Directors appointed three directors as members of the Sustainability Committee to manage sustainability issues, and the Sustainability Committee is required to report to the Board of Directors on a regular basis on the implementation of sustainability initiatives. In 2022, the Sustainability Committee held one meeting to report to the Board of Directors, the topics include (1) the implementation of sustainability goals and objectives in 2021, and (2) setting annual goals of 2022. The Board of Directors must evaluate the success of the strategies proposed by the Sustainability Committee, review their progress from time to time, and urge the Sustainability Committee to make adjustments as needed.

## ■ The implementation results of 2022 Sustainable Development

Item	Results
Corporate Governance	<ol style="list-style-type: none"> <li>1. We were awarded the 8th Corporate Governance Evaluation top 21-35 % in the Publicly traded company group, which was held by Taiwan Stock Exchange (TWSE).</li> <li>2. We were selected into the FTSE4GOOD Index for the seventh consecutive year and in the FTSE4Good TIP Taiwan ESG Index for the fifth consecutive year. We were re-selected as a constituent stock of "Taiwan High Salary 100 Index" and "Taiwan Employment 99 Index".</li> <li>3. We were ranked the Gold Award in the Technology R&amp;D of 2022 Happiness Enterprise online voting by 1111, Human resource agency, 317th of Fortune Top 500, 1345th of Forbes Top 2000, 4th in the "Top 2000" Manufacturing Industry by Common Wealth Magazine.</li> <li>4. The Compal Sustainability report in 2022 was certified by SGS Taiwan Ltd., by using the assurance standards of the AA1000 AS, GRI Standards and SASB Standards core options. Meanwhile, the report won the Platinum Medal of Taiwan Corporate Sustainability Report Award of TCSA and Taiwan Top 100 Sustainability Award.</li> <li>5. In order to fulfill the corporate social responsibility and strengthen the Company's ESG information disclosure, the Company officially launched the Task Force on Climate-related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB) projects, 2021 Sustainability Report disclosures in compliance with TCFD and SASB standards.</li> <li>6. We were ranked Taiwan Best of Germany iF Product Design Award from 2017-2022 and 10th of iF Worldwide Design Award.</li> </ol>
Supply Chain Management	<ol style="list-style-type: none"> <li>1. We comply with human rights and conflict mineral standards. In 2022, we implemented the policy of "Non-use of conflict minerals" policy and completed a survey (CMRT) of 863 suppliers' conflict minerals with a completion rate of 100%.</li> <li>2. To maintain good relationships with suppliers continuously, the Company held an online supplier conference in 2022. The content included, "The update of global green product regulations and key points of implementation", "RBA VAP v7.0 update items", "Conflict minerals", "Compal supplier management system introduction" and "Supply Chain green environmental advocacy". 205 staff members of suppliers participated online.</li> <li>3. Comprehensive systematic control over raw material hazardous substance, 40 new substances were added in 2022 and all projects comply with latest regulations and customer regulations, Halogen free projects to increase by 5%, Substance full-disclosure projects to increase by 6%, Inclusion and at least 19% of digitalized hazardous substance report.</li> </ol>
Environmental Sustainability	<ol style="list-style-type: none"> <li>1. We participated in the Carbon Disclosure Project (CDP) climate change and water safety questionnaire. Both were ranked at management tier in 2022.</li> <li>2. With starting from the source reduction, promoting waste reduction and recycling, NJCand CQA plants continue to promote UL2799 management systems, KS1, KS2 obtained UL2799 zero waste landfill platinum certification.</li> <li>3. Continue to promote the ISO 50001 energy management system, improve energy efficiency, and purchase 8,008,485 kWh of photovoltaic power generation, 113,604,723 kWh of hydropower generation and 20,000,000 kWh of green electricity certificates, and actually reduce emissions by 82,277,274.011 KG CO<sub>2</sub>e</li> <li>4. Using the Task Force on Climate-Related Financial Disclosures (TCFD) framework, identify potential major climate risks and opportunities, formulate response strategies and goals, continue to track management in a qualitative and quantitative manner, and complete the Kunshan plant climate governance report</li> <li>5. We participated in the "Waste 3C Recycling Activities" of customers; at which, 114 Compal employees joined the event.</li> </ol>

Item	Results
	<p>6. Responding to the sustainable development goal of the United Nations "SDGs 13 Climate Action ", "SDGs 14 Life below Water " and "SDGs 15 Life on Land ":</p> <ul style="list-style-type: none"> <li>• 87 colleagues participated in the Yuan-Tan River – the Enterprises Joint Beach cleanup action.</li> <li>• 42 colleagues participated in Xialiao beach cleaning.</li> <li>• 202 colleagues participated in environmental education activities at the Mangrove Ecocenter.</li> </ul>
Innovation	<ol style="list-style-type: none"> <li>1. According to the principle of environmental protection, sustainable and recycled design. In 2022, 7% products in voluntary compliance with Ecolabel, 5% recovered material usage in each commercial notebook project, USB PD included projects to raise by 27%, and High energy density cell included projects to raise by 16%, Reduce 5.14% of auxiliary material amount and ESG patents to be 6.7% of all applications.</li> <li>2. The 81 products that have passed the Electronic Product Environmental Assessment Tool (EPEAT 2018); in which, 44 products have obtained the Gold level certification, 26 products have obtained the Taiwan Environmental Protection Label, 26 products have obtained the TCO Label, and 36 products have obtained the CECP label. 1 mobile phone product obtained EPEAT Gold level certification. There are also 4 models of LCD monitors that have obtained the CECP label and 4 models that have obtained the TCO label.</li> <li>3. 113 notebook products and 4 LCD monitors have obtained the latest Energy Star certification.</li> <li>4. The EPEAT-compliant annual revenue percentage for laptops was 78.1% and the Energy Star-compliant annual revenue percentage was 81.9%. The EPEAT-compliant annual revenue percentage of 99.9% for mobile products. The Energy Star-compliant annual revenue percentage for monitor products was 99.4%.</li> <li>5. 75 notebook products have completed the full substance disclosure announcement.</li> <li>6. Halogen-free products list: 91 types of laptops, 16 types of smart phones, and 6 types of 5G devices.</li> </ol>

Item	Results
Social Welfare	<ol style="list-style-type: none"> <li>1. In 2022, 2,321 employees participated various public welfare activities of the COMPAL and HCI Foundation, and donations exceed NT\$ 5.9 million, with a total social welfare investment of more than NTD\$ 40 million.</li> <li>2. Donated 79 sets of "Apache Wireless Handheld Ultrasonic Systems" from Aco Healthcare, a subsidiary of the Group, to a medical institution on an offshore island, to protect the outlying islands with Smart medical biotechnology, to help improve the medical equipment in the offshore islands of Taiwan, and innovate the technology that serves the local people. The donation amount is more than NT\$20 million.</li> <li>3. Hold a series of activities called "Charity can't stop", that cooperates with social enterprises and social welfare groups in public welfare, and donates materials to help vulnerable children. <ul style="list-style-type: none"> <li>• In-Kind Donations for A Heartwarming New Year: 145 employees donated 3,843 items of living materials to help 200 poor families in the Sanchong District.</li> <li>• Summer Fundraising event – Enjoy Summer: 76 employees donated 2,075 pieces of daily necessities, including rice, noodles, canned food, biscuits, toothpaste, and soap, we mainly helped with Compal's Long-term care and cooperation of the "Kangaroo Project" of the Center of Care Services for Rural Area Education in Taiwan of Fu Jen Catholic University and community endpoints such as The HCI Welfare Charity Foundation in children and elders in the New Taipei and Taoyuan communities.</li> </ul> </li> <li>4. Compal held the third "Healthy Charity" series activities, A total of 40 colleagues attended Compal's 10K team for the Neihu Charity Running Activity. Purchasing products from social enterprises to encourage 57 employees to participate in activities and meet health standards.</li> <li>5. Compal co-organized the Second "Taipei Science and Technology Cup Love Earth Charity Road Run" in Taipei Neihu Technology Park. To advocate national sports, improve the physical and mental health of employees in Neihu Tech park, take care of social vulnerable people and to build a beautiful, good and healthy society.</li> <li>6. Sponsored the "Kangaroo Project" from the Rural Center of Fu Jen University for the 4rd year, for the after-school tutoring center and community teacher training program at Linkou Dayuan, Sanduo Elementary School and FU-Shing Martial Arts Elementary and Junior High School. Participating in the public welfare cooperation project of local libraries by "Kaohsiung</li> <li>7. Promoted SDGs4 Quality Education of UN, participating in the "Compal Reading Volunteer Project" to promote reading education in rural villages for the 15th year, to serve 1,091 school children and residents. In 2022, a total of 151 mobile digital devices and 250 smart wireless lamps to children of disadvantaged families at Pingtung and Taoyuan in 2022, so that their learning were not limited by environment and able to study healthily.</li> <li>8. We regularly hold volunteer service activities. In 2021, we had 3 volunteer service activities with 115 participants. We also held blood donation activities. (195 employees donated 298 units of blood, a total of 74,500cc).</li> </ol>

Item	Results
Employee Care	<ol style="list-style-type: none"> <li>1. We take care of the health of employees, on-site consultations with physicians are arranged every week, and health promotion management is carried out for those with high cardiovascular risk, with a 100% achievement rate by 2022.</li> <li>2. To promote gender equality in the workplace, we have provided gender-friendly toilets for employees and parking spaces for pregnant women.</li> <li>3. To improve fertility rates, we provide a TWD 66,000 maternity subsidy to employees for each newborn baby. 186 Compal babies were born in 2022. Compal has provided 3,196 birth rewards for 12 consecutive years, with a total amount exceeding TWD 210 million.</li> <li>4. We continue Employee Assistance Program (EAP) in 2022. EAP counseled a total of 119 cases about family and workplace relations issues.</li> <li>5. Hold employee health promotion activities to take care of employees' physical and mental health. Healthy Breakthrough: A public service activity that combines intellectual and kinesthetic abilities, allowing colleagues to understand their own physical status and construct their own healthy exercise. 53 colleagues completed the activity and 53 public service gifts were given away.</li> </ol>
The programs of personnel training	<p>Compal is a member of the GOLF academic alliance. In 2022, GOLF academic alliance hosted 3 presentations and Compal hosted 15 presentations of its own campus presentations, for a total of 18 presentations and successfully admitted 113 students to participate in one-year internship. We had 227 students to register online courses. We got 92.4 point for overall satisfaction of Compal's internal intern lecture course in 2022.</p>

## ■ The targets and plans of 2023 Sustainable Development

NO.	Targets	Plans
1	Focus on responsible manufacturing and design of green products, work to the goals of circular economy and Net Zero emissions by 2050.	<ul style="list-style-type: none"> <li>(1) Confirm carbon emissions based on the SBT methodology to achieve the reduction target, reduce greenhouse gas emissions by 4.2% compared to 2022.</li> <li>(2) Assist subsidiaries to develop the carbon inventory system and complete inventories in Scope 1 &amp; 2 of the greenhouse gas.</li> <li>(3) Promote energy efficiency and increasing the purchase of renewable energy, reduce by 20% power consumption in comparison with the previous year.</li> <li>(4) Increase 5% of products with voluntary ecolabel in comparison with the previous year.</li> <li>(5) Recovered material usage in each commercial notebook project &gt; 5%.</li> <li>(6) The proportion of digital reporting on hazardous substances increased by 10% compared to the previous year.</li> </ul>
2	Recruiting talents and establishing key knowledge, enforcing human rights policies & gender equality in the workplace to enhancing the overall competitiveness of the enterprise.	<ul style="list-style-type: none"> <li>(1) Training to grow key knowledge and precision recruitment and systematic talent cultivation to enhance acknowledgement to Company. Proportion of local IDL as key talents <math>\geq</math> 8%. Global IDL employee turnover <math>\leq</math> 17%.</li> <li>(2) Fulfill the workplace requirements as provided in the ISO 45001 management system and provide a safe working environment. Global incident rate (temp-workers included) &lt;0.18%.</li> <li>(3) Follow the company's human rights policies and promote gender equality. No human rights penalty incident.</li> <li>(4) Supported the Hsu Chauing Social Welfare Charity Foundation and active participation in ecological conservation. Increase 5% of the social investment in comparison with the previous year.</li> </ul>
3	Strengthening corporate governance and enhance the sustainable supply chain to improve sustainability evaluation in the long run.	<ul style="list-style-type: none"> <li>(1) Improve sustainability evaluation in the long run to accomplish the top 20% of the listed groups in corporate governance assessment.</li> <li>(2) Expand the system coverage of risk control and internal control, Completion 80% of system coverage of risk control.</li> <li>(3) Focusing on corporate integrity management and anti-corruption, enhance employee awareness and strengthen relevant training, and no violation with a fine penalty of more than NT\$1M.</li> <li>(4) Suppliers <ul style="list-style-type: none"> <li>1.RBA declaration/SAQ questionnaire completion rate &gt; 99%</li> <li>2.Conflict mineral due diligence - supplier questionnaire completion rate 100%</li> <li>3.Key suppliers – online SASB audit completion rate 100%</li> </ul> </li> </ul>

■ Climate-related risk and opportunity identification table

Type	Risk and Influence	Adaption and Opportunity
Transfer of Risk	<p>· Strategy and Law</p> <p>International trends and the environmental regulations in China have become stricter. Therefore, we are faced with fines or risks of plants closing down resulting from more environmental requirements. There are also possibilities that suppliers close down their plants or reduce the production due to environmental issues, which will lead to unstable supply and indirectly influence the efficiency of our assembly line.</p>	<p>1. Areas with stricter laws and regulations help us distinguish fine green suppliers and enable us to construct a complete green supply chain.</p> <p>2. We voluntarily review our internal environmental disadvantages, undergoing improvement of personnel behavior and device updates to boost our green production competitiveness.</p>
	<p>Operating costs increased as a result of more percentage of renewable energy in order to meet international trends and customer requirements.</p>	<p>Global awareness of environmental protection is gradually rising. Green production is the most important part of maintaining environmental resources and industrial competitiveness. Compal continues to abide by its excellent green production methods, and promotes the operation mode of saving electricity, water and waste.</p> <p>Continue to increase the use of solar power in production bases, and cooperate with green power purchases to increase the proportion of renewable energy used.</p>
	<p>· Technology</p> <p>Production and costs increased due to development and inclusion of recyclable material alternatives to meet international trends and customer expectation.</p>	<p>Taking in the lessening of waste and reuse of resources in the designing phase; encompassing green materials and low polluting alternatives; adopting designs with less use of natural resources and more recycled ones.</p> <p>Taking initiatives to meet international trends and customers' expectation by inserting recycled plastics in electronic products.</p>
	<p>Increased capital input and operating costs as a result of change and upgrade of equipment to enhance assets energy efficiency and low-carbon production.</p>	<p>Improve energy use efficiency. When energy-consuming equipment needs to be replaced, choose energy-saving products, provide employees with energy-saving reminders at any time, and actively introduce external counseling units. A total of 4 factories have passed the ISO 50001 energy management system certification. It is also expected to promote the connection of equipment to the Internet. Maximize the economic benefit of each unit of energy, in line with the goal of EP100.</p>
	<p>· Market</p> <p>Customers have gradually put emphasis on and chosen low-carbon and eco-friendly products.</p>	<p>We can mass-produce low-carbon products, and we continue to develop new products to complete the ability of creating a green product market.</p>
	<p>· Reputation</p> <p>If we do not coordinate with the environmental standards and regulations in advance, clients may transfer their orders.</p>	<p>We actively engage in external advocacy to learn the international trends and bring in external guidance and the audit system, constructing complete risk assessment of climate change and the coordination strategy.</p>



Concrete Risks	· Acute	
	Climate change might lead to rainfall type changes and the increase of frequency in rainstorms, droughts, and typhoons. These will bring about blocks in road transportation, increase the burden on AC devices, health issues and poor attendance of employees, and damage to plants and machines due to floods.	<ol style="list-style-type: none"> <li>1. We monitor the rainstorm alarm system and implement an alert plan to elevate the plants located on lower land, reducing the risk of floods.</li> <li>2. We established a healthcare department designated to provide fine healthcare counseling for the employees.</li> </ol>
	· Chronic	
	Climate transformation is likely to worsen the air, cause drought, increase the frequency of heatwaves, change water quality, and affect employees' health.	<ol style="list-style-type: none"> <li>1. We have a plan for water use and a drought operating team to effectively monitor and use water resources, reduce the risk of water use, and cut down the expense on water.</li> <li>2. We promote knowledge on climate change and rescue exercises and enforce medical resources preparation and epidemic prevention exercises to improve the health and safety awareness of employees.</li> </ol>

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

■ The Company has revised the “Compal Corporate Sustainable Development Best Practice Principles” based on “Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.” An “ESG Office” has also been introduced specifically for the purpose of promoting Corporate Governance, environmental sustainability, public welfare, and information disclosure. The Company has adopted the principles of RBA by including corporate sustainability in its overall business plan, thereby making sure that everything it does confirms with RBA. The Sustainability Committee reports its progress regularly to the Board of Directors, and ESG Office publishes annual Sustainability reports to ensure proper disclosure of CSR information.

■ In order to implement the development of a sustainable environment, maintain an environmental management system, the Company regularly organizes environmental education courses for management and employees. Green management has been introduced from the product design stage and the supply chain. We reduce the energy consumption of products and services, effectively manage harmful substances, reduce the generation of waste water and waste, and properly handle and adopt the best feasible pollution prevention and control technology measures.

■ We improve product life and reliability, and maximize the sustainable use of renewable resources with the concept of easy disassembly and recycling. The Company sets energy conservation and carbon reduction targets, carries out greenhouse gas reduction operations, and does its utmost to reduce the adverse impact of the Company's operations on human health and the natural environment.

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

■ External initiatives and participation

In order to help the company manage carbon emissions in the long term, meet the global greenhouse gas reduction requirements, keep the global average temperature rise within 1.5°C by the end of this century, and set the ScienceBased carbon Target, Compal has committed set SBT (Science Based Targets) in April 2022, and it is expected to pass the review before April 2024

As a significant member of the Earth, the Company actively participates in global and local environmental initiatives and actions. Since 2009, Compal has been participating in CDP's questionnaires on climate change, water, and supply chain carbon management. In 2015, Compal was selected as part of CDP's Climate Disclosure Leadership Index (“CDLI”) for the first time. In 2022, Compal received an overall CDP Management score of B.

■ Energy management system

Increasing productivity per unit of energy is the most fundamental solution to reducing energy consumption and greenhouse gas emission, the Company has detailed planning and implementation since 2017. The Company has completed the certification of the energy management system of PCP, KS3, CDT and CD Plants in 2019, CQA Plants in 2022, and has extended relevant experience to other plants.

■ Supply chain carbon management

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

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

Due to the Covid-19, in 2022, an online supplier conference was planned, and a professional consultant team was specially invited to explain the topic of "creating a sustainable value chain through SBT and supply chain management" in order to improve suppliers' willingness and ability to manage carbon.

#### ■ Corporate environmental education

The company continues to introduce corporate environmental education into employee training and green experience activities, and continues to respond to the "Taiwan Marine Waste Management Action Plan", starting from source reduction, caring for rivers, signing the "Tampui River Convention", and holding Tamsui River ecological tours, invite company employees, supply chain partners and cooperative social welfare groups to participate in environmental education and beach cleaning activities. Over the past few years, more than 5,000 people have shared the life stories of every corner of the land of Taiwan. The company fully supports the "experiential" environmental education action from top to bottom, and colleagues and family members enthusiastically participate in it from bottom to top; calls on colleagues to trickle down into a river, use the power of consumers to choose safe food, and give customers gifts as New Year's gifts to let demand come change the supply and support sustainable agriculture, forestry, fishery and animal husbandry.

And introduce relevant concepts into the company's product design, specially set up courses related to circular economy, invite professional lecturers to explain the actions and requirements of international and customers in the ESG field, so that colleagues can reduce the impact of products on the environment from R&D and manufacturing shock.

#### ■ Supporting green and social enterprises

In recent years, many social enterprises have emerged with goals to protect the environment and improve public interest. In support of their efforts, the Company encourages employees to purchase products and services offered by social enterprises, in hopes that by redirecting purchasing power, we may be able to muster positive energy to solve society's issues. In 2022, we invited 7 social enterprises and public welfare groups, including Taiwan DB Art Collective, Yuan care, Doghome Org., A good day, TriBake, Yu-Cheng Social Welfare Foundation, Kanner Village Social Enterprise to join Compal's Social & Green Market Event. We encouraged employees to learn more about social enterprises and give them more support through the event.

In 2022, Compal collaborated with the Yu-Cheng Social Welfare Foundation/Jixian Sheltered Workshop, I Can Sheltered Workshop, Hanner Family, Taiwan DB Art Collective, Yuan care, Doghome Org., A good day, TriBake, and employees have donated more than TWD 700,000.

#### ■ Community engagement

- The Company has long been sponsoring the maintenance and management of Zhouzi Park No. 2 in Neihu in order to provide community residents and industrial park workers a nice place for leisure and recreation activities.
- Compal Neihu employees supports the "2022 Blood donation activity": 195 people participated in and donated 298 bags of blood, totaling 74,500 cc.
- Compal co-organized the second "Taipei Science and Technology Cup Love Earth Charity Road Run" in Taipei Neihu Technology Park.

- Compal has teamed up with the "Kangaroo Project" from the Center of Care Services for Rural Area Education of Fu Jen Catholic University for the 4rd year,, and ran after-school tutoring centers at Linkou Dayuan, Sanduo Elementary School and FU-Shing Martial Arts Elementary and Junior High School.

## ■ Social services

- Compal's employees have run the "Compal Volunteer Club" since 2004. Members of this club visit disadvantaged children during weekends and guide them to read good books. The goal of this program is to help them develop the habit of reading and the ability to think independently, and hence prepare them for the future. The volunteers have also been working with Hsu Chauing Social Welfare and Charity Foundation to provide extracurricular education for immigrant children. Since 2009, they have been visiting Jong Jen Elementary School, Wuhan Elementary School, Nan-Shi Primary School, Chung Ping Elementary School, Shuang Long Elementary School, Neihai Elementary School, Nan Sing Elementary School, Hsiang An Elementary School, Tien Hsin Elementary School, Hua Hsun Elementary School, Wu Cyuan Elementary School, San He Elementary School, Chung-Shing Elementary School, Sin-Jie Elementary School, Xin Lu Elementary School, Fu An Elementary School, Dacheng Elementary School, Long-Sing Primary School, San Keng Primary School, Shanghu Primary School, Yisheng Elementary School, Shi-Hai Primary School, Te-Long Elementary School, Sha Keng Elementary School, Da Po Elementary School, Haibin Elementary School in Taoyuan and Guoling Elementary School in Yilan during public holidays to accompany children in their reading activities. As of the end of 2021, the volunteers had assisted 6,543 immigrant children and children from disadvantaged families.
- Compal has been encouraging college volunteer clubs to join the Company's "reading volunteers" initiative and provide study aids to children from low-income families in the neighborhood. By sharing good reading materials and environmental awareness, the Company hopes to contribute to the learning progress of disadvantaged children.
- 2022 Fall Art and Imagination, Meeting with Little Teachers  
"It turns out to be you" 251 colleagues serve as the Little Teachers of Heart Hope. 2022 "Compal Fall Art Festival ~The thanksgiving fare" arranged a gallery housing brilliant art pieces by Jia-Yi Elementary School art students. A charity marketplace was constructed, and fun activities led by Compal colleagues to entertain 30 Jia-Yi students.

## ■ Social welfare

### (1) Budget sponsorship

- Donated 79 sets of "Apache Wireless Handheld Ultrasonic Systems" from Aco Healthcare, a subsidiary of the Group, to a medical institution on an offshore island, to protect the outlying islands with Smart medical biotechnology, to help improve the medical equipment in the offshore islands of Taiwan, and innovate the technology that serves the local people. The donation amount is more than NT\$20 million.
- Sponsoring of budgets for college volunteer clubs  
In an attempt to encourage college students to participate in volunteer service, the Company has been contributing TWD 600,000 every year since 2004 to sponsor college clubs in reading promotion directed at children, after-school classes, and environmental education in locations that lack resources and for low-income households. In 2022, 10 college clubs applied for sponsorship, 317 student volunteers participated in sponsored volunteer activities in 2022, for which the Company contributed a sum of TWD 445,000 that benefited 1,091 children.
- Sponsoring of budgets for Compal Sunshine Scholarship  
The "Compal x Sunshine Scholarships" has entered its 24th year, which provide "Outstanding Computer Talent Scholarships" and "Computer Excellence Scholarships" for students with burns and facial

impairments yet with excellent computer skills.

- In addition to charity involvement, the Company also provides strong support to academic and industrial organizations including: Taipei City Friends of the Police Association Neihu Office, Taoyuan City Volunteer Fire Brigade Pingzhen Squad, Taiwan District of Kiwanis International, Taiwan Institute for Sustainable Energy, Taiwan International Care and Exchange Association, Taiwan Mini Football Association, Taiwan Semiconductor Circuit Design Association, Spinal Cord Injury Social Welfare Foundation, Golf Gap of Learning & Field, A sum of TWD 5,792,000 was donated to the above mentioned entities in 2022.

## (2) Donation of supplies

- Compal has the "Education-industry Collaboration Program Playing Plan" with the Hsu Chao-Ying Foundation In 2021, Hsu Chao-Ying Foundation and the Compal Electronics had a press conference for the "Education-industry Collaboration Program Playing Plan". Compal donated 210 tablets to the following 12 elementary schools: Shaking Elementary School, Gaoshu Elementary School, Ronghua Elementary School, Aliao Elementary School, Lingyun Elementary School, Wugou Elementary School, Yitan Elementary School, Chishan Elementary School, Gangxi Elementary School, Zhulin Elementary School, Chaodong Elementary School, Xinpi Elementary School to help the Xu Chao-Ying Foundation promote the plan called "Professional learning community with the creative teacher and creative student club."
- In order to enable more school children to learn without interruption, Compal donated 110 tablet PCs to participate in the public welfare project of World Vision's "2021 Fighting the Epidemic Together - Distance Learning for Disadvantaged Children." World Vision's Taitung District Office distributed the tablets to Guanshan Center, Chenggong Center, Taitung Center, Jinlun Center, and Lanyu Center to help the children and families that have been sponsored by World Vision for a long time.
- Initiated by the Hsu Chauing Social Welfare & Charity Foundation, the Children's Day Wish Gift Collection, joined by colleagues from Compal and New Kinpo Group, has already stepped into fourth year. In 2021, 42 Compal colleagues have taken part in activities to help disadvantaged children from 3 to 13 years old and prepared exclusive gifts for Children's Day.
- In 2022, a total of 151 mobile digital devices and 250 smart wireless lamps to children of disadvantaged families at Pingtung and Taoyuan in 2022, so that their learning were not limited by environment and able to study healthily.
- In-Kind Donations for A Heartwarming New Year: 145 employees donated 3,843 items of living materials to help 200 poor families in the Sanchong District.
- Summer Fundraising event – Enjoy Summer: 76 employees donated 2,075 pieces of six daily necessities, including rice, noodles, canned food, biscuits, toothpaste, and soap, we mainly helped with Compal's Long-term care and cooperation of the "Kangaroo Project" of the Center of Care Services for Rural Area Education in Taiwan of Fu Jen Catholic University and community endpoints such as The HCI Welfare Charity Foundation in children and elders in the New Taipei and Taoyuan communities.
- Sharing Care with Mooncake Charity Activity: 839 colleagues donated Mid-autumn moon cake sets to 3,118 disadvantaged school children in New Taipei, Taoyuan, Taichung, Miaoli, Changhua, Pingtung, Hualien, Hsinchu and Kaohsiung.
- Initiated by the Hsu Chauing Social Welfare & Charity Foundation, the Children's Day Wish Gift Collection, joined by colleagues from Compal and New Kinpo Group, has already stepped into fourth year. In 2022, 66 Compal colleagues have taken part in activities to help disadvantaged children from 3 to 13 years old and prepared exclusive gifts for Children's Day.

## (3) Compal Christmas Elf of visited the Dingshe Elementary School.

Compal Volunteers visited the Taoyuan City Luzhu Dist. Dingshe Elementary School with the Hsu Chauing Social Welfare Charity Foundation to share the festive atmosphere with teachers and students, and distributed Christmas gifts to 60 students to express their blessings.

## ■ Formulate human rights protection policies and specific management plans, as well as related policies and implementation

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

The above relevant regulations are disclosed on the official website: "CSR- Employee Relationship- Human Rights Protection and Health Care" and Sustainability reports.

## ■ Workplace diversity, gender equality and implementation

- Compal is committed to promoting gender equality. To ensure that employees are not treated differently based on gender and sexual orientation, the Headquarters and the plants in each area have all established the management process document of "Regulation for No Enforcement, Discrimination, and Harassment".
- For pregnant female employees, Compal also provides special care. We provide parking space application for pregnant female employees who are two months before delivery.
- In order to create a more inclusive environment and a more flexible space, Compal established gender-friendly toilets in 2022, to encourage the popularization of diversity awareness and respect for individual differences.

## ■ Domestic culture heritage supports

Compal values the cultural heritage of the community and supports the promotion of indigenous arts, culture and music. 2022 Compal Fall Art Festival ~ the thanksgiving fare arranged a gallery housing brilliant art pieces by Jia-Yi Elementary School art students. At the same time, 30 children from Chia-Yi Elementary School were invited to come down to the mountain to sing the Paiwan group songs for Compal colleagues, and to have a warm and reunion thanksgiving event.

## ■ Safety and health

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

(1) Environment safety and health policy:

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

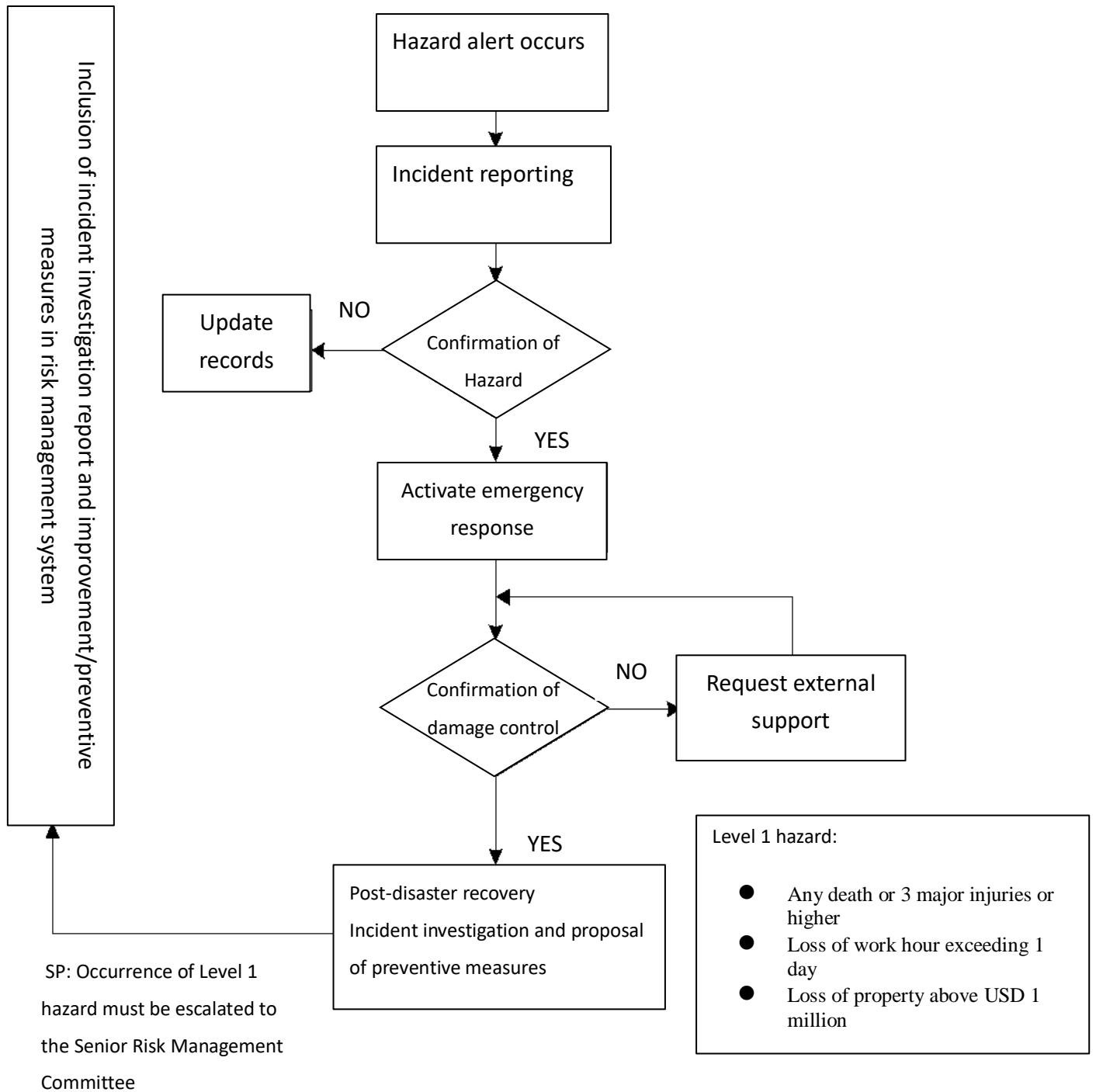
(2) Environmental safety and health systems/measures:

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

(3) Execution

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

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



- (4) Quality Policy (pursuing continuous improvement to meet customer needs): We commit to
- . Implement customer-oriented performance management.
  - . Create competitive advantages in products and services.



### 3.3.6 Ethical Corporate Management

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
I. Establishment of integrity policies and solutions				
1. Does the Company have an ethical corporate management policy approved by the Board of Directors and clearly state the ethical corporate management policy and practice in its internal regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the corporate management policy?	Yes		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” and, in addition, clearly outlined the procedures for ethical management and guidelines to conduct in its HR policies, social responsibility policies, the integrity principles and code of conduct for Directors, supervisors, managers, and the general code of conduct. The Company’s “Rules and Procedures for Board of Directors Meetings” contain a conflicting interest clause that requires Directors to disassociate from all discussion and voting on any agenda that poses a conflict of interest between the Company and themselves or the legal entities they represent.</p> <p>The Board of Directors has resolved to adopt the relevant integrity management policies, and the Directors and high-level management have issued a statement of compliance with the integrity management policies, committing to actively implement integrity management.</p>	No deviations were found
2. Has the Company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope and formulated a plan to prevent unethical behavior accordingly which at least covers the preventive measures for the behavior in paragraph 2, Article 7 of the “Ethical Corporate	Yes		<p>When the Company’s internal audit prepares the next year’s audit plan, unethical behavior was included in the scope of risk assessment. The relevant audits are performed accordingly, and the “Procedures for Ethical Management and Guidelines for Conduct” was adopted to govern the of follows items:</p> <ul style="list-style-type: none"> <li>·Prohibition against offering and accepting of improper benefits</li> <li>·Prohibition against lobbying</li> <li>·Prohibition against illegal political donations</li> <li>·Prohibition against improper donations or sponsorships</li> <li>·Prohibition against inappropriate gifts, treatments and illegitimate benefits</li> <li>·Prohibition against unfair competition</li> <li>·Prohibition against leakage of commercial secrets and infringement of intellectual property rights</li> <li>·Prohibition against insider trading and rules of confidentiality</li> </ul> <p>Furthermore, the “Information Security Policy” has introduced measures to prevent violation of commercial secrets.</p>	No deviations were found

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

Assessment criteria	Actual governance			Deviation and causes of deviation																		
	Yes	No	Summary description																			
the implementation?			<p>Status of Operation and Implementation in 2022: The Company requires suppliers to follow the RBA code of conduct, and sign the RBA Code of Conduct commitment or complete the RBA Code of Conduct questionnaire. Among 1,072 suppliers with transaction records, 1,070 have signed the RBA Code of Conduct commitment or completed the RBA Code of Conduct questionnaire, making for a signing rate of 99.81%. In addition, 10,867 employees completed 19,524 hours of integrity management related training, including:</p> <table border="1"> <thead> <tr> <th>Courses</th> <th>Attendances</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>New Employee Orientation</td> <td>1,497</td> <td>2,637</td> </tr> <tr> <td>On-job Training for New Employee</td> <td>1,590</td> <td>8,745</td> </tr> <tr> <td>New Employee Orientation</td> <td>326</td> <td>1,956</td> </tr> <tr> <td>Compal CSR Training</td> <td>7,450</td> <td>6,184</td> </tr> <tr> <td>Compal Management of the prevention of insider trading</td> <td>4</td> <td>2</td> </tr> </tbody> </table>	Courses	Attendances	Hours	New Employee Orientation	1,497	2,637	On-job Training for New Employee	1,590	8,745	New Employee Orientation	326	1,956	Compal CSR Training	7,450	6,184	Compal Management of the prevention of insider trading	4	2	
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New Employee Orientation	326	1,956																				
Compal CSR Training	7,450	6,184																				
Compal Management of the prevention of insider trading	4	2																				
3. Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	Yes		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Management and Guidelines for Conduct” (hereinafter, “Procedures and Behaviors”). A Director, managerial officer or other interested party of the Company attending, or present at a Board of Directors’ meeting shall explain the important contents of his/her/its interest at the Board of Directors' meeting if he/she or the legal entity he/she represents has an interest in the proposals listed in such meeting. In addition, if it is likely to prejudice the Company’s interest, he/she shall not participate in the discussion and voting, and shall recuse himself/herself from the discussion and voting, and shall not exercise voting rights as a proxy on behalf of other Directors. The Directors shall exercise discipline among themselves, and may not support each other in any inappropriate manner.</p> <p>If, in the course of conducting company business, an employee of the Company discovers that a potential conflict of interest exists involving themselves or the legal entity that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefit, the matter shall be reported to their immediate supervisor and the responsible unit, and the supervisor shall provide the employee with the proper instructions.</p> <p>No employee of the Company may use company resources for commercial activities other than those of this Company, nor may his or her job performance be affected by involvement in</p>	No deviations were found																		

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

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

### 3.3.7 Corporate Governance Guidelines and Regulations

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

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

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

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

Please refer to the Company's website→ CSR

<https://www.compal.com/csr/zh/default.aspx>

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

Please refer to the Company's website→ Stakeholder Communication

<https://www.compal.com/stakeholder-communication-area/>

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

### 3.3.9 Internal Control Systems

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

Compal Electronics, Inc.  
Statement of the Internal Control System

Date: March 15, 2023

The Company states the following with regard to its internal control system during fiscal the year 2022, based on the findings of a self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system is the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, though, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (“Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of Dec 31, 2022 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 15, 2023, where 0 of the 14 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Compal Electronics, Inc.

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



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

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

**3.3.11 Major Resolutions Made in Shareholders' Meeting and Board Meetings**

1. Shareholders' meeting

■ Time: 9: 00 am, June 24, 2022

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

■ Major Resolutions:

- (1) Ratified the Business Report and Financial Statements for 2019.
- (2) Ratified the Distribution of Earnings for 2019.
- (3) Approved the amendment to the "Articles of Incorporation"
- (4) Approved the amendment to the "Procedures for Acquisition or Disposal of Assets"
- (5) Didn't Approve the amendment to the "Procedures for Lending Funds to Other Parties"
- (6) Approved the amendment to the "Rules and Procedures of Shareholders Meeting"
- (7) Approved the release of non-competition restrictions for Directors

■ Post-meeting Execution:

- (1) The amendments to the Company's Articles of Incorporation were approved and registered on file by the Ministry of Economic Affairs on July 20, 2022.

**2. Major Resolutions of Board Meetings**

Date	Material resolutions
3 <sup>rd</sup> Meeting (14 <sup>th</sup> Term) 2022.02.10	<ol style="list-style-type: none"> <li>1. Approved senior level management change</li> <li>2. Approved loan to Kinpo&amp;Compal Group Assets Development Corporation</li> <li>3. Approved the Company acquisition of the common shares of Poindus Systems Corp. by public tender offer.</li> <li>4. Approved the issuance of the Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>5. Approved authorizing the Company to obtain credit facilities from financial institutions</li> </ol>
4 <sup>th</sup> Meeting (14 <sup>th</sup> Term) 2022.03.15	<ol style="list-style-type: none"> <li>1. Approved the Internal Control System Statement for the year 2021</li> <li>2. Approved the enactment to the "Risk management policy of Compal Group"</li> <li>3. Approved the proposal of the distribution of compensation to employees and directors for the year 2021</li> <li>4. Approved 2021 Audited Consolidated Financial Statements and Parent Company Only Financial Statements</li> <li>5. Approved the Business Report for the year 2021</li> <li>6. Approved the Business Plan for the year 2022</li> <li>7. Approved the proposal for Distribution of Earnings for the year 2021</li> <li>8. Approved the proposal for cash dividends from Earnings for the year 2021</li> <li>9. Approved the proposal of cash distribution from Capital Surplus</li> <li>10. Approved the relevant matters regarding the distribution of the year 2021 cash dividends and cash distribution from capital surplus to shareholders</li> </ol>

	<ol style="list-style-type: none"> <li>11. Approved the convention of 2022 Annual General Shareholders' Meeting</li> <li>12. Approved the enactment to the "Sustainability Committee Charter"</li> <li>13. Approved the appointment of the 1<sup>st</sup> term of sustainability committee members</li> <li>14. Approved the amendment to the "Corporate Social Responsibility Best Practice Principles"</li> <li>15. Approved evaluation of CPAs' independence and competence in performing the financial report audit.</li> <li>16. Approved the first mid-year employees' bonus of the year 2022</li> <li>17. Approved the issuance of the Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>18. Approved authorizing the Company to obtain credit facilities from financial institutions</li> </ol>
<p>5<sup>th</sup> Meeting (14<sup>th</sup> Term) 2022.05.11</p>	<ol style="list-style-type: none"> <li>1. Approved the 1Q 2022 Consolidated Financial Review Report</li> <li>2. Approved the amendment to the "Articles of Incorporation"</li> <li>3. Approved the amendment to the "Procedures for Acquisition or Disposal of Assets"</li> <li>4. Approved the amendment to the "Procedures for Lending Funds to Other Parties"</li> <li>5. Approved the amendment to the "Rules and Procedures of Shareholders Meeting"</li> <li>6. Approved the release of non-competition restrictions for the managers</li> <li>7. Approved the release of non-competition restrictions for Directors</li> <li>8. Approved employees' salary adjustment of the year 2022</li> <li>9. Approved the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2022</li> <li>10. Approved the targets and plans of Sustainability for the year 2022</li> <li>11. Approved fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.</li> <li>12. Approved fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.</li> <li>13. Approved authorizing the Company to obtain credit facilities from financial institutions</li> <li>14. Approved the plan to execute the investment agreement for the project of New Taipei City RuiFang District Medical and Long-Term Care Facility BOT+BTO Project</li> <li>15. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institution.</li> <li>16. Approve to obtain newly issued shares of Raypal Biomedical Co., Ltd. by participating in the capital injection by cash.</li> </ol>
<p>6<sup>th</sup> Meeting (14<sup>th</sup> Term) 2022.08.12</p>	<ol style="list-style-type: none"> <li>1. Approved the enactment to the "Compal Group's Business Continuity Management Policy"</li> <li>2. Approved the Directors' Remuneration for the year 2021</li> <li>3. Approved 2<sup>nd</sup> mid-year employees' bonus for the year 2022</li> <li>4. Approved the 1H 2022 Consolidated Financial Review Report</li> <li>5. Approved the Kaohsiung branch moving to a new location</li> <li>6. Approved for a loan to Henghao Technology Co. Ltd.</li> <li>7. Approved for a loan to Unicom Global, Inc.</li> <li>8. Approved the Company to adjust the lending interest rate and interest payment date of the capital loan to the subsidiaries</li> <li>9. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>10. Approved authorizing the Company to obtain credit facilities from financial institutions</li> </ol>
<p>7<sup>th</sup> Meeting (14<sup>th</sup> Term) 2022.11.11</p>	<ol style="list-style-type: none"> <li>1. Approved annual audit plan for year 2023</li> <li>2. Approved the compensation of Employee bonuses in cash of year 2021</li> <li>3. Approved the proposal for 2022 year-end employees' bonus</li> <li>4. Approved the 3Q 2022 Consolidated Financial Statements</li> <li>5. Approved the amendment to the "Rules and Procedures for Board of Directors Meetings"</li> <li>6. Approved the amendment to the "Procedures for Handling Material Inside Information"</li> <li>7. Approved the amendment to the "Internal Control System"</li> </ol>

	<ol style="list-style-type: none"> <li>8. Approved to indirectly invest in the establishment of a Vietnamese subsidiary and obtain the land use rights by the subsidiary.</li> <li>9. Approved the proposal of the subsidiary's planned gross project budget of the leased land and commissioned to build the new group operating headquarters building</li> <li>10. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>11. Approved the issuance of Letter of Undertaking by the Company to facilitate its subsidiary in obtaining credit facilities from financial institution</li> <li>12. Approved authorizing the Company to obtain credit facilities from financial institutions</li> </ol>
<p>8<sup>th</sup> Meeting (14<sup>th</sup> Term) 2023.02.07</p>	<ol style="list-style-type: none"> <li>1. Approved for senior level management change</li> <li>2. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</li> <li>3. Approved authorizing the Company to obtain credit facilities from financial institutions</li> </ol>
<p>9<sup>th</sup> Meeting (14<sup>th</sup> Term) 2023.03.15</p>	<ol style="list-style-type: none"> <li>1. Approved the Internal Control System Statement for the year 2022</li> <li>2. Approved the proposal of the distribution of compensation to employees and directors for the year 2022</li> <li>3. Approved the Audited Consolidated Financial Report and Parent Company Only Financial Report for the year 2022</li> <li>4. Approved the Business Report for the year 2022</li> <li>5. Approved the Business Plan for the year 2023</li> <li>6. Approved the proposal for Distribution of Earnings for the year 2022</li> <li>7. Approved the proposal for cash dividends from Earnings for the year 2022</li> <li>8. Approved the proposal of cash distribution from Capital Surplus</li> <li>9. Approved the relevant matters regarding the distribution of the year 2022 cash dividends and cash distribution from capital surplus to shareholders</li> <li>10. Approved the convention of 2023 Annual General Shareholders' Meeting</li> <li>11. Approved the Sustainability Report Material Topics for the year 2022</li> <li>12. Approved the targets and plans of Sustainability for the year 2023</li> <li>13. Approved fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.</li> <li>14. Approved fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.</li> <li>15. Approved fund loan to 70% owned subsidiary Kinpo&amp;Compal Group Assets Development Corporation</li> <li>16. Approved the "Non-Assurance Service Pre-Approval Policy - General Policy"</li> <li>17. Approved evaluate CPAs' independence and competence of performing financial report audit.</li> <li>18. Approved the first mid-year employees' bonus of the year 2023</li> <li>19. Approved authorizing the Company to obtain credit facilities from financial institutions</li> </ol>
<p>10<sup>th</sup> Meeting (14<sup>th</sup> Term) 2023.05.08</p>	<ol style="list-style-type: none"> <li>1. Approved the amendment to the "Corporate Governance Best-Practice Principles"</li> <li>2. Approved the amendment to the "Management Rules for Preventing Insider Trading"</li> <li>3. Approved the amendment to the "Risk management policy of Compal Group"</li> <li>4. Approved the enactment to the "Risk Management Best Practice Principles"</li> <li>5. Approved the enactment to the "Risk Management Committee Charter"</li> <li>6. Approved the appointment of the term 1st Risk Management Committee members</li> <li>7. Approved the amendment to the "Sustainable Development Best Practice Principles"</li> <li>8. Approved the enactment to the "Human Rights Policy"</li> <li>9. Approved the 1Q 2023 Consolidated Financial Review Report</li> <li>10. Approved the release of non-competition restrictions for the managers</li> <li>11. Approved the release of non-competition restrictions for Directors</li> <li>12. Approved employees' salary adjustment of the year 2023</li> <li>13. Approved the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2023</li> </ol>

	<p>14. Approved to obtain newly issued shares of ARCE Therapeutics, Inc. by participating in the capital injection by cash.</p> <p>15. Approved the proposal for providing Corporate Guaranty Letter to Quanta Computer Inc.</p> <p>16. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions</p> <p>17. Approved authorize the Company to obtain credit facilities from financial institutions</p>
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**3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.**

**3.3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: None.**

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

Unit: TWD Thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Kuo, Kuan Ying	2022.01.01~	9,600	3,470	13,070	-
	Chien, Szu Chuan	2022.12.31				

Note: Other non-audit fees: Transfer pricing report of \$600,000, tax consultation of \$2,783,000, business registration \$22,000 and others of \$65,000.

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

### 3.5 Replacement of CPA:

#### 1. About the former CPA

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

#### 2. About the succeeding CPA

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

3. The Company shall disclose the content of the reply letter from the former CPA. The former CPA's response to matters as described in Item 1 and Item 2-3 of subparagraph 6, Article 10 of the Standards: None.

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

**3.7 For the most recent year and as of the date of publication of the annual report, changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Unit: shares

Title	Name	2022		As of May 8, 2023	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Chairman	Sheng-Hsiung Hsu	0	0	0	0
Vice-Chairman And CSO	Jui-Tsung Chen	0	0	0	0
Director	Binpal Investment Co., Ltd.	0	0	0	0
	Representative: Wen-Being Hsu	1,000	0	0	0
Director Director	Kinpo Electronics, Inc.	0	0	0	0
	Representative: Chieh-Li Hsu	0	0	0	0
	Charnng-Chyi Ko	0	(680,000)	0	0
Director	Sheng-Chieh Hsu	0	0	0	0
Director	Yen-Chia Chou	0	0	0	0
Director and President	Chung-Pin Wong	0	0	0	0
Director	Chiung-Chi Hsu	0	0	0	0
Director and Executive Vice-President	Ming-Chih Chang	0	0	0	0
Director	Anthony Peter Bonadero	0	0	0	0
Director and Executive Vice-President	Sheng-Hua Peng	0	0	0	0
Independent Director	Min-Chih Hsuan	0	0	0	0
Independent Director	Duei Tsai	0	0	0	0
Independent Director	Wen-Chung Shen	0	0	0	0
Executive Vice- President	Chen Chang Hsu	0	0	0	0
Senior Vice- President	Chun-Te Shen	0	0	0	0
Senior Vice- President	Kuo-Chuan Chen	0	0	0	0
Senior Vice- President	Chyou-Jui Wei	0	0	0	0
Senior Vice- President	Wen-Da Hsu	0	0	0	0
Senior Vice- President	Shi-Kuan Chen	0	0	0	0

Title	Name	2022		As of May 8, 2023	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Senior Vice-President	Chi-Wai Wan	0	0	0	0
Senior Vice-President	Min-Tung Weng	0	0	0	0
Senior Vice-President	Lo-Chun Lee	0	0	0	0
Senior Vice-President	Sheng-Hung Li	(110,000)	0	(100,000)	0
Senior Vice-President	Bor-Heng Chen	0	0	0	0
Senior Vice-President	Chung-Hsing Tan	0	0	0	0
Senior Vice-President	Ta-Chun Wang	0	0	0	0
Vice-President	Chih-Chuan Cheng	0	0	0	0
Vice-President	Ching-Hsiung Lu	(100,000)	0	0	0
CISO & VP	Po-Tang Wang	0	0	0	0
Vice-President	Tzong -Ming Wang	0	0	0	0
Vice-President	Fu-Chuan Chang	20,000	0	0	0
Vice-President	Yong-Ho Su	(90,000)	0	0	0
Vice-President	Jyh-Shyan Liang	0	0	(5,000)	0
Vice-President	Yi-Yun Chang	0	0	0	0
Vice-President	Hsin-Kung Mao	80,000	0		0
Vice-President	Shih-Hong Huang	(280,000)	0	0	0
Vice-President	Yi-Chiang Chiu	0	0	0	0
Vice-President	Jui-Chun Shyur	0	0	0	0
CLO & VP	Peng-Hong Chan	0	0	0	0
CGO & AO & VP	Cheng-Chiang Wang	0	0	0	0
Vice-President	Cheng-Hui Su	0	0	0	0
Vice-President	Tu-Chuan Tu	0	0	0	0
Vice-President	Chang-Chieh Tien	0	0	0	0
FO & VP	Guo-Dung Yu	0	0	0	0
Vice-President	Peng Kuee Lau	0	0	0	0
Vice-President	Hou-Chun Liu	0	0	0	0
Vice-President	Wu-Ching Chi	0	0	0	0
Vice-President	Hsin-Chung Chen	0	0	0	0
Vice-President	Jue-Teng Chang	0	0	0	0
Vice-President	Choo-Tain Chiu	0	0	0	0
IAO	Chenyi Li	0	0	0	0
Vice-President	Chiao-Lie Huang				
Vice-President	Wei-Chia Wang	0	0	0	0
Vice-President	Yau-De Chiou	0	0	0	0
Vice-President	Jen-Liang Lin	0	0	0	0

Note: 1. Vice-Presidents Chiao-Lie Huang, Wei-Chia Wang, Yau-De Chiou resigned in 2022, Vice-President Jen-Liang Lin transferred in 2023.



**3.7.1 Shares Trading with Related Parties:**

Name	Reason for transfer	Transaction date	Counterparty	Counterparty's relationship with the Company, Directors, Supervisors, Managers, and shareholders with more than 10% ownership interest	Shares	Transaction price
Sheng-Hung Li	Gift	2022.05.09	Yi-Je Li	Father and Son	110,000	22.1
Sheng-Hung Li	Gift	2023.02.21	Yi-Je Li	Father and Son	100,000	23.5
Ching-Hsiung Lu	Gift	2022.08.26	Shao-Hsuan Lu	Father and Daughter	100,000	22.6

**3.7.2 Shares Pledged with Related Parties: None**

### 3.8 Relationship among the Top Ten Shareholders

April 23, 2023

Unit: Shares

Name	Self Shares held		Shareholdings of spouse and minors		Total shares held in the names of others Shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF ◦	340,376,000	7.72%	-	-	0	0%	None	None
Yuanta/P-shares Taiwan Dividend Plus ETF	206,638,295	4.69%	-	-	0	0%	None	None
Kinpo Electronics, Inc.	151,628,692	3.44%	-	-	0	0%	None	None
Sheng-Hsiung Hsu	8,975,401	0.20%	17,107,025	0.39%	0	0%		
Silchester International Investors International Value Equity Trust	104,163,000	2.36%	-	-	0	0%	None	None
New Labor Pension Fund	102,163,415	2.32%	-	-	0	0%	None	None
Yuanta Taiwan High Dividend Low Volatility ETF	61,473,000	1.39%	-	-	0	0%	None	None
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	57,372,900	1.30%	-	-	0	0%	None	None
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund ◦ a series of Vanguard Star Funds	54,255,652	1.23%	-	-	0	0%	None	None
Citibank (Taiwan) Ltd. in custody for Norges Bank	47,241,697	1.07%	-	-	0	0%	None	None
Labor Insurance Fund	44,143,526	1.00%	-	-	0	0%	None	None

### 3.9 Ownership of Shares in Affiliated Enterprises

December 31, 2022

Unit: Shares; %

Investees (Note)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Panpal Technology Corp.	500,000,000	100.00	-	-	500,000,000	100.00
Gempal Technology Corp.	90,000,000	100.00	-	-	90,000,000	100.00
Hong Ji Capital Co., Ltd.	100,000,000	100.00	-	-	100,000,000	100.00
Hong Jin Investment Co., Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
HippoScreen Neurotech Corp.	9,100,000	91.00	-	-	9,100,000	91.00
SHENNONA CO.,Ltd.	600,000	100.00	-	-	600,000	100.00
Aco Healthcare Co.,Ltd.	100,000,000	52.04	-	-	100,000,000	52.04
ARCE Therapeutics, Inc.	20,000,000	32.79	7,805,110	12.80	27,805,110	45.58
Raypal Biomedical Co., Ltd.	4,646,143	30.00	5,064,999	32.70	13,157,285	62.70
Rayonnant Technology Co., Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
RiPAL Optotronics Co., Ltd.	6,000,000	100.00	-	-	6,000,000	100.00
Unicom Global Inc.	20,000,000	100.00	-	-	20,000,000	100.00
Palcom International Corporation	10,000,000	100.00	-	-	10,000,000	100.00
Henghao Technology Co., Ltd.	20,014,952	100.00	-	-	20,014,952	100.00
Compal Broadband Networks Inc.,	29,060,176	42.73	13,139,637	19.32	42,199,813	62.05
Crownpo Technology Co., Ltd.	3,738,668	33.23	6,230,544	55.38	9,969,212	88.61
Kinpo Group Management Consultant Company	300,000	37.50	300,000	37.50	600,000	75.00
Mactech Co., Ltd.	21,756,192	52.88	274,954	0.67	22,031,146	53.55
General life Biotechnology Co., Ltd.	15,035,000	50.12	-	-	15,035,000	50.12
Lead-honor Optoelectronic Co., Ltd.	2,772,000	42.00	-	-	2,772,000	42.00
Infinno Technology Corporation	4,648,322	27.72	656,396	3.91	5,304,718	31.63
Allied Circuit Co., Ltd.	10,157,730	19.83	7,037,133	13.74	17,196,863	33.57
Arcadyan Technology Corp.	41,304,504	18.74	34,422,417	15.62	75,726,921	34.36
Avalue Technology Inc.	14,924,070	20.94	508,000	0.70	15,432,070	21.64
Core Profit Holdings Ltd.	147,000,000	100.00	-	-	147,000,000	100.00
Flight Global Holding Inc.	89,755,495	100.00	-	-	89,755,495	100.00
Just International Ltd.	48,010,000	100.00	-	-	48,010,000	100.00
High Shine Industrial Corp.	42,700,000	53.58	37,000,000	46.42	79,700,000	100.00
Compal International Holding Co., Ltd.	53,001,000	100.00	-	-	53,001,000	100.00
Big Chance International Co., Ltd.	90,820,000	100.00	-	-	90,820,000	100.00
Compal Rayonnant Holdings Limited	12,500,000	100.00	-	-	12,500,000	100.00

Investees (Note)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Auscom Engineering Inc.	3,000,000	100.00	-	-	3,000,000	100.00
Compal Europe (Poland) Sp. z o.o.	136,080	100.00	-	-	136,080	100.00
CGS Technology(Poland) Sp. z o.o.	245,911	100.00	-	-	245,911	100.00
Bizcom Electronics, Inc.	100,000	100.00	-	-	100,000	100.00
Compal Electronics (Holding) Ltd.	1,000	100.00	-	-	1,000	100.00
Compalead Electronics B.V.	6,426,516	100.00	-	-	6,424,516	100.00
Etrade Management Co., Ltd.	46,900,000	65.23	25,000,000	34.77	71,900,000	100.00
Webtek Technology Co., Ltd.	100,000	100.00	-	-	100,000	100.00
Forever Young Technology Inc.	50,000	100.00	-	-	50,000	100.00
Lipo Holding Co., Ltd.	98,000	49.00	102,000	51.00	200,000	100.00
Ascendant Private Equity Investment Ltd.	31,253,125	34.72	44,750,000	49.72	76,003,125	84.44
UniCore BioMedical Co., Ltd.	20,000,000	100.00	-	-	20,000,000	100.00
Shennona Corporation	-	100.00	-	-	-	100.00
Starmems Semiconductor Corp.	3,500,000	35.00	1,000,000	10.00	4,500,000	45.00
Kinpo&Compal Group Assets Development Corporation	52,500,000	70.00	-	-	52,500,000	70.00
Compal Ruifang Health Assets Development Corporation	10,000,000	100.00	-	-	10,000,000	100.00
POINDUS SYSTEMS CORP.	11,768,199	56.04	44,000	0.21	11,812,199	56.25

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

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

May 8, 2023

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

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

■ Shelf registration system information: None

#### 4.1.2 Status of Shareholders

April 23, 2023

Analysis	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Natural Persons	Domestic Natural Persons	Treasury stocks	Total
Number of Shareholders	3	35	329	1,069	216,444	0	217,880
Shareholding (shares)	8	451,701,098	730,396,575	1,830,513,624	1,394,535,320	0	4,407,146,625
Percentage	0.00%	10.25%	16.57%	41.54%	31.64%	0.00%	100.00%

#### 4.1.3 Share Ownership Distribution

April 23, 2023

Range of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	45,187	9,257,951	0.21%
1,000 ~ 5,000	124,546	274,166,004	6.22%
5,001 ~ 10,000	25,802	197,193,546	4.47%
10,001 ~ 15,000	8,247	101,947,422	2.31%
15,001 ~ 20,000	4,471	81,435,234	1.85%
20,001 ~ 30,000	3,692	93,044,833	2.11%
30,001 ~ 40,000	1,650	58,487,876	1.33%
40,001 ~ 50,000	1,030	47,823,017	1.09%
50,001 ~ 100,000	1,652	118,110,996	2.68%
100,001 ~ 200,000	689	96,582,456	2.19%
200,001 ~ 400,000	347	98,048,269	2.22%
400,001 ~ 600,000	106	51,511,896	1.17%
600,001 ~ 800,000	84	58,052,493	1.32%
800,001 ~ 1,000,000	50	43,889,480	1.00%
1,000,001 and over	327	3,077,595,152	69.83%
Total	217,880	4,407,146,625	100.00%

#### 4.1.4 List of Major Shareholders

April 23, 2023

Shareholder's name	Shares held	Percentage (%)
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	340,376,000	7.72%
Yuanta/P-shares Taiwan Dividend Plus ETF	206,638,295	4.69%
Kinpo Electronics, Inc.	151,628,692	3.44%
Silchester International Investors International Value Equity Trust	104,163,000	2.36%
New Labor Pension Fund	102,163,415	2.32%
Yuanta Taiwan High Dividend Low Volatility ETF	61,473,000	1.39%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	57,372,900	1.30%
JPMorgan Chase Bank N.A. , Taipei Branch in custody for Vanguard Total International Stock Index Fund , a series of Vanguard Star Funds	54,255,652	1.23%
Citibank (Taiwan) Ltd. in custody for Norges Bank	47,241,697	1.07%
Labor Insurance Fund	44,143,526	1.00%

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

Measurement		Year			
		2021	2022	As of May 8, 2023	
Per-share market price	High	27.95	27.20	25.80	
	Low	20.60	20.55	22.60	
	Average	23.26	23.24	24.10	
Per-share net worth	Before dividend	25.56	26.69	25.66	
	After dividend	23.54	25.48 (Note 1)	-	
Earnings per share	Before adjustment	Weighted average outstanding shares	4,357,129,194	4,357,129,194	4,357,129,194
		Earnings per share	2.90	1.67	0.32
	After adjustment	Weighted average outstanding shares	4,357,129,194	4,357,129,194	-
		Earnings per share	2.90	1.67	-
Per-share dividend	Cash dividends		2.00	1.20 (Note 1)	-
	Stock dividends	From earnings	-	-	-
		From capital reserves	-	-	-
	Cumulative unpaid dividends		-	-	-
Analysis of investment returns	P/E ratio		8.02	13.92	-
	Price to dividends ratio		11.63	19.37 (Note 1)	-
	Cash dividend yield		8.60%	5.16% (Note 1)	-

Note: 1. The 2022 distribution of earnings was resolved at the March 15, 2023 Board of Directors' Meeting.

2. Book value per share and earnings per share based on the most recent quarterly data audited (reviewed) by CPAs before the publication date of this annual report. Other fields based on data for the year as of the publication date of this annual report.

#### 4.1.6 Dividend Policy and Implementation Status

##### 1. Dividend Policy

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

The Company is in a growth period of its life cycle. And as such, for the consideration of future capital needs and to meet cash flow needs of its shareholders, the Company's distribution of cash dividends, after closing and distribution of earnings, shall be no less than 10% of the total cash and stock dividends.

Although a dividend ratio has not been specified in the Company's articles of incorporation, the Company shall not appropriate less than 30% of its income after tax for dividends, after taking into account factors such as the Company's capital needs, the capital budget, long term financial plans, domestic and international competition,

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

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

- The 2022 distribution of earnings of shareholders' dividends in the amount of TWD 4,407,146,625 was approved by the Board of Directors Meeting on March 15, 2023. The aforementioned amount is set to be distributed as an all-cash dividend of TWD 1.0 per share and incurred capital surplus generated from the excess of the issuance price over the par value of the capital stock in the amount of TWD 881,429,325, or TWD 0.2 per share. The total cash distribution amounts to TWD 5,288,575,950.
- The Board of Directors has approved to set an ex-dividend record date for distribution and record date of cash distribution from capital surplus on April 27, 2023, and cash distribution has been paid out on May 19, 2023

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

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

Not Applicable (The Company did not disclose 2023 annual financial forecast)

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

1. Employees' and directors' compensation policies as stated in the Articles of Incorporation  
When the Company makes a profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to the deduction of compensation to employees and directors, shall be distributed to employees as compensation in the amount of no less than two percent (2%) thereof and to directors as compensation in an amount of no more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset the accumulated losses.  
The compensation to employees as mentioned above may be distributed in the form of stock or cash and employees entitled to receive said stock/cash may include the employees of the Company's subordinate companies pursuant to the Company Act.
2. Basis for estimating employees' and directors' compensation and stock dividends, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.
  - Compensation to directors and employees, as denoted in the Articles of Incorporations, shall be estimated based on income before tax prior to the subtraction of directors and employees compensation during the current year and multiplied by the ratio as denoted in the Article of Incorporation (shall not be more than 2% or less than 2% of the remainder, respectively.)
  - If the compensation approved for distribution to employees is to be in the form of common shares, the number of shares is determined by dividing the amount of the compensation by the closing price of the shares on the day preceding the Board of Directors' meeting.
  - If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in



the subsequent year as a change in accounting estimate.

3. 2022 employees compensation proposal passed by the board of directors
  - Accrued employee compensation is TWD 750,945,090 and Directors compensation is TWD 39,709,200.
  - If the estimated distribution amount differs from the amounts estimated in accrued expenses, the variance, reason, and resolution should be disclosed: No variance.
  - The proposed distribution of employee stock compensation, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the individual financial reports for the current period and total employee compensation: Not applicable (no employee stock compensation).
  
4. Actual distribution of 2021 employee and Directors compensation:
  - Accrued employee compensation is TWD 1,350,062,159 and Directors compensation is TWD 71,389,891.
  - The 2021 actual distribution of employee and Directors compensation remained as proposed by the Board of Directors.

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

**4.2 Bonds: None**

**4.3 Preferred shares: None**

## 4.4 Global Depository Receipts

### 1. Issuance

Details		Date of issue:	
		November 9, 1999	May 21, 2001
Issuance and trading location		Luxembourg	Luxembourg
Total sum issued		USD 122,160,000	USD 174,816,000
Issuance price per unit		USD 15.27	USD 6.07
Number of units issued		8,000,000 units	28,800,000 units
Source of represented securities		Participating shareholder(s): Kinpo Electronics, Inc.	1. Participating shareholder(s): 44,000,000 shares contributed by (1) Kinpo Electronics, Inc. (2) Panpal Technology Corporation (3) Gempal Technology Corporation 2. New cash issue of Compal shares: 1,000,000,000 shares
Quantity of represented securities		40,000,000 ordinary shares of Compal Electronics	144,000,000 ordinary shares of Compal Electronics
GDR holders' rights and obligations		1. Voting rights: According to the terms of the depository agreement and the laws of the Republic of China, the beneficiary certificate holder is entitled to the voting rights of shares represented under the beneficiary certificate. 2. Rights to dividend distribution, share subscription, and other rights: Unless otherwise specified in the agreement, the GDR carries identical rights as do ordinary shares	
Trustee		N/A	N/A
Depository bank		The Bank of New York	The Bank of New York
Custodian		Mega International Commercial Bank	Mega International Commercial Bank
Unredeemed balance		7,426,799 units (May 8, 2023)	
Allocation of expenses incurred at issuance and over the duration		Borne by participating shareholder(s)	Allocated proportionally between the Company and participating shareholders
Key terms of the depository and custodian agreements		See descriptions below	
Per Unit Market Price	2022	High	USD \$ 4.76
		Low	USD \$ 3.20
		Average	USD \$ 3.90
	Year-to-date May 8, 2023	High	USD \$ 4.22
		Low	USD \$ 3.74
		Average	USD \$ 3.94

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

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

##### ■ Depository receipts

Each depository certificate represents 5 Compal ordinary shares.

##### ■ Transfer/settlement

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

##### ■ Deposit and redemption of Compal shares

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

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

■ Distribution of dividends, gains, and rights

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

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

■ Tax

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

(2) Key terms of the custodian agreement

■ Placing securities for the issuance of global depository receipts

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

■ Notifying the depository institution for the issuance of depository receipts

Once the custodian has received Compal's ordinary shares, the custodian shall immediately notify the depository institution for the issuance of global depository receipts. As soon as the depository institution receives the above notice, it shall produce and issue global depository receipts representing the number of

entitled securities to the parties mentioned in the custodian's notice above.

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

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

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

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

**4.5 Employee Warrants: None**

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

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

**4.8 Financing Plans and Implementation:**

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

## V. Operational Highlights

### 5.1 Business Activities

#### 5.1.1 Business Scope

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

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

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

###### ■ 2022 Revenue contribution

Major Divisions	(%) of Total Sales
5C electronics	99.4%
Other products	0.6%
Total	100%

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

###### ■ Notebooks

In 2022, with the most real-time R&D efficiency, Compal launched notebooks equipped with the latest processors from Intel and AMD. Compal has special expertise in system integration, R&D, and manufacturing to assist clients in the development and mass-production of new products with the latest specifications in a relatively short time. The Compal price-competitive, slim, and stylish notebooks were launched at a time when the market favored more affordable and portable devices. Demand for notebooks shifted as the Covid-19 outbreak eased, with demand for Chromebooks and consumer notebooks cooling. The demand for commercial and gaming notebooks was stable, and the product strategies of brand partners have changed accordingly. Compal seized the opportunity to introduce innovative and advanced technology into product design and assist customers to launch models with market competitiveness. It has achieved superior results amidst the fierce competition in the business and game market. Entering 2023, Compal continues to launch new products with high-end technical specifications in line with market trends and assist customers in obtaining higher market share in various segments, creating a win-win situation for Compal and brand partners.

###### ■ Ultralim Notebooks

Innovative technology and extensive R&D capabilities have allowed Compal to maintain a leading position in the industry. Compal produces an ultralim Notebook, which uses the latest generation processor from Intel

and AMD. Not only is it slim and light, but it offers excellent performance and allows users to really be productive. Compal will introduce more ultraslim notebooks in 2023. In addition to compatibility with the Intel design specifications, like “Intel Evo,” for their latest generation products, we also introduced 5G for Always-On, Always-Connected notebooks to change typical usage patterns. Future notebook features should combine productivity, mobility, a more user-friendly design, long battery life, and 5G connectivity. These features can help users to work remotely with high-efficiency support. Compal will also continue to develop newer and more competitive technologies that consumers around the world will get to enjoy, but will also give our clients faster access to these markets.

#### ■ 2-in-1 Notebooks

The 2-in-1 Notebook is a novel product that borrows the concept of “Transformers” – in addition to having a standard notebook keyboard for the usual functional operations, the product also features Tablet PC touch versatility. The touch-sensing display module coupled with the latest Microsoft Windows 11 OS attracts both the consumer base for standard notebooks as well as that for tablet PCs. We have utilized our rich R&D experience to present several innovative concepts that incorporate exclusive technology as well as materials. The fan-less design of the 2-in-1 Notebook with its different designs and form factors, has allowed the Company to create new market demand and earn unanimous praise from clients and consumers alike. With the increasing popularity of 5G networks, 2-in-1 notebooks featuring portability and mobility, equipped with 5G to surf the Internet at any time, have become the focus.

#### ■ All-in-one (AIO)

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

#### ■ NTN (Non-Terrestrial Network) and satellite communication

NTN (Non-Terrestrial Network) is a new technology introduced in 3GPP Release 17 (Jun 2022) that leverages satellite communication technology to expand the coverage of 5G networks. This enables the creation of a global covered wireless communication network and build-up new markets for communication products and services. With NTN technology developments, diversification and high reliability will become crucial in the communication field, and will need to be integrated with Ka/Ku high-frequency band and B5G communication protocol.

NTN communication achieves global wireless communication through satellite-linked ground stations (User Terminals) or directly connected user devices (Mobile Devices, such as iPhone 14 had launched the Satellite communication), and provides many new application scenarios, such as remote areas, deserts, mountains and oceans. NTN technology enables the fulfilment of various communication demands, both of broadband

network and IoT use cases. It is also widely applicable to communication needs in fields such as military, aviation, smart transportation and cars"

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

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

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

The 5G universal integrated module complies with 3GPP Release R15/R16/R17 specification, is backward compatible with 4G LTE / 3G WCDMA, supports high-speed LTE Cat20, and supports both 5G NSA & SA networking modes. Modules with multi-band support include WCDMA/ TDD-LTE/ FDD-LTE, 5G FR1 (Sub-6GHz) & 5G FR2 millimeterwaves etc. Modules also built with GPS / GNSS global positioning system, eSim and other functions, all need foundational technology of coming 5G user equipment and AIOT applications & devices.

Based on long-term experience in consumer electronics design, research & development, and product manufacturing, Compal provides various kinds of reference designs of 5G user equipment products, collaborates with customers to provide 5G products such as 5G Mifi, 5G CPE routers, 5G notebook, 5G AR/VR, 5G drone, 5G robots, 5G real-time Camera, 5G Industrial PC & router, and 5G USB Dongle, etc.

Rooted in the technology competence of telecommunication and the collaboration competency of joint development, Compal has effectively engaged with strategic partners to develop and manufacture the 5G networking equipment, such as 5G ISC (Integrated Small Cells), ORU, ODU, OCU, 5G Network Management and 5G RIC (RAN Intelligent Controller) , as well as the as integrated and optimized 5G private network and the vertical applications on top of the 5G infrastructure network.

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

#### ■ Tablets

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

#### ■ Smartphones

Compal continuously provide technical design suggestions to customers for optimizing assembling processes at factories, quality improvement and operation efficiency. In addition to stabilizing OEM of 5G smartphone business, Compal explore more business opportunities from entry premium segment to premium or ultra segments.

#### ■ Smart Wearable Devices

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

#### ■ Smart Hearable Devices

As the marketing demand grows up continually, Compal keeps development hearing technologies for bluetooth hearable devices, including millisecond frequency adjustment, hearing protection, beam forming, Audio Environment adjustment, and Fitting tool of Audiologist. Compal hearing total solutions and services will continue to be applied to bluetooth headsets, PSAPs, OTC hearing aids and hearing aids.

#### ■ Smart Display Products

As the COVID-19 begins to slow down and countries begin to open the border, the demand for smart displays in the post-COVID-19 era will also be different. We continue to develop large-size displays, optimize image quality design, adopt artificial intelligence (AI) image processing and sound processing, combine non-contact touch solution, use antibacterial and environmentally friendly materials and other technologies to create an immersive experience in product usage, and facilitate interactive convenience that take into account both safety and environmental friendliness, satisfy multiple usage scenarios, enhance value-added services and new business opportunities in the post-COVID-19 era.

#### ■ AR/VR Smart Devices

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

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



#### ■ Smart Home Devices

The rise of the Internet of Things (IoT) and AI technologies has facilitated smart home hubs with smart voice assistants to become a potential product in the industry. Compal have already been recognized by our global customers for our engineering capability on Smart Speaker, Smart Display and Smart Camera products. In the future, Compal will also use our core engineering capabilities to expand our product coverage in different smart home devices and applications.

#### ■ IoT Vertical Solutions

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

#### ■ Smart Medical and Healthcare

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

#### ■ Auto electronics (AE)

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

#### ■ Servers

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

## 5.1.2 Industry Overview

### 1. Current and future industry prospects

#### ■ Notebooks

Global notebook shipments have skyrocketed in the past two years due to the rapid increase in demand for remote office and distance learning. After entering 2022, the market demand has slowed down, and it has encountered unfavorable factors such as the Ukrainian-Russian War, global inflation, and radical interest rate hikes. In addition, the supply chain in 1H'22 was still unstable, so the annual shipment was only 211.9 million units, nearly 19% decline in shipments compared to 2021. However, the shipments are still higher than the average shipment level before the epidemic. Looking forward to 2023, the demand side will still be hindered by economic downturn, and it is estimated that the notebook market will decline slightly. To seek more market opportunities and increase revenue and profits, brand manufacturers have shifted their product strategies to premium and high-value products, such as commercial notebooks, ultraslim notebooks, 2-in-1 notebooks, gaming notebooks, and creator notebooks. Under such changes, more precise market segmentation, product positioning and innovative design are required. Compal has rich experience, sophisticated technology, and various exclusive patented technologies, and can jointly develop innovative and high-quality products that keep pace with the times with brand partners to create market demand.

#### ■ Ultraslim Notebooks

Slimness and lightweight continue to be two dominant design trends in today's PC market. As solid-state drives (SSD) become popular, Ultraslim notebooks no longer present a luxury that only high-end consumers can afford but are gradually becoming accessible to mainstream consumers as more affordable models become available. In 2022, the global shipment of ultraslim notebooks (<18mm thickness) has reached 71.65 million units. It is estimated that the shipments of ultraslim notebooks will account for 35% of the global notebook shipments in 2023. Compal will continue exploring new lightweight materials, power-saving solutions, and cooling technologies to help our clients provide the most competitive products and earn market recognition.

#### ■ Gaming Notebooks

The gaming market has been on fire for two years; there are some changes in consumer groups and usage scenarios. The pandemic forced people were spending more time "living life from home". Many consumers were stuck at home for a large portion except for work, gaming became more positive and important. Also, with more time at home, consumers switched from outdoor activities to online shopping and mid-to-high-end gaming products. These new shopping behaviors and consumers continuing to support strong demand for gaming hardware with mean high shipment sales. The demand changes brought about during the epidemic will continue to drive the sales of global gaming products. According to IDC, global gaming notebook shipments in 2022 have reached 27.3 million units, accounting for about 12.8% of global notebook shipments. The demand for gaming notebooks is stable, and its share in global notebook computer shipments is expected to rise to 14.5% in 2023.

## ■ 2-in-1 Notebooks

Owing to efforts across the entire supply chain, the cost and selling prices of 2-in-1s have dropped considerably, which has made them more available and acceptable by a wider group of consumers. There are two types of 2-in-1: flip-screen and detachable. Flip-screen notebooks can be physically converted for use under different scenarios, such as video sharing, multi-user sharing, and tablet mode. In recent years, manufacturers have introduced notebooks with flip screens that are both lightweight and thin, making them even more appealing. Detachable notebooks are characterized by smaller screen size. This is a feature that appeals to both tablet and notebook users. The compact form factor combined with a detachable keyboard can better satisfy users who have a higher need for portability. According to IDC, the global shipment of 2-in-1 notebooks in 2022 was approximately 99.2 million units. It is estimated that brand manufacturers will launch more diversified 2-in-1 products integrating 5G network and AI-related applications in 2023, so the penetration rate in global notebook shipments is expected to continue to rise

## ■ All-in-one (AIO)

The AIO market is currently dominated by HP, Lenovo, Apple and Dell. Those top brands account for more than 80% of market share. Brand manufacturers have successively launched large-size screen design to enhance visual comfort. In addition, in order to meet the differences in usage requirements derived from different scenarios, brand manufacturers are also striving to innovate in product specifications and designs. IDC predicts that AIO shipments will be more resilient than traditional desktop computers. AIO shipments will be 10 million units in 2023.

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

According to the GSA, to end-2022, there are 245 operators officially providing 5G network communication products and services in more than 155 countries. The Cisco Annual Internet Report states that by 2023, about 70% of the world's population (5.7 billion) will have mobile network communication, at least 10.6% of which is provided by 5G communication. There are more than 1700 5G consumer products available in the global market, across various product categories such as mobile phones, tablet, network sharing devices (CPE/MiFi), router, dongle, notebook, TVs, robots, vending machines, etc. Many products have adopted Compal 5G solutions already. Compal will continue to expand partners in different 5G domains to develop more 5G application services and consumer products.

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

## ■ Tablets

Due to the impact of inflation and the end of the Covid-19 pandemic, demand for tablet computers has dropped significantly. According to IDC data, global tablet shipments in 2022 were approximately 162 million units, a 3.3% decline from the previous year, ending two years of continuous growth and indicating a changing market trend. This shows a fact: during an economic downturn, most consumers will be more hesitant to choose a higher specification tablet which costs more. Cost-effectiveness and ease of use remain key factors in the market.

However, there is still demand for mid-range tablets for educational purposes, as they can serve as a cheaper alternative to PCs. In addition, due to the economic downturn, there is also a trend of using consumer tablets in industrial or vertical applications for cost saving. Compal will continue to pay attention to the market trend and respond to these changes to provide consumers with competitive and diverse types of tablet products.

## ■ Smartphones

According to IDC, the global smartphone sales volume in 2022 was about 1.2 billion units, with a YoY decrease of 9.1%. Over a half of sales volume was 5G smartphone. IDC also predicts that the ratio of 5G smartphone will increase to 80% in 2026. The main reason for the decline in sales volume was conservative by consumers due to the high global inflation and unemployment rate. Compal continue to flexibly adjust production bases in line with customers' strategies, aiming to expand their market share with low cost advantage and advanced specifications.

## ■ Smart Wearable Devices

According to IDC, in 2022, smart watches market continued to grow at an annual growth rate of 9.4%. Apple is still the top one vendor by market share. Apple launched new release new product line - Apple Watch Ultra - and Google also launched its first smart watch – Pixel Watch - drove the growth momentum to high-end segments. In 2023, Compal continues to provide best-in-class manufacturing and ODM services with latest technical development for brand customers. By integrating the latest smart watch platform and technologies, Compal provides a variety of product design solutions hand-in-hand with brand customers to meet demand of different target market segments, and end-user attributes.

## ■ Smart Hearable Devices

Canalys' Smart Personal Audio Analysis, the unit sales of global TWS hearable device market shipments in 2022 will decrease by 2% year-on-year to 288 million units. According to DIGITIMES Research, the acceptance of TWS wireless Bluetooth headsets in the market has increased significantly. In addition to the continuous development of various major manufacturers in the TWS consumer market, the hearing aid market will also start to receive attention in 2022.

With modern technology and environmental changes, people are more likely to be exposed to high volume,

resulting in younger hearing loss and an increase in the overall population of hearing loss. However, due to various reasons, only a very few people have used hearing device. In order to seize related business opportunities, major global consumer electronics and medical manufacturers are vying to invest in the hearing device industry, which is trending towards consumerization.

The United States, the world's largest hearing aid market, will finally promulgate the "Over-the-Counter Hearing Aid Act" this year to consumerize and popularize traditional medical hearing aids. TWS hearing aids that are more consumer-oriented are similar to OTC hearing aids that are more medical-oriented. They are all aimed at mild to moderate hearing loss groups and are light medical products.

It can be seen from the actions of mainstream brands to enter the field of auxiliary listening that the development trend of high-end TWS with hearing function can be expected in the future, and the market potential is huge. After the passage of the OTC hearing aid bill, TWS hearing aids are expected to be launched, sharing the mild to moderate hearing loss market together with OTC hearing aids. As a consumer-grade affordable alternative to traditional medical-grade hearing aids, TWS hearing aids and OTC hearing aids can play a role in solving the lack of penetration in the hearing aid market and connecting more professional hearing aids.

Compal will continue to develop bluetooth hearing technologies and total solutions to create hearing products such as TWS, PSAPs, OTC hearing aid and hearing aids.

#### ■ Smart Display Products

According to market research companies, the global LCD TV industry saw a decline in overall shipments in 2022, with approximately 204 million units shipped worldwide, a 4% decrease from the previous year. This was due to various factors including the COVID-19 pandemic, the Ukraine-Russia conflict, and rising inflation. The North American market was particularly impacted by record high inflation, which led to decreased demand and a surplus of inventory in distribution channels. As a result, TV shipments in the region declined by 14% year-over-year, with major brands resorting to price cuts to clear inventory and causing market price chaos. Looking ahead to 2023, challenges such as the US-China trade tensions, the Ukraine-Russia conflict, and inflation will continue to affect the market, leading to conservative demand and reduced panel production capacity. In response to these challenges, our company will optimize operations and maintain flexibility, deepen strategic partnerships, and focus on R&D to adapt to the changing market conditions.

#### ■ AR/VR Smart Devices

Aiming for the Metaverse opportunities and the use of new forms of media and information technology, one can accelerate the efficiency of processing, solving issues in work, life, and entertainment. Through VR experience, learning, training, and AR (augmenting reality) to solve issues in a timely manner. Therefore, AR/VR applications have gradually become the main force for the development of technology giants in various fields, especially Microsoft, Facebook/Meta and HTC. The application of AR/VR head-mounted display devices has achieved breakthrough development in vertical markets such as smart factories, smart healthcare, and remote collaboration. Personal gaming and 3D holographic streaming media have also been produced in entertainment. In the future, AR/VR will further deepen computer vision, AI, and IoT applications, and become the new

personal computing platform. In addition, Covid-19 continues to impact the flexibility of the Company's work environment and promote the entire process of transformation. IDC predicts that by 2023, 70% of service-oriented companies in the world will use AR/VR as personal assistants. The application of the acceptance and transfer of work knowledge; therefore, AR/VR enterprise application solutions will become the main market direction.

#### ■ Smart Home Devices

The application of wireless network technology in smart home appliances is getting mature, bringing convenience and real-time connectivity to consumers, pushing the growth of the smart home market. In addition to continuous development on smart voice assistants and cloud services to build a complete smart home ecosystem, Amazon and Google have also begun promoting the Matter protocol to break the smart home ecosystem barriers, which has attracted more and more manufacturers to enter this market. In the future, smart home applications will have more advanced and mature artificial intelligence (AI) used on voice interaction, image recognition, and smart home automation, providing consumers with smarter and more convenient user experiences.

#### ■ IoT Vertical Solutions

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

#### ■ Smart Medical and Healthcare

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

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

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

## ■ Auto electronics (AE)

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

Disruptive innovation in technologies, along with IT companies (e.g. Google), startups (e.g. AI and sensor startups), and service platform providers (e.g. Uber) entering the market one by one have changed traditional supply chain and competitive environment in automotive. Driven by new entrants into the market, new technology introduction and Covid pandemic since 2019, legacy carmakers have adapted their sourcing and operation models to the changes and challenges. To cope with those changes and challenges in auto industry, we have equipped ourselves with ITAF 16949 and ISO 26262 certified and deployed 5G networking access and ADAS technologies. Since 2021, we built a plant in North America to locally supply customers' demand.

## ■ Servers

Server shipments have grown about 0.3% as compare with last year, mainly due to increased demand for cloud services. According to IDC, shipment of x86 servers totaled 16.76 million units in 2022. This is expected to rise to nearly 17.18 million units in 2023. X86 servers accounted for 96.5% of total server shipments. Rack-mounted servers represent a higher market share because they are both energy efficient and scalable.

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

### ■ Notebooks

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

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

#### ■ Ultralim Notebooks

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

#### ■ Gaming Notebooks

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

#### ■ 2-in-1 Notebooks

The supply chain and manufacturers of 2-in-1s are identical to those of conventional notebooks, with the addition of some tablet parts suppliers and manufacturers. Support of the existing supply system and its advantage of integration across suppliers, allows Compal to maintain full control of the development of key components. This speeds up research and innovation of new features because brand manufacturers and users of 2-in-1s continue to add new requirements. Despite the increasing complexity and challenges ahead, Compal remains confident and continues to make improvements as well as continuing to bring new products and concepts to the market.

#### ■ All-in-one (AIO)

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

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

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

#### ■ Tablets

Experiencing the IC shortage in 1st half and demand decline in 2nd half in 2022, Compal have adopted more flexible production and procurement strategies in 2022, such as using the same components in the design phase



as possible for each product, to flexibly utilize raw materials and reduce the uncertainty generated by supply chain fluctuations. In addition, to reduce production risks, Compal is also expanding overseas production sites outside of China and actively developing local suppliers to ensure a competitive material cost, on-time delivery and quality to meet customer expectations.

#### ■ Smartphones

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

#### ■ Smart Wearable Devices

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

#### ■ Smart Hearable Devices

For the Bluetooth hearing device market, Compal has built supply chain of hearing devices including chipset suppliers and key components suppliers. Compal also has started cooperation with major channel partners to jointly build an ecosystem of Bluetooth hearing devices. Compal will deliver high-quality Bluetooth hearing devices to consumer and medical hearing markets.

#### ■ Smart Display Products

In 2022, the global supply chain was significantly impacted by the COVID-19 pandemic, China's zero-COVID policy, and the ongoing US-China trade tariffs. To mitigate risks, we have been actively diversifying our operations outside China and expanding to other regions. We have integrated resources across different regions and levels of the supply chain to optimize production, control operational costs, and provide flexible supply to meet customer demand. Our goal is to ensure that our operations are agile and adaptable to changing market conditions while maintaining high levels of service and quality.

#### ■ AR/VR Smart Devices

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

## ■ Smart Home Devices

Compal provides a wide range of smart home products, including smart speakers, smart displays, and smart cameras for the development of intelligent home applications. In collaboration with upstream, mid-stream, and downstream partners, we can offer various customized hardware devices, software support, and platform integration solutions tailored to the needs of different system integrators and industrial customers.

## ■ IoT Vertical Solutions

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

## ■ Smart Medical and Healthcare

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

- Smart sports

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

- Smart assistance devices and healthcare-related products

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

- Innovative medical devices

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

### (2) Medical AI

- Cardiovascular disease prediction

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

### (3) Management system:

- Digital charts and smart ward solutions

Compal has introduced digital charts through an alliance with foreign partners. This product category offers the potential to aid physicians in diagnosis and reduce the workload on nurses, unlike the conventional management system used by existing medical institutions. Additionally, it can be integrated with many different data management systems currently used in hospitals. Digital transformation is already happening within the healthcare system, and Compal is currently working with several hospitals to develop digital charts and smart ward solutions. Healthcare organizations will no longer operate in isolation, but will be able to coordinate their activities towards the establishment of a uniform standard and reduce the wastage of medical resources.

- Point-of-care solutions

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

### ■ Automotive electronics (AE)

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

### ■ Servers

Server technology is a highly mature industry and one in which Taiwanese manufacturers have developed a comprehensive supply system of upstream, mid-stream, and downstream partners. Main parts such as CPUs, memory, and storage drives are easily secured and downstream customers such as HPE, DELL, and Lenovo all

have long-term notebook manufacturing relationships with Compal. Compal has now developed extensive experience and has a reputation for the design and manufacturing of server products.

### 3. Product trends and competition

#### ■ Notebooks

- Notebooks have matured to a point where brand manufacturers are shifting their focus towards higher priced and more fully featured products, such as commercial notebooks, ultralim notebooks, 2-in-1s, and gaming notebooks in a search for greater market opportunities, revenue, and profits.
- There are more usage scenarios for notebooks, such as gaming notebooks for e-sports, creator notebooks for content creation, and always-connected 2-in-1 notebooks for hybrid work.
- The global notebook market has entered an inflection point in the expansion cycle in 2022 and is expected to face challenges again in 2023 due to the macroeconomic uncertainty. To boost the buying of notebooks, not only Intel and AMD in the x86 camp will launch a new generation of processors with improved performance, chip manufacturers in the ARM camp (such as Qualcomm, MediaTek, etc.) also plan to launch performance-optimized processors to seize the mid-to-high end Notebook market share. As chip manufacturers and brand manufacturers cooperate more closely in system integration, it is expected that the competition between the x86 and ARM camps will become more intense.
- Benefiting from the new-generation graphics cards launched by Nvidia and AMD successively, the performance and power efficiency of the two have reached the largest improvement in history, which is expected to drive gamers and content creators to replace or purchase new notebooks. Therefore, gaming notebooks and creator notebooks have a bright future.
- The increasing popularity of mobile devices and online applications have called for more robust and diverse security functions, such as fingerprint recognition, face/ voice recognition, and camera shutter. These are all intended to enhance information flow and convenience without compromising security.

#### ■ Ultralim Notebooks

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

- An always connected feature can help to work remotely.

#### ■ Gaming Notebooks

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

#### ■ 2-in-1 Notebooks

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

#### ■ All-in-one (AIO)

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

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

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

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

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

#### ■ Tablets

- Extend R&D technology to large display and designs for automation.
- Focus on more eco-friendly product design such as recycled material and repairable design.

- Explore collaborative opportunities with content providers or telecommunications operators.
- Explore opportunities in education, for kids, industrial, and medical applications.
- Develop tablets for the Smart Home and IoT and use them as control centers or as multi-functional platforms.

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

#### ■ Smartphones

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

#### ■ Smart Wearable Devices

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

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

#### ■ Smart Hearable Devices

Evolving due to keen competition, smart hearable devices will not only be used for music streaming, but also

include more advanced features such as active noise cancellation, smart assistant, bio-detection, etc. Besides the functionality enhancements, the design will also aim to improve user experiences like water resistance, ergonomics for comfortable wearing, and applications with AI technologies to make it smarter.

Compal has specialized in related hardware and software development for a long time. We have also had input from hearing experts to help develop professional acoustic products to create product differentiation and make us more competitive in the market.

#### ■ Smart Display Products

Our company has been working closely with strategic partners to drive innovation in the development of high-end models. These models will feature large-sized, ultra-high-resolution display panels, the latest video streaming platform solutions, and technologies such as artificial intelligence (AI) image and sound processing, all while using eco-friendly materials. By combining these technologies with home networking products, we aim to create a diverse range of applications and opportunities. This approach will enable us to stay ahead of the competition and maintain long-term competitiveness by accumulating leading-edge technology capabilities.

#### ■ AR/VR Smart Devices

- AR head-mounted displays and spatial sensing modules have been adopted by vertical application customers and entered the European and American markets.
- AR/VR new Platform (XR Platform) completed the development stage.

#### ■ Smart Home Devices

- Smart speakers, smart displays and smart cameras with AI technologies that enable multiple modes of interaction such as voice input, touch, gesture and computer vision.
- Support to the Matter protocol allows connections to a wider range of smart home products from different ecosystems.
- Services integrated with cloud and edge computing and data analysis for user behavior learning will be the key competitiveness of Smart Home products.

#### ■ IoT Vertical Solution

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

#### ■ Smart Medical and Healthcare

- (1) Instruments, equipment, and accessories:

- Smart sports  
There is already a strong and growing demand from professional athletes for assistive technologies and devices. Compal has invested significant R&D efforts in collaboration top sports experts worldwide for the development of products that are more suitable for professional athletes. Compal is also working with fitness centers on the creation of customized, exclusive packages that deliver the most effective sports solutions and communications to both users and businesses.
- Medical equipment and healthcare-related products  
Medical equipment with Internet connectivity is a trend for the future. Devices that have functionalities that allow access to information from a health management platform will be easier to operate and are also more competitive in the market. Compal will continue investing in the development of medical instruments and equipment with such connectivity to provide better quality services to customers with the help of a management platform and cloud service.
- Innovative medical devices  
As new biosensors and related hardware such as MCU/firmware/biomaterials and software have matured over recent years, development of the innovative medical devices industry has also moved to another stage. Continuous investment and development by Compal have led to more and more customers gaining trust in our design and development capacity, and the market trend is now moving towards an alternative device generation.

## (2) Management system:

- Digital charts and smart ward solutions  
The United States currently has the most popular (Level 7) digital chart and hospital management system, and other countries around the world are following closely behind. The purpose of this product is to deliver functions that will be of assistance to physicians and nurses while still being easy to operate. Alliances with world industry leaders have made it possible for Compal to introduce the solutions to medicine in Taiwan, where its success will be replicated in our medical systems and it will also be moved to other countries in Asia.
- Point-of-care solutions  
An aged society, combined with a need for differentiated medical services, make nursing centers and postpartum care centers especially popular in Taiwan. This management system provides them with a comprehensive solution and makes it possible for communications to be established between several different medical devices while patient privacy remains protected. Compal has invested in the development of related hardware and software and is working with existing medical instrument suppliers on the growth in this market.

## ■ Automotive electronics (AE)

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



## ■ Servers

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

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

### 5.1.3 Research and Development

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

Unit: TWD Thousands; %

Year	R&D expenses	Operating revenue	R&D expenses as a percentage of operating revenue
2022	17,929,525	1,073,245,915	1.7
2023 first quarter	4,384,698	209,458,784	2.1

#### 2. New products developed

##### ■ Notebooks

- High-end products: These are high-performance professional models combined with an ultra-high definition display (4K), high refresh rate (360Hz) and a powerful GPU that targets users who seek ultimate performance such as gamers or creators.
- Mainstream products: 16-inch and 14-inch products thin, low voltage, slim bezel and 16: 10 aspect ratio design that are powered by the latest CPU from Intel or AMD, are distinguished by integrated or discrete GPU models.
- Business products: Business notebooks designed specifically for corporate users. These products feature enhanced structural design and security, and are offered to large corporations, SME, and the education sector. Security mechanisms such as fingerprint recognition, camera shutter, facial recognition, and voice recognition are incorporated to satisfy the user's need for security and data confidentiality.
- Special products: Compal has directed resources into developing notebooks of extreme slimness and will lead the industry in technological innovation in this area. Dual screen and foldable notebooks will be a hot new topic.

##### ■ Ultraslim Notebooks

- Compal has successfully mass-produced and launched many Ultraslim notebooks, and its designs have

been recognized by several international awards.

- No compromise on performance.
- Not only thinner and lighter but also lower power consumption are key requirements for good user experience.
- New ultraslim notebooks will feature thin frame displays for a more fashionable and cleaner appearance; the display quality will also be improved.

#### ■ 2-in-1 Notebooks

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

#### ■ All-in-one (AIO)

- Compal has successfully designed, mass-produced, and launched AIOs for mainstream users.
- Compal has successfully designed, mass-produced, and launched a new flat type of AIO.
- Compal has developed, mass-produced, and launched AIOs that are targeted at e-sports.
- Compal plans to acquire touch control technologies with pen support and introduce AIOs in sizes ranging from 19" to 27."
- Compal has successfully designed AIOs with a wireless charging dock.

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

- 5G O-RAN Solutions unveiled in 2023 MWC Barcelona and obtaining certification and mass production in 2023, those include ORU, ODU, DU inline accelerator and OCU equipment and solutions.
- Qualcomm X72/75 5G R17 M.2 / LGA module will be developed in 2023.
- MTK based T830 5G R16 LGA module will be developed in 2023.
- Qualcomm X62/65 5G R16 M.2 / LGA module will be mass-produced in 2022.
- 5G integrated small cell developed in 2021 and obtained product certification.
- MTK T750 5G M.2 / LGA module have been mass-produced in 2021.
- Qualcomm x55 5G M.2 / LGA module obtained product certification, including GCF, CE, CCC, TELEC, FCC, PTCRB, etc., which have been mass-produced in 2020.
- 5G products obtain interoperability test reports and certifications from major worldwide 5G operators.
- 5G indoor/outdoor CPE, and MiFi have been in development and mass-produced in 2020. To extend 5G module to various types of devices.

#### ■ Tablets

- Developed and manufactured cost-effective WiFi tablets with good performance for entertainment and enterprise applications.
- New tablets with in-cell display and wireless charging function.

- Developed and mass-produced a new generation of waterproof e-Reader with wireless charging function.

#### ■ Smart Wearable Devices

- Compal supports a variety of product types, such as luxurious material and design, wireless charging, offline maps, high-accuracy GPS, and high-level water resistant for sports watches. Customized product design and more power efficient to support 3C and fashion brand requests. A new generation of lighter, smaller, narrow border, multi-purpose smart watches with diversified designs has been introduced.
- Mass-produced eSIM enabled LTE smartwatch.

#### ■ Smart Hearable Devices

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

#### ■ Smart Display Products

- Developing a latest video streaming platform.

#### ■ AR/VR Smart Devices

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

#### ■ Smart Home Devices

- Compal has successfully launched several smart display and smart speaker products for the Worldwide Smart Home market.
- Compal has successfully developed smart camera devices with AI technologies and launched to market.

#### ■ IoT Vertical Solution

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

meanwhile, kept promoting products to the industry.

- Forklift AMR started evaluating, and some potential customers are waiting for test, the shipping schedule is set in 2H 2023.

#### ■ Smart Medical and Healthcare

- Smart sports

Compal's smart exercise mat, Stampede, won the 2023 Taiwan Excellence Award and was selected as a representative sports product for 2022. It will be extended to national sports centers and expanded to the hotel and construction industries to promote smart exercise solutions.

- Digital charts and a smart ward solution

Compal is promoting business opportunities in this respect. Several hospitals have begun adopting and exploring our smart ward solution this year.

- Point-of-care solutions

More than ten point-of-care centers in Taiwan have begun trials and official use of this solution. In addition to this, several prominent nursing centers in China have also shown interest and commenced collaborating in the use of this solution.

- Innovative medical devices

Many innovative medical device cases have been executed and plans for the achievement of FDA/NMPA/CE certification have been established.

#### ■ Auto Electronics (AE)

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

#### ■ Servers

- General Purpose Rack-mounted Servers

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

- Edge Computing Servers

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

- High Capacity Storage Servers

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

## 6.1.4 Long-term and Short-term Development

### 1. Short-term Development

- We will adapt to market changes, respond epidemic situation, strengthen innovative design concepts, maintain the focus on product difference to meet market needs.
- We will enhance operational efficiency, to further increase our product competitiveness and push the sales growth rate higher than the market average.
- We will improve logistics management and flexibility to shorten delivery times.
- We will consolidate material supply to fulfill OEMs' demands.
- We will elaborate different market strategies for different product markets. Mainstream products will be bundled with new technology and modular features to boost the added value and diversity of products. For featured products, we will adopt a prospective standpoint in our design concept for new products to become the focal point of the product market. User functionality should be taken into consideration as well as competitive pricing for lower priced products.
- Diversified production sites to mitigate geopolitical risk and strengthen cost competitiveness.
- We will pay close attention to market trends and evolution in smart devices and develop product concepts suitable for OEM customers and the market. We will help customers create differentiated products of feasible design.
- Product development times will be further shortened to optimize supply chain management, maintain persistent high quality, and provide customers with more competitive products.
- More effort will be made to maintain existing customer relations. Apart from maintaining a high degree of customer satisfaction, we will work towards increasing the volume of product cooperation. We will also seek other opportunities for cooperation with new customers to achieve a growth rate that is better than the market average for smart device products.
- We will improve product profitability to achieve the maximum utilization of capacity and enhance overall operational efficiency and profitability.
- We will tap our accumulated communications industry R&D energy resources to quickly and efficiently cut into the high growth 5G networking market.
- Several cross-industry alliance strategies will be used for the rapid development of a diversified product line that will strengthen customer relationships in the shortest possible time.
- Observing the impact of Metaverse on the market and launch products that meet market demand.

### 2. Long-term Development

- A spirit of innovation will strengthen value-added Company products and improve long-term core competitiveness.
- Cooperation with our customers will be improved to allow better product planning, development and manufacture as well as comprehensive after-sales service.
- Horizontal and vertical integration of all parts and products of the Group's affiliates will be strengthened strategically and aligned with customer needs, to give them more convenient and complete services.

- Optimization of the quality of sophisticated products will be enhanced by new development and cost structures and strategic alliances with main parts providers to give customers better and more competitive products and services.
- Closer horizontal and vertical cooperation will be made with affiliates in the Group to create and strengthen the loyalty of long-term customers.
- Our ability to innovate will be further cultivated, aimed at more accurate prediction of market trends, before clients do, and provide them with products and services and high value-added solutions to improve long-term core competitiveness.
- The Company has established a service-oriented business model and new revenue sources through careful long-term upstream and downstream integration and cooperation.
- We are strengthening the breadth of learning of our team in preparation for future new business and product development through cross-industry alliances.
- We are cultivating the ability to control key technology, strategize high-end product lines, and gain cooperation opportunities with big manufacturers around the world.
- We will continue to strengthen our core R&D technology and communication capability and capacity for integrated services for smart devices.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

#### 1. 2022 Sales (Service) by Regions

Sales Regions	Percentage
Americas	47.2%
Europe	22.9%
Asia (Including Taiwan)	27.2%
Other Area	2.7%
Total	100.0%

#### 2. Market Share

##### ■ Notebooks

According to IDC statistics, the global notebook shipments reached 211.88 million units in 2022. Compal accounts for about 20% of the global notebook market and is still the world's leading product manufacturer. As the market for notebook PCs is entering the era of vertical integration, Compal will continue to improve upon its technological capabilities, broaden the scope of its influence, and expand the market scale while challenging the limits and striving for continual improvement to maintain our lead over the competition

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

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

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

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

Compal has launched a variety of 5G integrated small cells for both Sub-6 and mmWave, 5G O-RAN solutions, and a variety of wireless end devices, to meet outdoor and indoor application scenarios, accelerate the speed of 5G network deployment, and reduce the cost of each field. With Compal's customized 5G O-RAN private network and application solutions, it can meet the deployment needs of different industrial fields. At present, it has been deployed in several domestic fields to assist the digital transformation and strengthen the development of the industry.

- **Smart Wearable Devices**

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

- **Smart Hearable Devices**

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

- **Smart Display Products**

Our company has successfully mass-produced high-resolution smart voice interactive TVs, which have gained over 8% market share in the North American market. We have also received high-quality reviews from consumers, averaging over 4.5 stars, and have successfully secured cooperation plans with existing customers. We plan to continue our momentum in shipping products and actively expand our product lines to maintain stable growth in the future.

- **AR/VR Smart Devices**

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

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

- **Notebooks**

According to IDC statistics, due to slowing demand and macroeconomic instability, global notebook shipments fell by nearly 19% in 2022. Looking ahead to 2023, economic headwinds and channel inventory issues will continue to affect the shipments at the beginning of the year. However, due to the launch of new-generation processors and graphics cards, and the expected recovery of the economic situation in the second half of the year, shipments will increase quarter by quarter.

- **Ultraslim Notebooks**

According to IDC statistics, global shipments of ultraslim notebook (<18mm thickness) has reached 71.65 million



units in 2022, accounting for more than 33.8% of the global notebook market. In 2023, it is estimated that more ultraslim notebooks will be launched under the competition between x86 and ARM architecture processors.

#### ■ Gaming Notebooks

As the epidemic gradually eases, people start to return to normal life and reduce their reliance on games. However, market data shows that many players still maintain gaming habits after the epidemic. According to IDC data, global gaming notebook shipments will reach 27.25 million units in 2022, accounting for about 12.8% of global notebook shipments. In 2023, Nvidia and AMD launch new graphics cards with improved performance, which will lead the replacement demand for gaming notebooks.

#### ■ 2-in-1 Notebooks

Much effort and hard work from the industrial chain, have resulted in the cost and prices for 2-in-1 Notebooks to become substantially lower as consumers have gradually become more receptive and familiar with the product. IDC statistics shows the global shipments of 2-in-1 notebook has reached 99.17 million units in 2022. It is estimated that in 2023, brand manufacturers will launch more diversified products and continue to integrate new applications such as 5G and AI, which will make the application of 2-in-1 notebooks wider and bring more business opportunities.

#### ■ All-in-one (AIO)

According to IDC statistics, the global AIO shipments in 2022 will be 10.58 million units, and it is expected to remain flat in 2023. Compal will continue to cultivate the market.

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

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

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

## ■ Tablets

In 2022, global shipments of tablet computers slightly declined due to the ongoing Ukraine-Russia war, global inflation, and interest rate impact. Looking ahead to the next five years, many countries are expected to adopt interest rate policies to suppress inflation, but it will ultimately weaken economic growth, resulting in tightened consumer spending and business budget cut, which is a negative impact for the already matured tablet market. Despite the continued declining trend of the market, the shipment of detachable tablets will surpass slate tables in the next few years. Compal sees this trend and will develop toward the commercial segment with larger screen size and 4G/5G communication technology to accommodate the growing demand.

## ■ Smartphones

According to IDC's, the 2023 Global smartphone shipment is estimated to be 11.9 billion with 1.1% YoY decline which will bounce back in 2024. In the first half of 2023, shipments in most regions will have a double-digit decline. In the third quarter, there is a chance of growth, and in the fourth quarter, there is a chance for double-digit growth. Compal is also investing in cost-effective models with 5G communication with existing customers to ensure stable sales momentum.

## ■ Smart Wearable Devices

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

## ■ Smart Hearable Devices

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

## ■ Smart Display Products

According to market research companies, the global LCD TV market is expected to remain flat or decline slightly in 2023, due to factors such as inflation, weak demand, and panel production reductions. In the post-pandemic era, the market for smart display products is expected to continue developing audio and video specifications while also growing and developing in the direction of technologies such as antibacterial and environmentally sustainable.

## ■ AR/VR Smart Devices

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

## ■ Smart Home Devices

The main driving force to the smart home market lies in the demand for smart lighting, entertainment, automation and security. In recent years, advanced technologies such as AI, machine learning, and voice recognition have also become key drivers to the market growth. According to the latest report from Grand View Research, the smart home automation market is expected to reach \$444.98 billion by 2030, representing 27.3% CAGR from 2023 to 2030. Economic impact factors in 2023 may slow down, and it is estimated that smart speaker shipments will rebound to 158 million units with an annual growth rate of 5.3%. With the continuous development of smart home technology, the market has the potential to expand further. AI, touchless, ambient sensing, and smart health technologies will all become major market drivers. With the implementation of Matter, Compal will also actively seize future demand with our AI, gesture control, ambient sensing, and smart health technologies.

## ■ IoT Vertical Solutions

According to a survey report by Gartner, Q4 2022, smart device shipments are expected to reach 1.9 billion units in 2023, increase of 15.5% over 2022, and the market value will reach US\$ 519.5 billion. Moreover, Gartner expected the demand to grow to 2.3 billion units and market value of US\$661.3 billion by 2025, which shows that the market demand is still climbing.

## ■ Smart Medical and Healthcare

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

- Smart sports products: Estimates of Market Reports Hub show that the value of smart sports goods have increased to USD 15 billion in 2021, with professional athletes, professional teams, amateur athletes, and highly self-demanding trainers as the major consumer groups.
- According to a report by Mordor Intelligence, the global medical equipment market was valued at approximately \$456 billion in 2021 and is projected to reach \$614 billion by 2026, with a CAGR of 6.1%.
- Innovative medical devices: The sales of innovative medical devices, such as continuous blood sugar monitoring systems, reached USD 1.8 billion in 2018 and will hit USD 2.5 billion in 2026, with a CAGR of 33%.
- Severe cardiovascular diseases monitoring AI: Estimates of Global Markets Insights show that the scale of the global medical AI market will reach USD 13 billion in 2025, with a CAGR of 40%.

### (2) Management Systems:

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

## ■ Automotive electronics (AE)

IHS estimates global light vehicle production in 2023 will reach 88.5 million units, up 7.8% YoY from 81.6 million in 2022.

## ■ Server

IDC statistics show that the demand for x86 servers was 16.76 million pieces in 2022 and will reach 17.18 million pieces in 2023. The server demand will continue to rise in the next few years as boosted by the cloud computing demand, which is the major source of x86 server demand accounting for nearly 90.65% of the shipping volume. As the frame-type server has a higher market share, we have actively engaged in the server market.

## 4. Competitive advantage:

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

## ■ Notebooks

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

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

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

## ■ Ultralim Notebooks

Compal continues to stay ahead of its competitors in terms of technology advancement and R&D and strives to bring innovation to its designs. In 2023, Compal will maintain this advantage actively assist customers in the development of more competitive Ultralim notebooks with x86 and ARM platform.

## ■ Gaming Notebooks

Compal is consistently dedicated to the gaming notebook market with the best hardware and software design. We will keep focusing on the design of new-generation gaming notebooks to meet various gamers in 2023.

## ■ 2-in-1 Notebooks

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

## ■ All-in-one (AIO)

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

## ■ 5G Module, 5G User Equipment

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

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

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

Compal 5G small cell series has comprehensive antenna solutions, greatly increased the data transmission rate and accuracy, and effectively enhanced the network signal, strengthening the indoor coverage and the ability of outdoor long-distance transmission, creating the industry's fastest 5G small cells. 5G ISC(Integrated small cells), O-RU and DU inline accelerator have equipped with the ARM processor to address low energy consumption, and lower the total cost of ownership (TCO) by delivering high-performance and energy-efficient 5G solution. With Compal's 5G RAN solution and application technology can help our customers to create greater flexibility to meet the needs of deployment in different industrial fields, and can also enhance the possibility of extended development and strengthen industrial development.

## ■ Tablets

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

## ■ Smart Wearable Devices

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

advanced technologies, including video, audio, wireless, and wearable materials.

#### ■ Smart Hearable Devices

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

#### ■ Smart Display Products

We actively adjust the allocation of resources between production bases and supply chains, continuously cultivate strategic partnerships with customers and suppliers, develop the latest streaming video platforms, and integrate cross-disciplinary materials such as antibacterial and environmental protection to meet the trend of sustainable environmental management. This will help us to raise the competitive threshold and create a win-win situation to compete for market share.

#### ■ AR/VR Smart Devices

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

#### ■ Smart Home Devices

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

#### ■ IoT Vertical Solution

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

#### ■ Smart medical and healthcare

Compal will leverage its existing ITC capabilities and cloud platform to explore cross-industry alliances and

opportunities to satisfy customer needs with diverse products and services.

#### ■ Automotive electronics (AE)

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

#### ■ Servers

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

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

#### ■ Opportunities

- In response to the needs of geopolitics and regional markets, coupled with the rising awareness of environmental protection and sustainability, the notebook industry has also begun to move towards a regionalized supply chain. Compal has successively established manufacturing and maintenance service bases in Taiwan, China, the United States, Vietnam, Brazil, Poland, etc., which can quickly respond to customer needs and changes in geopolitics.
- Microsoft is expected to end support services for the Windows 10 operating system in 2025, which is expected to gradually drive the demand for computer replacements. Innovation from world leading brands puts the Company in a position to dictate new products and markets.
- Expansion of software development, aesthetic design and man-machine interface talent has greatly improved the ergonomics of products manufactured by Compal, which adds both value and appeal to customers.
- Compal's strong R&D, manufacturing and operational management experience has earned the trust of world-renowned brands.
- Compal has rigorous processes in place to monitor cost from initial R&D to manufacturing and is therefore able to maintain a competitive edge with our products.
- A rational pricing strategy supported by an alliance with parts suppliers helps secure market growth.
- Connectivity not only brings convenience, but also adds value and competitiveness to the products offered.
- Compal actively forms alliances with participants across industries. This helps the Company to increase product and customer diversity.

- Compal remains active in developing innovative technologies and exploring new product concepts. The Company works alongside customers in developing new product lines, and in so doing secures access to new products and technologies.
- Compal has the technical capabilities to make smartphones and tablets in ways that support new IoT applications such as smart speakers, smart voice assistance, etc. as well as the ability to explore new opportunities across different industries.
- Driven by growing demand for wearable devices, Compal continues to mass-produce products and develop new proposals and innovations with major customers, continuing to maintain the Company's position as the leading producer of wearable devices.
- Actively invest in 5G development, continue to develop 5G small cells, 5G O-RAN private network and application solutions, 5G modules, 5G dongles/hubs and other 5G vertical product portfolios that can be supported in all fields, and gradually promote the development of 5G leadership in applications.
- The US-China trade war is expected to enhance Compal's design opportunities and slow down the price competition among China manufacturers.
- With the flourishing growth of global 5G communication, Compal collaborate and integrate 5G communication capabilities with internal and external corporate partners, and launch a variety of 5G applications.
- Integrate holographic 3D streaming media, 5G communication technology, artificial intelligence (AI) to build the next-generation AR/VR.
- Actively apply for audio and voice analysis patents to enhance global patent deployment.
- Enhance artificial intelligence (AI) technology as the foundation of the next-generation of smart devices.

## ■ Threats

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



- Ongoing price competition among smartphones has a significant impact on large-brand customers.
- Overall demand for tablets has declined, which adds to the competitive pressure.
- Wearable devices are still in the early stages of development and require sustained periods of expansion to reach an economy of scale.
- 5G is distributed in various domains, many industries are in the POC stage, and 5G innovative new business model is still under development.
- The conditions of the US-China trade war, globalization, rapid technological development and fast-changing industries, increased investments in Taiwan from abroad as well as the demands of human resources and make the talented recruiting more difficult.

## ■ Strategies

- The Company will adopt strategies that focus primarily on innovation, product added value, and service.
- Quality and production efficiency will be improved to reduce manufacturing cost.
- The use of land and human resources in emerging countries throughout the world will be optimized to reduce the cost of production and basic R&D.
- We will enhance the product design review process and develop a comprehensive database of documents to improve design efficiency and quality while reducing cost.
- New customers and new product lines will be explored in emerging markets.
- We will launch ultraslim notebooks integrating high performance and portability in response to the machine renewal demand in the commercial market to seize the commercial market together with customers.
- The gaming market has grown in diversity with new technologies constantly being introduced to entice consumers into replacing old products. Compal is in the position to offer gaming notebooks at various price levels to meet consumer demand.
- We will offer complete solutions and form alliances across industries to quickly tap into market demand while retaining the flexibility to satisfy customer needs.
- We will nurture innovative talent within the organization, enhance the development capacity for high-end medical equipment and engage world-renowned medical equipment suppliers in strategic, long-term, and mutually beneficial cooperation.
- We will continue to strengthen working relationships with platform operators by providing hardware and software solutions.
- We will continue to extend our 5G communication capabilities to various 5G domains and types of products, build up leadership in 5G, and provide complete total solutions.

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

## 5.2.2 Major Products and Their Main Uses

### 1. Main product applications

#### ■ Notebooks

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

#### ■ Ultralim Notebooks

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

#### ■ Gaming Notebooks

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

#### ■ 2-in-1 Notebooks

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

#### ■ All-in-one (AIO)

Beautiful aesthetics suited for home, commercial, and design use, with emphasis on a touch screen input interface, a range of software applications and high computing power.

## ■ Smart Home Devices

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

## ■ Tablets

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

## ■ Smartphones and Modules

Personal communication and internet access.

## ■ IoT Vertical Solutions

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

## ■ Smart Medicine and Healthcare

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

## ■ Automotive electronics (AE)

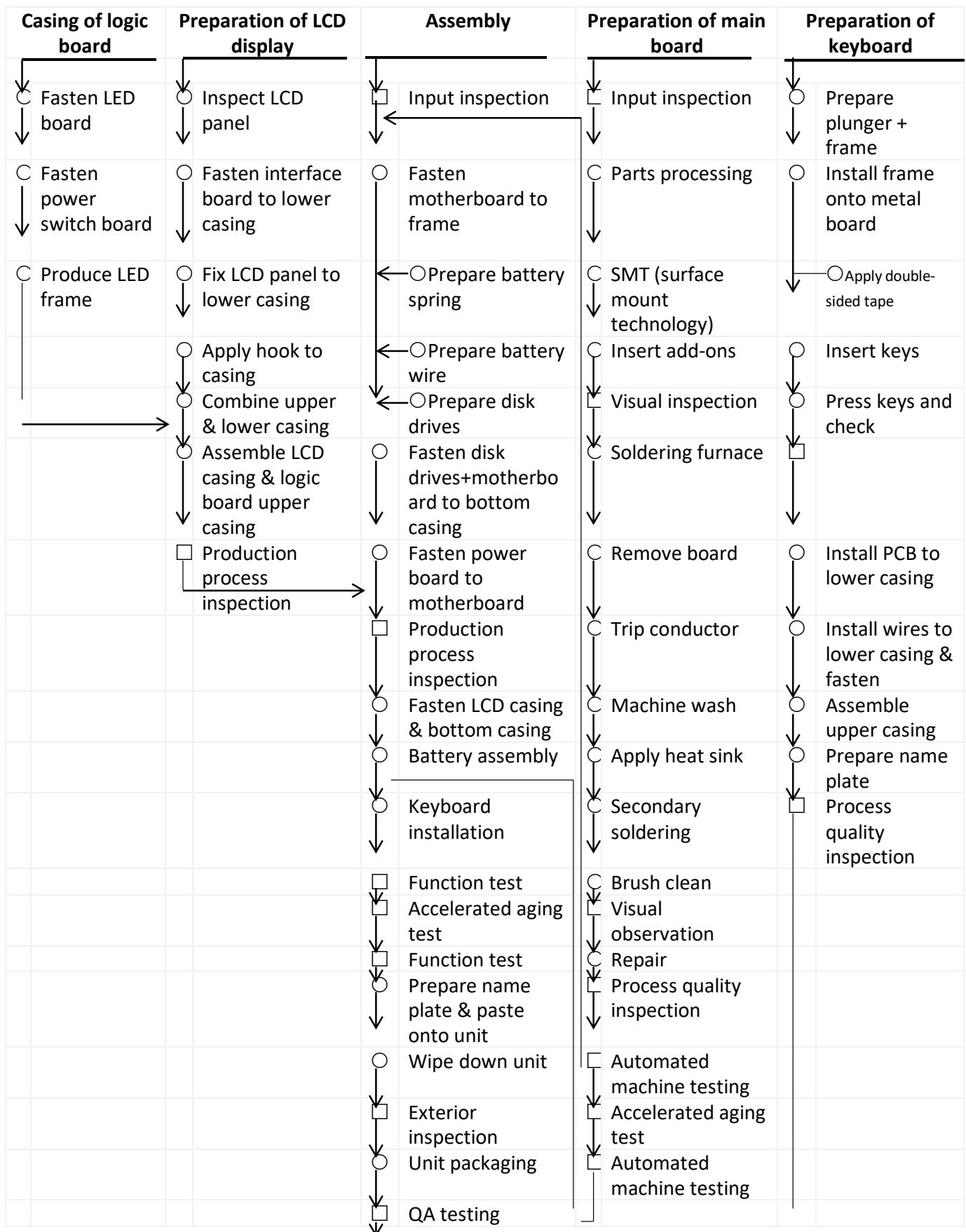
- In-Vehicle Infotainment systems
- Vehicle communication (4G/5G) systems
- ADAS warning systems

## ■ Servers

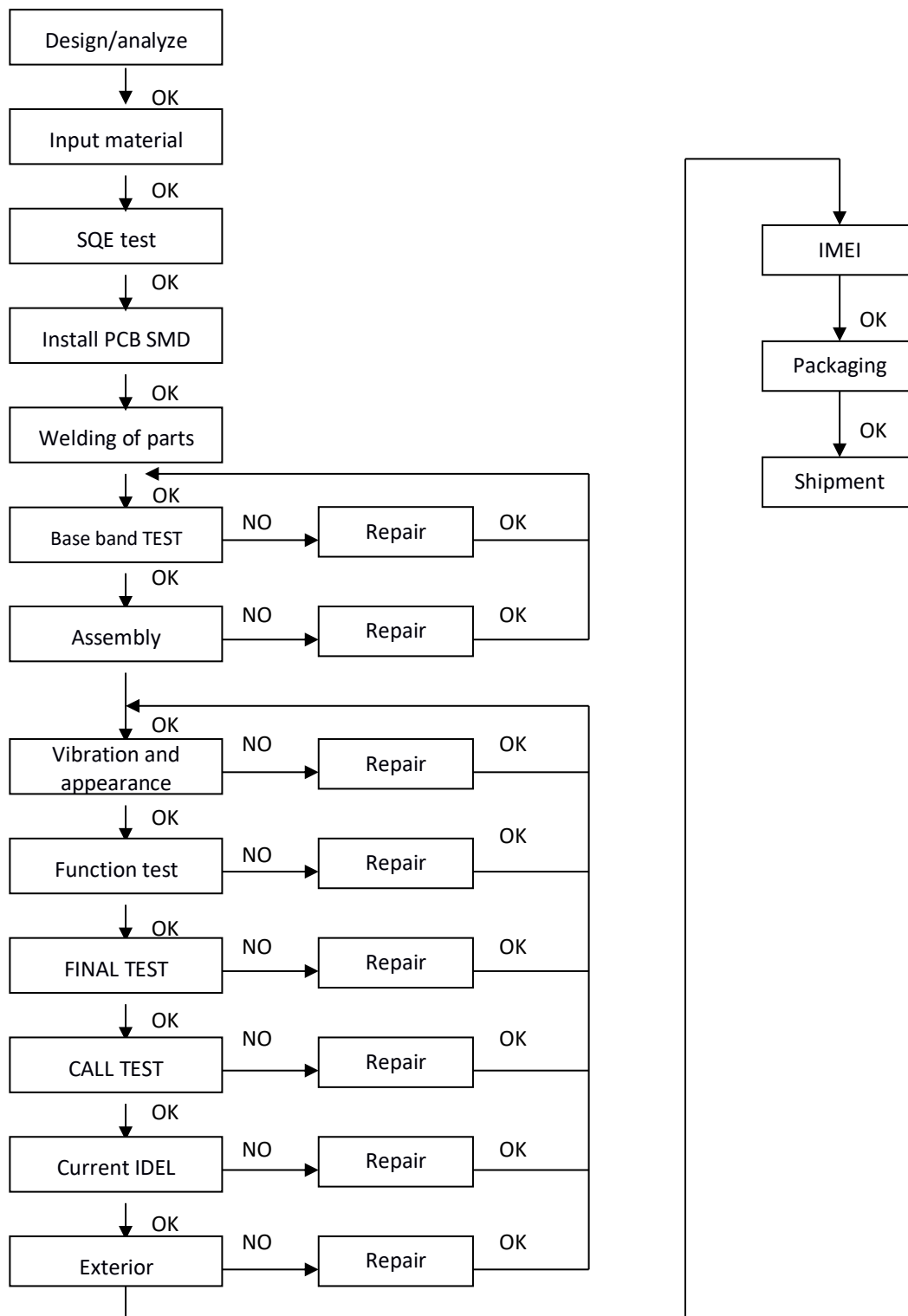
Designed for high power computing, capable of storing massive amounts of data and compatible with different processing programs for data analysis. Built to accommodate different applications required by enterprises, data centers, and cloud platforms.

## 2. Production Process of the Main Products

### ■ Notebooks



Smartphones and Tables



### 5.2.3 Supply Status of Main Materials

#### ■ CPU/Chipset

##### ● Notebooks

The overall demand of notebooks began to show a sign of weakening in 2022 Q1 due to the influence of geopolitical issues and the epidemic. Consumer spending remains decline due to inflation, and result of the global economy continuing to slow down. With a poor economic environment and tightening budget, it is expected the overall notebook demand remains weak in 2023 H1 and might slightly recover in 2023 H2.

The majority of the NB CPU market is still controlled by Intel, which accounting for more than 68%. AMD account for 18%. However, ARM-based CPU continues to gain market share from X86 CPU. Apple CPU has shown resilience in the weak NB market with the penetration continues to grow and reach 12% in 2022. In addition, both Qualcomm and MediaTek planned to release ARM based NB solution in 2024. Overall, it is estimated that ARM will account for more than 21% of NB market in 2025.

In term of new products, Intel has released 10nm Raptor Lake in 2022 Q4 and expected to launch 7nm Meteor Lake equip with TSMC 5nm process GPU in 2023 Q4. Intel 20A (2nm) process technology Arrow Lake is estimated to launch in 2025 Q1. Regarding to the low-end CPU, Intel has launched Alder Lake N in 2023 Q1. AMD 6nm low-end Mendocino has released in 2022 Q3 and expected to launch high-end 4nm Phoenix in 2023 Q1.

##### ● Smartphones and Modules

The outlook for the mobile phone market in 2023 is not clear, especially for non-flagship phones, which saw the biggest decline in sales momentum last year. It seems that the scale of demand cannot be recovered in the short term, and the degree of inventory depletion will be affected. The global sales penetration rate of 5G smartphones is expected to exceed 60% in 2023, and the global economic weakness continues to impact consumer confidence, and the market's view on the growth of global mobile phone shipments in 2023 is conservative. The sales performance of low-to-mid-range models this year will depend on the growth of mobile phone consumption in India and Southeast Asia, as well as the recovery of the China market.

As related technologies gradually mature, cross-industry cooperation deepens, and emerging markets begin to introduce 5G, its impact will become more obvious in 2023. There is about 31% of the global telecom operators will provide 5G services, showing strong growth momentum from 2022. It would reach 17.11 billion US dollars by 2026, with a compound annual growth rate (CAGR) of 28.67%. Due to the rapid development of automation equipment, drones, home automation equipment, autonomous driving, multiplayer gaming, video conferencing, webcasting, telemedicine, and augmented reality, 5G networks meet consumer demand for higher network speeds and increasing demand for mobile data services, which will significantly drive the growth of the global 5G chip market.

## ■ Memory

### ● DRAM

Due to Covid-19, global inflation and international tensions, the demand of notebooks, mobile phones and servers is weak. The DRAM major manufacturers (Samsung, SK Hynix, and Micron) declined in shipments and stockpiled inventory. DRAM price had entered a price decline cycle since 2022 Q1, and market demand had not improved in 2022 Q3, the peak shipment season. Difficulty in destocking and a vague demand outlook had led DRAM manufacturers to announce the cut in production and capital expenditures in 2022 Q4. In 2022, the overall DRAM was oversupplied, the inventory level was high, and the price dropped. Even if the price had fallen by more than 50%, it's still not be able to stimulate demand. The price of new-generation DDR5 has plummeted after mass production began in 2022 Q4, and the premium compared to DDR4 had narrowed, and it is expected to accelerate market penetration in 2023 H2.

For DRAM application, the global overall supply is calculated in units of 2Gbs. The actual shipment in 2022 is 104.7 Billion units, and it is estimated to be 111 Billion units in 2023, with a compound annual growth rate of about 6%. In terms of the overall proportion, it is estimated that Mobile will drop to 36.8%, Server will increase to 37.5%, PC will be revised down to 12.2%, Consumer will account for about 8.3%, and Graphic will account for about 5.2%.

## ■ NAND flash

In 2022, intensified inflation, rising interest rates and global economic growth downturn resulted in a decline of consumer purchasing power and a shift towards conservative corporate capital expenditures. This, in turn, caused an oversupply in the NAND Flash market. The severe supply-demand imbalance led to a peak in suppliers' inventory, while NAND Flash prices continued to decline. Based on the uncertainty of future demand, NAND Flash manufacturers had to reduce NAND Flash output, lower investment and slow down technology migration in response. It is estimated that the supply bit growth rate for 2023 will significantly decrease to 17.2% (compared to 31.8% YoY last year and 40% YoY the year before last). Due to the manufacturers' aggressive production reduction, the downward cycle of NAND Flash prices will end earlier than expected, and it is predicted that price won't continue to decline in the second half of 2023.

3D NAND Flash process node will keep moving to higher stacking processes. In the second half of 2022, three suppliers announced the completion of development or mass production of NAND Flash with more than 200 layers, including Micron's 232-layer NAND Flash in Q3, Samsung's 236-layer NAND Flash in Q4 and SK Hynix's 238-layer NAND Flash is expected to mass product in 2023. Due to suppliers having scaled back their capital expenditure, the pace of migration of higher stacking processes will be slowed. The mainstream production process of NAND Flash will keep at 112/128/144 layers. Despite 176-layer products now being mainstream in Micron's shipments, Samsung and SK Hynix will also proceed with 176-layer migration for consumer storage solutions during 2023; the share of 176-layer products will be significant increase by 2023 Q4.

## ■ HDD

The overall HDD shipments are still dominated by large-capacity enterprise hard drives. However, due to the

tightening demand for enterprise cloud storage business and inventory adjustments, the sales of HDDs dropped to 35.2 million units (YoY -42.5%) in 2022. In terms of market share among HDD suppliers, Seagate is about 43%, Western Digital is about 35%, and Toshiba is 22%.

In NB market, the impact of SSD on the HDD market has intensified in 2023. As SSD prices continue to decrease, price advantage of HDD has diminished. HDD is inferior to SSD in terms of performance, size, and power consumption. Meanwhile, lightweight NBs become mainstream and the cloud storage technology advances. For reasons mentioned above, it is estimated that the HDD attach rate will drop from 8% to 4% in 2023 as NBs are mainly equipped with SSDs.

#### ■ Batteries

Some notebook battery materials, such as lithium and cobalt, are also used in electric vehicle power batteries. Since 2021, the price of lithium and cobalt has risen due to the increasing demand for EVs, which has also affected the price of notebook batteries. However, due to the high cost of cobalt, EV manufacturers are gradually switching from using ternary (Ni-Co-Mn or Ni-Co-Al) batteries to lithium iron phosphate (LFP) batteries to avoid the use of high-priced cobalt materials. It is estimated that in 2024, the ratio of LFP and ternary batteries installed will shift to 6:4, causing the cobalt price to decline starting in 2022 Q2 and return to pre-pandemic levels in 2023 Q1, also affecting the price of notebook batteries to decline.

The major notebook battery cell suppliers are from China, South Korea, and Japan. Chinese companies such as ATL, BYD, CosMx, and Lishen are dominant in the market, while Korean companies such as Samsung SDI and LGES account for a significant portion. Japanese manufacturers, mainly Panasonic, are also present. However, as Japanese and Korean battery cell factories gradually withdraw from the consumer electronics market, Chinese battery cell factories currently account for more than 70% of the total shipment volume for notebook battery cells.

#### ■ LCD modules

In 2022, the global economy continued to deteriorate, and terminal demand reversed rapidly, causing global notebook panel shipments to decline quarter by quarter, with a total of only about 186 million panels shipped for the year, a YoY decrease of 24.5%.

Restricted by the slowing market demand and the overall high inventory levels in the supply chain, the traditional peak season momentum in Q4 failed to materialize, and even with brands offering promotional prices in North America and China, sales performance fell short of expectations. In October 2022, global notebook panel shipments were only 13.5 million units, a MoM decrease of 16.1% and a YoY decrease of 45%, reaching the lowest level for the same period in the past 12 years. It is expected that the destocking of terminal inventory will be extended to 2023 Q2.

14-inch and 15.6-inch panels remained the mainstream in 2022, with a market share of about 70%. With the trend towards larger panel sizes, 16-inch 16:10 notebook panels gradually gained market share from 15.6-inch 16:9 panels. The global market share of 16:10 notebook panels reached 26.4%, with Apple accounting for 12.4% and other brands accounting for 14%. The reasons are that 16:10 is closer to the golden ratio than 16:9, and with the higher cutting efficiency of Gen 8.5 and 8.6, brands are actively adopting 16:10 models.



OLED panel shipment hit about 6 million record high in 2022, a YoY increase of 19%. Samsung withdrew the LCD production and keep leading OLED market. For OLED, there are more suppliers join the market, Samsung, LGD, BOE, Sharp and CSOT. It can be foreseen that OLED will take an important position in high end notebook.

## 5.2.4 Major Suppliers and Clients

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

Unit: TWD Thousands

Party	2021				2022				2023 first quarter			
	Name	Amount	As a percentage to 2021 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2022 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2023 first quarter net purchases (%)	Relationship with the issuer
1	Company E	416,094,822	35.58	N.A.	Company E	330,815,052	34.18	N.A.	Company E	72,046,227	35.03	N.A.
	Others	753,445,011	64.42		Others	637,179,606	65.82		Others	133,599,268	64.97	
	Net Purchase	1,169,539,833	100.00		Net Purchase	967,994,658	100.00		Net Purchase	205,645,495	100.00	

• Causes of changes: No significant change to the major suppliers reported in the last two years.

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

Unit: TWD Thousands

Party	2021				2022				2023 first quarter			
	Name	Amount	As a percentage to 2021 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2022 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2023 first quarter net sales (%)	Relationship with the issuer
1	Company a	144,069,158	11.66	N.A.	Company a	96,621,806	9.00	N.A.	Company a	17,820,434	8.51	N.A.
2	Company d	534,800,186	43.28	N.A.	Company d	460,236,878	42.88	N.A.	Company d	89,062,864	42.52	N.A.
3	Company e	116,116,250	9.40	N.A.	Company e	102,969,721	9.59	N.A.	Company e	19,639,205	9.38	N.A.
4	Company f	223,256,380	18.07	N.A.	Company f	170,398,727	15.88	N.A.	Company f	37,566,741	17.94	N.A.
	Others	217,440,041	17.59		Others	243,018,783	22.65		Others	45,369,540	21.65	
	Net sales	1,235,682,015	100.00		Net sales	1,073,245,915	100.00		Net sales	209,458,784	100.00	

• Causes of changes: The decrease in sales to Customer a and Customer f in the year of 2022 is mainly due to the decrease in shipments of the corresponding products which was caused by the impact of customer demand.

### 5.2.5 Production in the Last Two Years

Unit: 000 Units; TWD Thousands

Year Production volume/ value	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products						
5C electronics	162,729	138,126	1,183,285,569	152,068	112,581	1,039,628,777

### 5.2.6 Shipments and Sales in the Last Two Years

Unit: 000 Units; TWD Thousands

Year Sales volume	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products								
5C electronics	1,139	5,067,681	136,980	1,230,614,334	1,100	3,047,804	110,122	1,070,198,111

### 5.3 Human Resources

Year		December 31, 2021	December 31, 2022	May 8, 2023
Number of employees		109,709	73,120	69,483
Average age		28.08	29.12	29.79
Average years of service		1.69	2.85	3.19
Academic qualifications	Doctoral Degree	0.04%	0.07%	0.06%
	Master's degree	3.34%	5.05%	5.48%
	University	16.29%	23.93%	24.11%
	High school/Below/others	80.33%	70.95%	70.35%

## 5.4 Environmental Protection Expenditure

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

The Company is an information electronic product assembly plant, a low energy consumption, low water consumption and low pollution industry. In order to protect the environment, it fulfills its social responsibilities, saves energy and reduces carbon, to help reduce the impact of global warming. The Taiwan and Mainland China plants together incurred expenses of TWD 42,993,941 (excluding regular maintenance and green R&D) in 2022. We are keeping the promises we made as Earth citizens and hope to make substantial contributions to the protection of the global environment. We will continue our commitment to efforts in this respect. In 2022, Compal had no violation of environmental laws, and will keep abreast of relevant regulatory updates and respond immediately to reduce the risk of violations.

### 2. Compliance with EU RoHS directives

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

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

### 3. Responsive strategies and possible expenses

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

## 5.5 Labor Relations

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

#### ■ Employee welfare

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

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

The Company actively supports the government in resolving the low birth rate crisis and childcare policy in Taiwan. Since 2011, we have provided generous maternity grants for employees and their spouses and children. By the end of 2022, the Company had provided TWD 210.93 million in maternity allowances and bonuses. There were 74 counts of employees who took parenting leave, with the right to return to work, in 2022.

#### ■ Education and training

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

In 2022, 763 training sessions (both internal and external) were organized; these courses delivered 718,685 hours of training and 190,216 persons enrolled. The total training expenses were TWD 26,281,000. The training courses included:

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

#### ■ Retirement system

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

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

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

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

**2. Personnel management**

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

**3. Work environment**

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

**4. Employee safety**

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

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

- In 2022 and as of the date of report published, the Company did not suffer any losses due to employment disputes: None
- Future plans and potential expenses: None

## 5.6 Information Security Management

### 1. Information security risk management framework

The Information Security Committee coordinates and executes Compal's information security related operations and various activities. It has one chairman and one deputy chairman. According to management needs, several members may form the committee, with the head of the department and above as ex-officio members. An executive secretary is responsible for administrative affairs. The Information Security Committee has an Information Security Implementation Team, which is composed of staff from the Information Security Team of the Information Headquarters, which handles the establishment, promotion, maintenance, audit and training of information security related matters. One person is appointed as the head of the Information Security Implementation Team and reports to the Board of Directors once a year. When necessary, the Capital Committee may invite external information security consultants to serve as advisors.

Compal's Information Security Committee coordinates and discusses information security policies, objectives, resource scheduling and other issues, and holds management review meetings every six months to ensure the continuous applicability, relevance and effectiveness of the ISMS, and maintain operational information security and compliance with national laws and regulatory requirements for information security control. It defines the scope of the ISMS, implements risk assessment and risk management tasks, determines acceptable risk levels, discusses the duties and responsibilities in information security related operations, and coordinates information security control measures and processing procedures. It advocates for information security policies and other information security management matters, and promotes information security awareness. Regular information security team meetings have been held to discuss and implement 21 information security strategy topics in 2022 in response to the ever-changing information security issues.

### 2. Information security strategy management and resources

Compal established the "Information Security Policy" to be the highest guiding principle, as declared in the information security statement, "to ensure business continuity and to improve customer satisfaction."

- Performing information asset risk assessment;
- Maintaining the confidentiality, integrity and availability of critical information assets;
- Continuously improving ISMS by implementing Plan-Do-Check-Act (PDCA) management cycle;
- Fulfilling the contractual agreements with clients and protecting clients' information security;
- Complying with relevant laws and regulatory requirements; and
- Ensuring the participation of all personnel and suppliers.

### 3. Information security specific management plan

- The six major information security goals are measured monthly to monitor the control measures of information security management.
- Critical systems recovery and backup & restore drills are executed regularly to ensure the validity of the Business Continuity Plan and that it meets the system recovery goals.
- Conduct information security incident notification, response and handling exercises regularly.
- To boost employees' awareness of information security, our employees are required to receive social engineering exercises and a briefing on information security and training.
- Conduct the penetration test regularly to improve the security defenses.

- Vulnerability scanning and tracking is performed regularly to ensure that vulnerability fixes are effectively addressed.
- Regular internal and external audits and continuous improvement.
- Risk assessment is executed regularly every six months. Risk evaluation is performed through asset values and business processes, and risk processing measures are performed for the high-level risks evaluated.

#### **4. Information security management resources**

##### **■ ISO27001 Information security management and audit mechanism**

In 2005, Compal passed the ISO 27001 information security verification, and obtained the Information Security Management System ISO 27001 certificate issued by BSI. It gradually expanded its scope of verification, which is tracked twice a year and re-audited every three years. The scope of verification covers R&D activities of Portable Computer, All-in-One PC, Automotive Electronic Product, Enterprise Product, Mobile Device Product, IT Group, Smart Device Business Group-IT Division, and IT division in four plant compounds at Kunshan. Five members of the information security team have obtained ISO27001:2013 lead auditor license, and one member has a CISSP license, in addition to facing customers and impartial third-party audits, they also conduct internal audits to ensure the implementation of information security management mechanisms.

##### **■ Strengthened network security**

Compal continues to strengthen control requirements for information security, reinforces the Company password policy, and adjusts the original password setting of previous 3 generations that cannot be reused repeatedly to 10 generations. Also, it has strengthened the identity authentication mechanism for the Company account, and introduced two-factor authentication to enhance the security of remote login for internal resources to prevent illegal users from accessing company resources or customer information. Deploy MDR threat detection, anomaly analysis, and incident response to prevent information security threats. Access to critical information is controlled by account permissions, and the login password is changed regularly in accordance with the company's password policy. Through announcements and quarterly advocacy to enhance employee awareness for information security, persistently review the network security planning of the Company, and implement all equipment connected to the Company network in compliance with regulations and protocols. Compal maintained a score of more than 90 points within Security Scorecard of the third-party security assessment in 2022.

##### **■ Strengthened employees' awareness of information security**

Compal provides eLearning courses and quarterly social engineering drills to simulate hackers' phishing emails, detect employees' information security risk awareness, supplemented by daily boot up with pop-up information security announcements and quarterly information security guidance by email and also education training to enhance colleagues' information security awareness. In order to implement the concept of information security, new employees complete the information security-training program and all employees are also required to complete information security retraining courses every year. The information security education and training shall include Compal's information security management regulations. Upon completion of the training, personnel should evaluate the validity of the training and log the evaluation. Information security members participate in the information security intelligence and technology seminar to learn about the latest information security trends and intelligence.



## 5. Losses, possible impacts and responses of major information security incidents

The widespread use of computers and rapid development of internet have greatly changed the way users store and share information. With the efforts of all colleagues, Compal did not receive any complaints about a violation of customer privacy or the loss of customer information in 2022. In response to the government's "Cyber Security Guidelines for TWSE/TPEX-Listed Companies", Compal applied to become a member of Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) in 2022 to improve the notification and response of cyber security incident.

### 5.7 Important Contracts

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

## VI. Financial Information

### 6.1 Five-Year Financial Summary

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

##### ■ Consolidated Condensed Balance Sheet

Unit: TWD Thousands

Analysis		Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023
		2018	2019	2020	2021	2022		
Current assets		362,745,250	343,154,813	424,460,635	487,115,390	390,706,503	385,109,396	
Property, plant, and equipment		20,418,228	19,972,347	22,085,340	26,990,364	28,808,211	29,002,188	
Intangible assets		1,516,253	1,553,342	1,506,101	1,548,508	1,722,165	1,693,485	
Other assets		15,115,092	17,967,917	18,873,622	21,441,078	32,247,554	31,895,967	
Total assets		399,794,823	382,648,419	466,925,698	537,095,340	453,484,433	447,701,036	
Current liabilities	Prior to distribution	274,207,898	255,820,033	335,524,716	402,242,095	302,384,911	301,742,397	
	After distribution	279,436,453	261,048,588	342,496,124	410,956,354	307,613,466 (Note 2)	-	
Non-current assets		12,425,077	12,069,042	15,411,332	13,313,442	23,689,679	23,744,596	
Total liabilities	Prior to distribution	286,632,975	267,889,075	415,555,537	412,506,626	326,074,590	325,486,993	
	After distribution	291,861,530	273,117,630	357,907,456	424,269,796	331,303,145 (Note 2)	-	
Equity attributable to parent company shareholders		105,723,646	105,972,633	106,832,505	111,360,265	116,294,754	111,782,767	
Ordinary shares		44,071,466	44,071,466	44,071,466	44,071,466	44,071,466	44,071,466	
Capital reserves		9,932,434	9,159,259	8,342,813	6,724,856	5,078,580	4,258,803	
Retained earnings	Prior to distribution	60,060,381	57,726,604	62,566,181	69,651,940	69,969,059	66,955,034	
	After distribution	55,653,234	53,319,457	57,277,605	62,600,505	65,561,912 (Note 2)	-	
Other equity interests		(7,459,388)	(4,103,449)	(7,266,708)	(8,206,750)	(1,943,104)	(2,621,289)	
Treasury stock		(881,247)	(881,247)	(881,247)	(881,247)	(881,247)	(881,247)	
Non-controlling interests		7,438,202	8,786,711	9,157,145	10,179,538	11,115,089	10,431,276	
Total equity	Prior to distribution	113,161,848	114,759,344	115,989,650	121,539,803	127,409,843	122,214,043	
	After distribution	107,933,293	109,530,789	109,018,242	112,825,544	122,181,288 (Note 2)	-	

Note: 1. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2023, has been reviewed by the CPA.

2. The amounts are approved by the Board of Directors meeting on March 15, 2023

## Consolidated Condensed Statement of Comprehensive Income

Unit: TWD Thousands

Analysis	Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023
		2018	2019	2020	2021	2022	
Net sales revenue		967,706,411	980,442,346	1,048,929,251	1,235,682,015	1,073,245,915	209,458,784
Gross profit		30,567,091	33,908,828	35,458,522	41,491,574	40,364,179	9,338,737
Net operating income		9,261,746	10,586,368	11,492,545	13,348,593	9,218,997	2,254,027
Non-operating income and expense		2,527,839	(578,492)	1,630,171	4,119,242	1,505,133	(43,003)
Net income before taxes		11,789,585	10,007,876	13,122,716	17,467,835	10,724,130	2,211,024
Net income from continuing operations		9,589,301	7,895,719	10,409,512	13,740,488	8,541,527	1,684,722
Net loss from discounting operations		-	-	-	-	-	-
Net income (loss)		9,589,301	7,895,719	10,409,512	13,740,488	8,541,527	1,684,722
Income (Loss) from Other comprehensive income (loss) (net after tax)		387,887	(1,534,980)	(3,341,346)	(1,237,908)	6,535,651	(674,275)
Comprehensive income		9,977,188	6,360,739	7,068,166	12,502,580	15,077,178	1,010,447
Net income attributes to shareholders of the Parent		8,913,365	6,955,899	9,361,893	12,632,667	7,288,292	1,393,250
Net income attributes to non-controlling interests		675,936	939,820	1,047,619	1,107,821	1,253,235	291,472
Comprehensive income attributed to owners of parent		9,278,187	5,456,508	6,083,542	11,445,530	13,636,212	718,835
Comprehensive income attributed to non-controlling interests		699,001	904,231	984,624	1,057,050	1,440,966	291,612
Earnings per share (unit: dollar)		2.05	1.60	2.15	2.90	1.67	0.32

Note: 1. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2023 has been reviewed by the CPA.

## Parent-Company-Only Condensed Balance Sheet

Unit: TWD Thousands

Analysis		Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023
		2018	2019	2020	2021	2022		
Current assets		265,372,906	245,522,829	296,383,073	348,914,103	271,829,340	N.A.	
Property, plant, and equipment		2,128,181	2,620,638	2,604,893	2,484,963	2,417,309		
Intangible assets		378,745	438,334	436,548	431,936	529,906		
Other assets		87,932,981	89,201,687	89,526,637	95,517,212	104,756,856		
Total assets		355,812,813	337,783,488	388,951,151	447,348,214	379,533,411		
Current liabilities	Prior to distribution	237,882,742	220,871,943	268,466,052	324,236,031	248,511,419		
	After distribution	243,171,318	226,160,519	275,517,487	333,050,325	253,799,995 (Note 2)		
Non-current assets		12,206,425	10,938,912	13,652,594	11,751,918	14,727,238		
Total liabilities	Prior to distribution	250,089,167	231,810,855	282,118,646	335,987,949	263,238,657		
	After distribution	255,377,743	237,099,431	289,170,081	344,802,243	268,527,233 (Note 2)		
Ordinary shares		44,071,466	44,071,466	44,071,466	44,071,466	44,071,466		
Capital reserves		9,932,434	9,159,259	8,342,813	6,724,856	5,078,580		
Retained earnings	Prior to distribution	60,060,381	57,726,604	62,566,181	69,651,940	69,969,059		
	After distribution	55,653,234	53,319,457	57,277,605	62,600,505	65,561,912 (Note 2)		
Other equity interests		(7,459,388)	(4,103,449)	(7,266,708)	(8,206,750)	(1,943,104)		
Treasury stock		(881,247)	(881,247)	(881,247)	(881,247)	(881,247)		
Total equity	Prior to distribution	105,723,646	105,972,633	106,832,505	111,360,265	116,294,754		
	After distribution	100,495,091	100,744,078	99,861,097	102,646,006	111,066,199 (Note 2)		

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

2. The amount approved by Board of Directors on March 15, 2023.

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

Unit: TWD Thousands

Analysis	Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2023
		2018	2019	2020	2021	2022	
Net sales revenue		911,050,122	916,280,028	991,279,270	1,171,613,858	1,003,642,791	N.A.
Gross profit		21,880,841	24,849,149	23,218,044	27,904,355	28,567,835	
Net operating income		6,936,706	8,536,952	6,079,726	7,578,392	7,262,023	
Non-operating income and expense		3,021,610	(713,273)	4,347,551	6,864,576	771,589	
Net income before taxes		9,958,316	7,823,679	10,427,277	14,442,968	8,033,612	
Net income from continuing operations		8,913,365	6,955,899	9,361,893	12,632,667	7,288,292	
Net loss from discounting operations		-	-	-	-	-	
Net income (loss)		8,913,365	6,955,899	9,361,893	12,632,667	7,288,292	
Income (loss) from other comprehensive income (net after tax)		364,822	(1,499,391)	(3,278,351)	(1,187,137)	6,347,920	
Comprehensive income		9,278,187	5,456,508	6,083,542	11,445,530	13,636,212	
Earnings per share (unit: dollar)		2.05	1.60	2.15	2.90	1.67	

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

## Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2018	KPMG	Chien, Szu Chuan; Au, Yiu Kwan	Unqualified opinion
2019	KPMG	Chien, Szu Chuan; Au, Yiu Kwan	Unqualified opinion
2020	KPMG	Chien, Szu Chuan; Au, Yiu Kwan	Unqualified opinion
2021	KPMG	Kuo, Kuan Ying ; Chien, Szu Chuan	Unqualified opinion
2022	KPMG	Kuo, Kuan Ying ; Chien, Szu Chuan	Unqualified opinion

## 6.2 Five-Year Financial Analysis

### Consolidated Financial Analysis

Analysis		Year	Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022		
Capital Structure (%)	Debt ratio	71.70	70.01	75.16	77.37	71.90	72.70	
	Long term fund to property, plants, and equipment ratio	615.07	635.02	594.97	499.63	524.50	503.27	
Liquidity analysis	Current ratio (%)	132.29	134.14	126.51	121.10	129.21	127.63	
	Quick ratio (%)	103.06	102.94	97.39	92.13	91.61	88.19	
	Interest coverage	5.47	4.67	12.42	17.65	4.30	2.93	
Operating Performance Analysis	Accounts receivable turnover (times)	5.08	4.96	4.95	4.73	4.46	4.59	
	Average collection turnover	71.85	73.58	73.73	77.16	81.83	79.52	
	Inventory turnover (times)	12.61	12.01	11.61	11.31	9.12	6.97	
	Accounts payable turnover (times)	6.33	6.34	5.89	5.64	5.35	5.01	
	Average inventory turnover days	28.95	30.39	31.43	32.27	40.02	52.37	
	Property, plant and equipment turnover (times)	50.14	48.55	49.88	50.36	38.47	28.99	
	Total assets turnover(times)	2.54	2.51	2.47	2.46	2.17	1.86	
Profitability Analysis	Return on total assets (%)	3.08	2.57	2.67	2.90	2.25	0.57	
	Return on equity (%)	8.65	6.93	9.02	11.57	6.86	1.35	
	Operating income to paid-in capital ratio (%)	26.75	22.71	29.78	39.64	24.33	5.02	
	Net margin (%)	0.99	0.81	0.99	1.11	0.80	0.80	
	Earnings per share (dollar)	2.05	1.60	2.15	2.90	1.67	0.32	
Cash flow	Cash flow ratio (%)	(Note1)	8.18	4.25	(Note1)	19.39	-	
	Cash flow adequacy ratio (%)	44.84	37.92	35.94	27.41	81.74	-	
	Cash reinvestment ratio (%)	(Not1)	9.89	5.48	(Note1)	27.65	-	
Leverage	Operating leverage	1.60	1.61	1.54	1.52	1.82	-	
	Financial leverage	1.40	1.35	1.11	1.09	1.54	-	

Note: 1. The ratio is negative.

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

- Interest coverage: Mainly due to the increase in interest expense and decrease in profit.
- Average inventory turnover days: Mainly due to the decrease in inventory turnover.
- Property, plant and equipment turnover (times): Mainly due to decrease in net sale.
- Return on total asset, Return on equity, Operating income to paid-in capital ratio, Net margin, Earnings per share : Mainly due to decrease in profit.
- Cash flow ratio: Mainly due to net cash inflow from operation.
- Cash Flow Adequacy Ratio: Mainly due to the increase in net cash inflow from operation compared to the earlier period.
- Cash reinvestment ratio: Mainly due to the increase in net cash inflow from operation compared to the earlier period.
- Financial leverage: Mainly due to the decrease in profit and increase in interest expense.

3. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2023 has been reviewed by the CPA.

## ■ Formula

### 1. Financial Structure

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

### 2. Solvency

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

### 3. Operating Efficiency

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

### 4. Profitability

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

### 5. Cash Flow

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

### 6. Leverage

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

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

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

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

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

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

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

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



## Parent-Company-Only Financial Analysis

Analysis		Year	Financial Analysis for the Last Five Years					As of March 31, 2023
		2018	2019	2020	2021	2022		
Capital Structure (%)	Debt ratio	70.29	68.63	72.53	75.11	69.36	N.A.	
	Long term fund to property, plants, and equipment ratio	5,541.36	4,461.19	4,625.34	4,954.29	5,420.16		
Liquidity analysis	Current ratio (%)	111.56	111.16	110.40	107.61	109.38		
	Quick ratio (%)	89.79	88.45	89.44	88.77	87.83		
	Interest coverage	6.14	4.97	15.81	21.84	4.15		
Operating Performance Analysis	Accounts receivable turnover (times)	5.08	4.97	4.87	4.64	4.37		
	Average collection turnover	71.80	73.46	75.01	78.73	83.48		
	Inventory turnover (times)	18.82	17.55	18.29	19.59	17.10		
	Accounts payable turnover (times)	5.95	5.86	5.73	5.72	5.34		
	Average inventory turnover days	19.39	20.79	19.95	18.62	21.34		
	Property, plants, and equipment turnover (times)	431.73	385.90	379.40	460.37	409.46		
	Total assets turnover(times)	2.66	2.64	2.73	2.80	2.43		
Profitability Analysis	Return on total assets (%)	3.06	2.46	2.73	3.15	2.26		
	Return on equity (%)	8.59	6.57	8.80	11.58	6.40		
	Operating income to paid-in capital ratio (%)	22.60	17.75	23.66	32.77	18.23		
	Net margin (%)	0.98	0.76	0.94	1.08	0.73		
	Earnings per share (dollar)	2.05	1.60	2.15	2.90	1.67		
Cash flow	Cash flow ratio (%)	(Note1)	6.80	(Note1)	(Note1)	22.15		
	Cash flow adequacy ratio (%)	5.45	(Note1)	(Note1)	(Note1)	55.25		
	Cash reinvestment ratio (%)	(Note1)	8.29	(Note1)	(Note1)	35.06		
Leverage	Operating leverage	2.59	2.43	3.17	2.94	3.11		
	Financial leverage	1.39	1.30	1.13	1.10	1.54		

Note: 1.The ratio is negative.

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

- Interest coverage: Mainly due to the increase in interest expense compared to the earlier period.
- Return on assets: Mainly due to the decrease in net income compared to the earlier period.
- Return on equity: Mainly due to the decrease in net income compared to the earlier period.
- Operating income to paid-in capital ratio: Mainly due to the decrease in income before tax compared to the earlier period.
- Net margin: Mainly due to the decrease in net income compared to the earlier period.
- Earnings per share: Mainly due to the decrease in net income compared to the earlier period.
- Cash flow ratio: Mainly due to the increase in net cash inflow from operating activities compared to the earlier period.
- Cash flow adequacy ratio: Mainly due to the increase in net cash inflow from operating activities compared to the earlier period.
- Cash reinvestment ratio: Mainly due to the increase in net cash inflow from operating activities compared to the earlier period.
- Financial leverage: Mainly due to the increase in interest expense compared to the earlier period.

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

## ■ Formula

### 1. Financial Structure

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

### 2. Solvency

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

### 3. Operating Efficiency

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

### 4. Profitability

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

### 5. Cash Flow

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

### 6. Leverage

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

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

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

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

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

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

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

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

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

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

The Company's 2022 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 2022 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. 2023 Annual General Shareholders' Meeting

Chairman of the Audit Committee: Min Chih Hsuan

March 15, 2023

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

Please refer to Attachment I.

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

Please refer to Attachment II.

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

Incidence of financial difficulties for the Company and subsidiaries between the periods of 2022 to the publication date of this annual report: None.

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

### 7.1 Analysis of Financial Status

Unit: TWD Thousands

Analysis	Year		Difference	
	2022	2021	Amount	%
Current Assets	390,706,503	487,115,390	(96,408,887)	(19.79)
Investments accounted for using equity method	8,047,569	8,369,312	(321,743)	(3.84)
Property, plant and equipment	28,808,211	26,990,364	1,817,847	6.74
Other Assets	25,922,150	14,620,274	11,301,876	77.30
<b>Total Assets</b>	<b>453,484,433</b>	<b>537,095,340</b>	<b>(83,610,907)</b>	<b>(15.57)</b>
Current Liabilities	302,384,911	402,242,095	(99,857,184)	(24.83)
Other Liabilities	23,689,679	13,313,442	10,376,237	77.94
<b>Total Liabilities</b>	<b>326,074,590</b>	<b>415,555,537</b>	<b>(89,480,947)</b>	<b>(21.53)</b>
Ordinary Share	44,071,466	44,071,466	-	-
Capital surplus	5,078,580	6,724,856	(1,646,276)	(24.48)
Retained Earnings	69,969,059	69,651,940	317,119	0.46
Other Equity Interests	(1,943,104)	(8,206,750)	6,263,646	(76.32)
Treasury stock	(881,247)	(881,247)	-	-
Non-controlling Equity	11,115,089	10,179,538	935,551	9.19
<b>Total Equity</b>	<b>127,409,843</b>	<b>121,539,803</b>	<b>5,870,040</b>	<b>4.83</b>

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

- Increase in other assets: Mainly due to the increase in the right-of-use assets and deferred tax assets.
- Decrease in current liabilities: Mainly due to the decrease in the notes and accounts payables and short-borrowings.
- Increase in non-current liabilities: Mainly due to the increase in the non-current lease liabilities.
- Decrease in total liabilities: Mainly due to the decrease in the current liabilities, such as the short-borrowings and the notes and accounts payables.
- Decrease in capital surplus: Distribution cash from capital surplus to stockholders.
- Increase in other equity interests: Mainly due to the decrease in losses of exchange differences on transition of foreign financial statements.

#### ■ Effect of changes on the Company's financial position and Future response actions:

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

## 7.2 Analysis of Financial Performance

Unit: TWD Thousands

Analysis	Year	2022	2021	Difference	
				Amount	%
Net Sales		1,073,245,915	1,235,682,015	(162,436,100)	(13.15)
Cost of Sales		1,032,881,736	1,194,190,441	(161,308,705)	(13.51)
Gross Profit		40,364,179	41,491,574	(1,127,395)	(2.72)
Operating Expenses		31,145,182	28,142,981	3,002,201	(10.67)
Operating Income		9,218,997	13,348,593	(4,129,596)	(30.94)
Non-operating Income and Expenses		1,505,133	4,119,242	(2,614,109)	(63.46)
Profit Before Tax		10,724,130	17,467,835	(6,743,705)	(38.61)
Less: Income Tax Expense		2,182,603	3,727,347	(1,544,744)	(41.44)
Net Profit (loss)		8,541,527	13,740,488	(5,198,961)	(37.84)
Other Comprehensive Income (after tax)		6,535,651	(1,237,908)	7,773,559	(627.96)
Total Comprehensive Income		15,077,178	12,502,580	2,574,598	20.59
<p>Note: Analysis of variations exceeding 20%:</p> <ul style="list-style-type: none"> <li>● Decrease in operation income: Mainly due to the decrease in net sale and increase in operation expense.</li> <li>● Increase in no-operation income &amp; expenses: Mainly due to the increase in interest expenses.</li> <li>● Decrease in profit before tax, income tax expenses, and net profit (loss): Mainly due to the decrease in operating profit and net non-operating income.</li> <li>● Increase in other comprehensive income (after tax) loss: Mainly due to the decrease in unrealized losses from investments in equity instruments measured at fair value through other comprehensive income.</li> <li>● Increase in total comprehensive income: Mainly due to the increase in exchange differences on transition of foreign financial statements.</li> </ul>					

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

- Forecast for sales for next year and basis for the forecast  
In the post-epidemic era, countries around the world are gradually relaxing epidemic control measures, and consumer life and industrial economy are also recovering back to normal. Nevertheless, the global inflation pressure, raising interest rates among countries and geopolitical issues continue to develop in 2023, bringing uncertainties to the economy. For companies relying on export businesses, it will still be a challenging year. The market research institutions' predictions on the economy and industry in 2023 are still conservative; however, the economy during the second half of the year is expected to be better than the first half of the year. Facing the rapidly changing environment, we will further enhance the implementation of "Innovation, Talent Cultivation, Execution", to establish long-term competitive advantages. The new businesses of servers, automotive electronics, medical care and 5G communication devices will continuous to deploy and progress steadily to become the pillars of growth in the mid- to long-term. The related market analysis please refer to page 137~142 for "Industry Overview—current and future industry prospects".
- Potential impact on the Company's finances and sales in the future and response plan:  
In light of the growth in operation and future investments, the Company has established relevant financial strategies.

## 7.3 Analysis of Cash Flow

### 7.3.1 Cash Flow Analysis for the Current Year

Unit: TWD Thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Other Cash Inflow (Outflow) (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Financing of Cash Deficit	
				Investment Plans	Financing Plans
75,162,103	58,638,610	(54,135,411)	79,665,302	-	-

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

2. Analysis of the change of 2022 cash flows:

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

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

### 7.3.2 Cash Flow Analysis for the Coming Year

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

## 7.4 Major Capital Expenditures

### 7.4.1 Major Capital Expenditures and Sources of Capital

Unit: TWD Thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure 2021
Property, plant and equipment	Cash flow generated from operations and loans	2022	7,727,184	7,727,184

### 7.4.2 Expected Benefits

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



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

### **1. Investment policy**

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

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

The 2022 consolidated loss from investment using the equity method came to approximately TWD 272 million, the reason for the loss was mainly because of the negative impact from the sluggish market or lagging of economies of scale.

### **3. 2023 investment plans**

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

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

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

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

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

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

## 7.6 Analysis of Risk Management

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

Unit: TWD Thousands; %

Items	2022
Net interest revenue and expense	(155,575)
Net gain on foreign currency exchange transaction (including valuation of financial instruments)	1,356,532

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

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

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

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

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

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

In general, the Company usually has less than a one-year product development cycle and aims to shorten the R&D cycle year after year. The IT industry is highly competitive, and the timing of product development is of vital importance. The rapid growth of sales has made the quality, experience, and capacity of R&D a decisive factor that will become the key as to whether the Company can achieve its business target and whether the existing customers continue their cooperation with the Company. The 2023 R&D expenses are expected to be TWD 17.2 billion.

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

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

### **7.6.5 Effects of and Response to Changes in Technology (including information security risks) and the Industry Relating to Corporate Finance and Sales**

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

Besides, in response to the changing trend of external information security and the ever-changing hacking techniques, we continue to pay attention to the latest information and technology, keep up with the times in our defense and management, effectively block information security threats, and reduce operational impact. According to internal and external information security issues, invest appropriate resources and improve control measures to reduce risks. There were no major information security events in 2022, nor the leakage of confidential information affected our customers and business, and caused significant impact to the financials.

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

Compal has concentrated on the IT and Communications industry for many years and has firmly adhered to a business philosophy of transcendence, sincerity, and harmony in a culture of ethics and honesty. We aim to be the best in world-class professional design, manufacturing, and services. As we pursue business growth, we always remember our obligations as a corporate citizen. We have strengthened corporate governance, fulfilled corporate social responsibility, and have established a good corporate image. As the Company scale and business complexity has expanded, the number of employees has increased, and our global production branches have increased in number, we have become acutely aware of the need for periodic checks of the external environment, a self-management system, and operational strategies for strengthening the risk management and early detecting of potential corporate crises and the need for concrete and positive response plans and corrective measures.

For many years, Compal has placed amongst the Top 500, Top 2000 businesses, and Top 2000 manufacturers in Taiwan by Fortune, Forbes Magazine, and CommonWealth Magazine respectively, and has placed the distinction of the Award in the "Taiwan Corporate Sustainability Awards" organized by the Taiwan Institute of Sustainable Energy. These prestigious awards once again reaffirmed the Company's corporate image. There was no company crisis in 2022 nor was there any significant event that affected the Company image in any way.

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

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

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

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

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

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

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

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

- (1) Inventec Corporation (“Inventec”), because of its former employees joined Compal Group, submitted a complaint to the Taiwan Taipei District Prosecutors Office asserting the Company has committed trade secret/copyright infringement. In August 2019, the Taiwan Taipei District Prosecutors Office brought criminal charges against the Company. In order to protect the Company’s rights and interests, the Company has retained outside counsel to defend such litigation. Considering the fact that whether the Company has committed the trade secret/copyright infringement depends on whether Inventec’s former employees are convicted, the Taipei District Court judge therefore issued a ruling and according to which the Court made a stay of the criminal proceedings pending the determination of related criminal proceedings against those employees. Currently, the criminal proceedings against those employees is still in progress before the court. The Company cannot make any reasonable estimation regarding the possible impact on its business operation.
- (2) Huawei Technologies Co., Ltd. filed an infringement litigation against the Group on October 28, 2022. The Group will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of the Company from any damage.

### **7.6.13 Other Major Risks**

International conglomerates face many risks such as regulatory compliance, business competition, localization, and globalization. It is the responsibility of each Company employee to turn such challenges into future opportunity. Ex ante risk identification, weekly risk assessment and prevention, and post-crisis management, have all been added to the Company target management cycle (PDCA), key performance indicators (KPI), and control system for internal use. Such processes allow the dedicated units responsible for these specific risks to establish rigorous and rapid means for response and a problem-solving culture. By working through regular and unscheduled reviews and combining education, training and a performance risk appraisal system, they can cope with significantly different kinds of risk management based on local conditions. The Company did not face any significant risk in 2022.

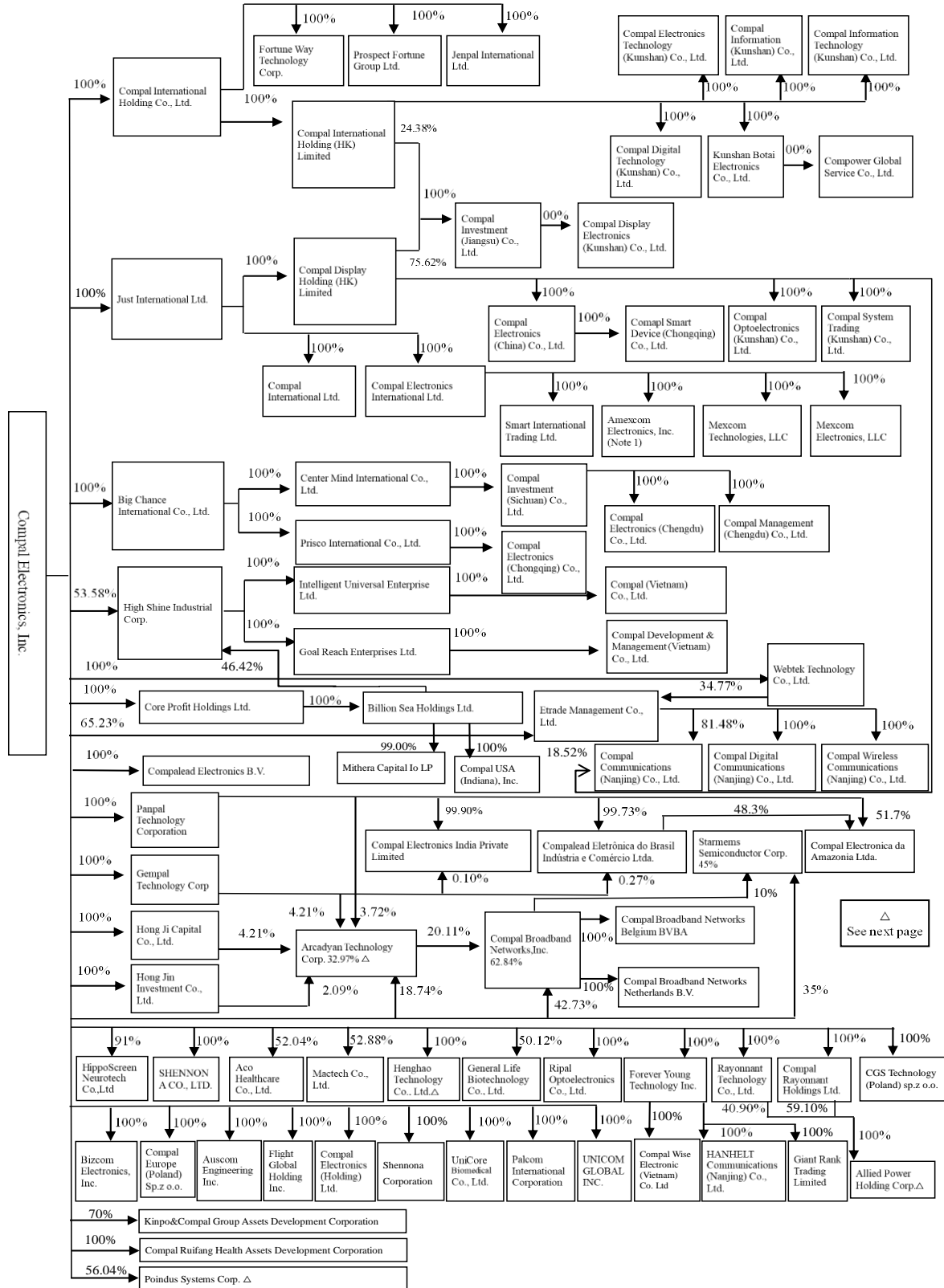
### **7.7 Other Material Issues: None**

# VIII. Special Disclosure

## 8.1 Summary of Affiliated Companies (As of Dec 31, 2022)

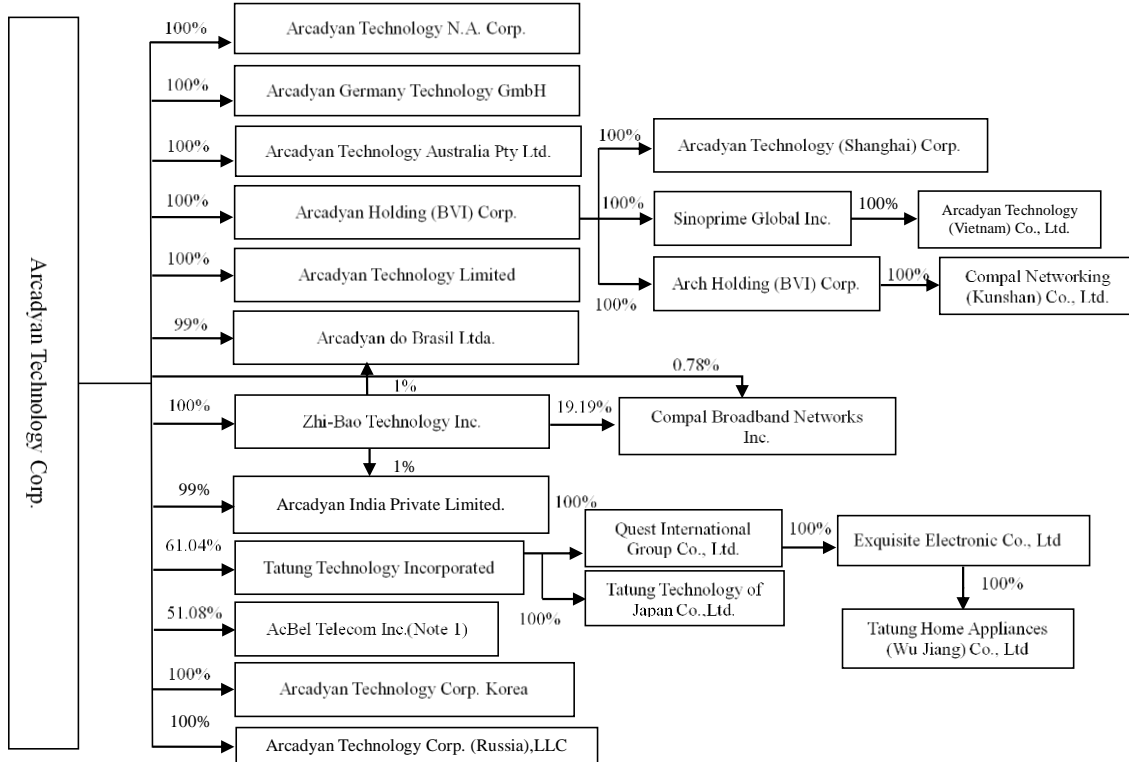
### 8.1.1 Affiliated enterprises report

#### 1. Chart



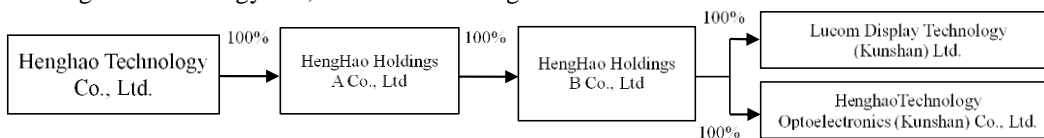
Note 1: Resolution to dissolve and liquidate on December 26, 2022.

■ Arcadyan Technology Affiliated Business Organization Chart

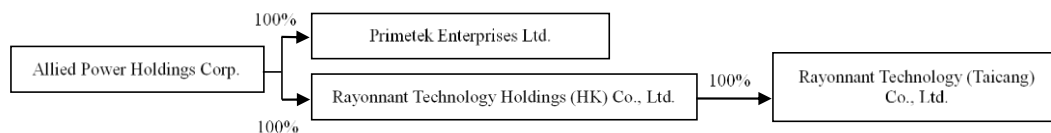


Note 1: Complete the liquidation process on August 19, 2022.

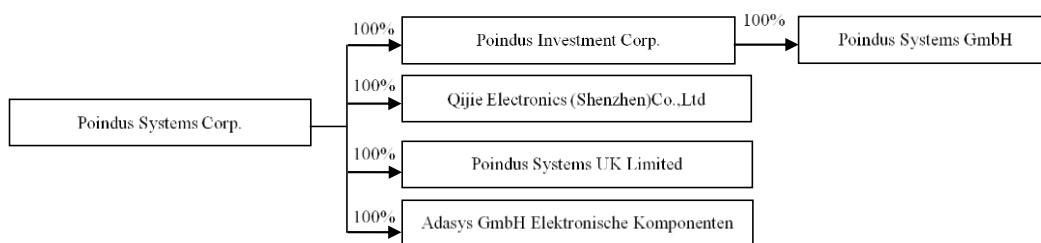
■ Henghao Technology Co., Ltd. Affiliated Organization Chart



■ Allied Power Affiliated Business Organization Chart



■ Poindus Systems Affiliated Business Organization Chart



## 2. Backgrounds of affiliated enterprises (December 31, 2022)

Unit: Thousand dollars

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Electronics, Inc.	1984.06.01	No. 581 and 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 44,071,466	Manufacturing, processing and trading of notebooks, computer monitors, LCD TVs, cellphones, and electronic parts
Compal International Holding Co., Ltd.	2000.01.12	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 53,001	General investments
Compal International Holding (HK) Limited	2008.08.11	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	USD 74,803	General investments
Compal Electronics Technology (Kunshan) Co., Ltd.	2000.05.19	No. 25, Third Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	USD 12,000	Production of notebooks, cellphones and electronics
Compal Information (Kunshan) Co., Ltd.	2003.01.07	No. 15, Third Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	USD 12,000	Production of notebooks, tablets and electronics
Compal Information Technology (Kunshan) Co., Ltd.	2003.06.20	No. 58, First Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	USD 24,000	Production of notebooks and electronics
Compal Digital Technology (Kunshan) Co., Ltd.	2010.03.05	No.59, First Avenue, Kunshan Economic and Technological Development Zone, Kunshan, Jiangsu, China	USD 20,000	Production and sale of notebooks, cellphones and digital products
Kunshan Botai Electronics Co., Ltd.	2001.08.20	No. 189, Qianjin Dong Lu, Kunshan Development Zone, Jiangsu Province, China	USD 1,000	Production and after-sale service of notebooks and cellphones
Compower Global Service Co., Ltd.	2012.04.23	Building 3, No.9, Second Avenue, A Zone, Kunshan Comprehensive Free Trade Zone, Kunshan, Jiangsu, China	RMB 2,000	Maintenance and after-sale service of notebooks and cellphones
Prospect Fortune Group Ltd.	2000.01.18	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 1	General investments
Jenpal International Ltd.	2010.12.27	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 7,350	General investments
Fortune Way Technology Corp.	2015.12.18	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 14,900	General investments
Just International Ltd.	1992.08.25	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 48,010	General investments
Compal Display Holding (HK) Limited	2008.08.11	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	USD 62,298	General investments



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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Management (Chengdu) Co., Ltd.	2011.05.25	No. 6, Shenglong Street, Wuhou District, Chengdu, Sichuan	USD 800	Management consultation, training, business information, tax advisory, investment consultation, and investment management
Prisco International Co., Ltd.	2011.06.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 10,000	General investments
Compal Electronics (Chongqing) Co., Ltd.	2011.05.26	No.10-3, BaoHong Avenue, YuBei District, ChongQing, China (No.A03, ZoneA, Airport Section of LiangLu CunTan Free Trade Port Area)	USD 10,000	Development, production and sale of notebooks and related components, and provision of maintenance and after-sale services
Core Profit Holdings Ltd.	2012.04.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 147,000	General investments
Billion Sea Holdings Ltd.	2012.04.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 147,000	General investments
Mithera Capital lo LP	2019.06.01	PO Box 472, 2F, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands	USD 5,050	General investments
Compal USA (Indiana), Inc.	2010.12.16	1 Technology Way Logansport, Indiana 46947, USA	US\$8,130	OEM of automotive electronic products
High Shine Industrial Corp.	2007.07.04	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 79,700	General investments
Intelligent Universal Enterprise Ltd.	2007.08.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 67,000	General investments
Compal (Vietnam) Co., Ltd.	2007.10.04	Ba Thien Industrial Zone, Ba Hien Town, Binh Xuyen District, Vinh Phuc Province, Vietnam	VND 1,398,683,500	Production, development, sale and repair of notebooks, computer monitors, LCD TVs and electronic components
Goal Reach Enterprises Ltd.	2007.07.03	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 12,700	General investments
Compal Development and Management (Vietnam) Co., Ltd.	2007.07.03	Ba Thien Industrial Zone, Binh Xuyen District, Vinh Phuc Province, Vietnam	VND 216,428,500	Construction and investment of infrastructures at Ba-Thien Industrial Zone, Vietnam
Panpal Technology, Inc.	1997.08.20	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 5,000,000	General investments
Gempal Technology, Inc.	1997.10.29	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 900,000	General investments
Hong Ji Capital, Inc.	2004.06.28	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 1,000,000	General investments
Hong Jin Investment, Inc.	2004.07.02	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 295,000	General investments

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	2008.07.15	Rua Kanebo 175, Galpões C4 a C6, e C12 Distrito Industrial, Jundiaí, São Paulo, CEP:13213-090, Brazil	BRL 20,109	Production and after-sale service of notebooks, cellphones and electronics
Compal Electronics India Private Limited	1996.05.21	Flat No. 412A, Building No.43, Chiranjiv Tower, Nehru Place, New Delhi, 110019, India	INR 386,000	Production and after-sale service of cellphones
Compal Electronica da Amazonia Ltda	2020.09.14	Rua Javari nº 1055, LOT 2.47, ECV, Distrito Industrial I, Manaus AM, CEP 69.075-110, Brazil	BRL 23,500	Production of notebooks and electronics
Arcadyan Technology Corporation	2003.05.09	8F, No. 8, Section 2, Guangfu Road, East District, Hsinchu City	TWD 2,203,543	Research, development, production and sale of WLAN, integrated digital home and mobile office products
Arcadyan Technology N.A. Corp.	2003.07.30	5450 Thornwood Dr, Unit J Floor 2 San Jose CA 95123-1222, USA	USD 669	Sales and technical support of wireless network products
Arcadyan Germany Technology GmbH	2007.04.11	Koelner Strasse 10b D-65760 Eschborn, Germany	EUR 25	Sale and technical support of wireless networking products
Arcadyan Technology Corporation Korea	2014.10.16	103-1109RM SK Ventium 166, Gosan-ro, Gunpo-si, Gyeonggi-do, Republic of Korea 15850	KRW 100,000	Sale of wireless networking products
Arcadyan do Brasil Ltda.	2015.04.24	Travessa Francisca Rios nº 48, Centro, Pouso Alegre, Minas Gerais	BRL 9,682	Sale of wireless networking products
Arcadyan India Private Limited	2021.03.25	Fifth Floor, Unit-F516, The Sapphire, Sector 49, Gurgaon,Gurgaon, Haryana, 122018	INR 75,000	Sale of wireless networking products
Arcadyan Technology Limited	2016.08.16	Charlotte House 500 Charlotte Road Sheffield South Yorkshire S2 4ER, United Kingdom	GBP 50	Technical support for wireless networking products
Arcadyan Technology Australia Pty Ltd	2017.03.28	Tower Three International Towers, Sydney ' Level 38, 300 Barangaroo Avenue, Sydney NSW 2000	AUD 50	Sale of wireless networking products
Arcadyan Technology Corporation (Russia), LLC.	2020.06.02	17/2, Skakovaya street, floor 7, room 2, Moscow, Russia, 125040	RUB 20,000	Sale of wireless networking products
Arcadyan Holding (BVI) Corp.	2007.03.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 47,780	General investments
Sinoprime Global Inc.	2004.12.29	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 29,050	General investments
Arcadyan Technology (Shanghai) Corp.	2002.04.17	Room 1503, Block 20, No. 487 Tianlin Road, Xuhui District, Shanghai, China	USD 8,100	Research and sale of wireless networking products
Arcadyan Technology (Vietnam) Co., Ltd.	2019.03.26	Lot D4-5-6, Thang Long Vinh Phuc Industrial Zone, Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province, Vietnam	USD 29,000	Manufacturing of wireless network products

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Arch Holding (BVI) Corp.	2007.05.24	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	USD 10,550	General investments
Compal Networking (Kunshan) Co., Ltd.	2006.06.26	No. 520 Nanbang Road, Economic and Technological Development Zone, Kunshan, Jiangsu, China, China	USD 12,450	Manufacturing of wireless network products
Zhi-Bao Technology Inc.	2009.08.10	8F., No. 8, Sec. 2, Guangfu Rd., East Dist., Hsinchu City	TWD 349,800	General investments
Tatung Technology Inc.	2008.01.21	10F, No. 288, Section 6, Civic Boulevard, Xinyi District, Taipei City	TWD 410,000	Development and sale of digital home electronics
Tatung Technology of Japan Co., Ltd.	2018.11.22	1 Chome-2-18, Mita, Minato-ku, Tokyo-to, Japan	JPY 35,000	Sale of digital home electronics
Quest International Group Co., Ltd.	2012.12.11	Unit 25,2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,200	General investments
Exquisite Electronic Co., Ltd.	2012.02.03	Unit 25,2nd Floor,Nia Mall, Saleufi Street, Apia, Samoa	USD 1,170	General investments
Tatung Home Appliances (Wu Jiang) Co., Ltd.	2001.02.13	No. 508 Youming Road, Songling Town, Wujiang District, Suzhou, Jiangsu, China	USD 3,350	Manufacturing of wireless network products
Compal Broadband Networks Inc.	2009.08.19	13F-1, No. 1, Taiyuan 1st Street, Zhubei City, Hsinchu County	TWD 680,021	Development and sale of cable modems, set-top boxes and communication products
Compal Broadband Networks Belgium BVBA	2017.01.01	Bekersveld 192630 Aartselaar Belgium	EUR 200	Import and export of broadband networking products and related components, and provision of technical support and consultation services
Compal Broadband Networks Netherlands B.V.	2019.11.25	Het Poortgebouw Beech Avenue 54-62 Schiphol 1119 PW the Netherlands	EUR 200	Import and export of broadband networking products and related components, and provision of technical support and consultation services
Henghao Technology Co., Ltd.	2010.12.10	No. 2-1, Wenhua Rd., Hsin-chu Industrial Park, Hukou Shiang, Hsin-chu County 30352, Taiwan R.O.C.	TWD 200,150	Manufacturing of electronic components, computers and peripherals
HengHao Holdings A Co., Ltd.	2010.12.10	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 46,882	General investments
HengHao Holdings B Co., Ltd.	2010.12.14	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 46,882	General investments
HengHao Optoelectronics Technology (Kunshan) Co., Ltd.	2010.05.07	No.520, Nanbang Rd., Kunshan City, Jiangsu Province, China	USD 40,000	Production touch panels and related components
Lucom Display Technology (Kunshan) Ltd.	2010.11.01	No.520, Nanbang Rd., Kunshan City, Jiangsu Province, China	USD 15,000	Production touch panels and LCD displays
Mactech Inc.	2000.05.23	No. 89, Land 36, Section 2, Tanxing Road, Tanyang Village, Tanzi District, Taichung City	TWD 411,458	Manufacturing of machinery and lighting equipment, retail sale of machinery, and international trade

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Ripal Optotronics Co, Ltd.	2013.8.26	2F, No. 256, Section 3, Zhongzheng Road, Rende District, Tainan City	TWD 60,000	Manufacturing of home appliances and audiovisual electronics
Rayonnant Technology Co., Ltd	2010.03.23	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 295,000	Manufacturing and sale of computers and peripherals
Compal Rayonnant Holdings Ltd.	2011.12.02	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 12,500	General investments
Allied Power Holding Corp.	2005.04.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 21,151	General investments
Primetek Enterprises Ltd.	2005.01.28	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 3,151	General investments
Rayonnant Technology Holdings (HK) Co., Ltd.	2010.03.31	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	USD 18,000	General investments
Rayonnant Technology (Taicang) Co., Ltd.	2010.06.04	No.9 Tainan Road, Industry Park, Taicang, Jiangsu, China	USD 18,000	Development and production of aluminum and magnesium alloy-based products
Bizcom Electronics, Inc.	1992.04.13	1361 EL Camino Real, Santa Clara, CA 95050, USA	USD 100	Marketing and after-sale of computer monitors and notebooks
Compal Europe (Poland) Sp. z o.o.	2008.03.05	Jędrzejowska 85 93-636, Łódź, Poland	PLN 6,804	Maintenance and after-sale service of notebooks and cellphones
CGS Technology (Poland) Sp. z o.o.	2020.09.15	Jędrzejowska 85 93-636, Łódź, Poland	PLN 12,296	Maintenance and after-sale service of notebooks and cellphones
Auscom Engineering Inc.	2008.10.27	One Dell Way, MSC PS2-88, Round Rock, Texas 78682, USA	USD 3,000	Development of notebooks and related components, hardware and software
Flight Global Holding Inc.	2007.08.09	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 89,755	General investments
Compalead Electronics B.V.	2014.02.19	Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands	USD 6,427	General investments
General Life Biotechnology Co., Ltd.	1999.01.16	No.581-1, Ruiguang Rd., Neihu Dist., Taipei City	TWD 300,000	Production and wholesaling of medical equipment
Etrade Management Co., Ltd.	2000.07.05	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 71,900	General investments
Compal Communications (Nanjing) Co., Ltd.	2003.09.23	No.68-2, Suyuan Road, Export Processing Zone (South Area). Jiangning Nanjing China	USD 27,000	Production of cellphones and tablets
Compal Digital Communications (Nanjing) Co., Ltd.	2004.03.26	No.77 Gaohu Street, Jiangning Economic and Technological Development Zone, Nanjing, China	USD 5,800	Production of cellphones and tablets

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Compal Wireless Communications (Nanjing) Co., Ltd.	2006.02.13	No.68-2, Suyuan Road, Export Processing Zone (South Area). Jiangning, Nanjing, China	USD 49,000	Production of cellphones and tablets
Webtek Technology Co., Ltd.	2000.07.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 100	General investments
Forever Young Technology Inc.	2004.11.25	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 50	General investments
Giant Rank Trading Limited	2004.11.25	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD -	Sale of cellphones
HANHELT Communications (Nanjing) Co., Ltd.	2009.03.11	Room 301 3rd floor 43#, Headquarters Park, NO.70# Phoenix Road Jiangning District, Nanjing, China	USD 2,000	Development of electronic communication equipment
Compal Wise Electronic (Vietnam) Co., Ltd.	2020.07.15	Binh Xuyen Industrial Zone, Dao Duc Town, Binh Xuyen District, Vinh Phuc Province, Vietnam	VND 46,180,000	Production and sale of cellphones, tablets, smart watches, communication equipments and electronics, and provision of relevant technical services
Unicom Global. Inc.	2006.03.21	No. 581, Ruiguang Road, Neihu District, Taipei City	TWD 200,000	Manufacturing and retail of computers and electronic components
Palcom International Corporation	2006.03.22	8F, No. 385, Yangguang St., Neihu District, Taipei City	TWD 100,000	Sale of cellphones
Compal Electronics (Holding) Ltd.	1997.04.22	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 1	General investments
UniCore Biomedical Co., Ltd.	2018.01.25	1F, No. 50, Section 1, Jiuzong Road, Neihu District, Taipei city	TWD 200,000	Management consultation, leasing, and wholesale/retail of medical equipment
Shennona Corporation	2018.01.10	1361 EL Camino Real, Santa Clara, CA 95050, USA	USD 1,600	Medical care IoT business
HippoScreen Neurotech Corp.	2019.01.28	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 100,000	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
SHENNONA CO., LTD.	2019.03.21	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 6,000	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
Aco Healthcare Co.,Ltd.	2019.02.20	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 30,748	Wholesale/retail of Computer Software, Software Design Services, Data Processing Services, Electrical Machinery, Supplies Manufacturing, wholesale/retail of Electronic Materials, wholesale/retail of Precision Instruments, Product Designing, Biotechnology Services and International Trade
Starmems Semiconductor Corp.	2021.04.21	6, No. 10, Taiyuan 1st Street, Zhubei City, Hsinchu County	TWD 100,000	Research and development and sales of MEMS microphone technology products

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Kinpo&Compal Group Assets Development Corporation	2021.12.21	No. 581 &581-1, Ruiguang Road, Neihu District, Taipei City	TWD 750,000	Real estate development leasing and related management business
Compal Ruifang Health Assets Development Corporation	2022.06.24	7F., No. 669, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	TWD 100,000	Investment and development of public construction and specific areas, etc.
POINDUS SYSTEMS CORP.	2009.06.15	5F., No. 59, Ln. 77, Xing'ai Rd., Neihu Dist., Taipei City	TWD 210,000	Sales of computers and peripherals
Poindus Investment Corp.	2009.07.21	6F., No. 1, Ln. 28, Xingzhong Rd., Neihu Dist., Taipei City	TWD 41,000	Investment and holding
Poindus Systems UK Limited	2015.11.1	3 Devonshire Business Park Knights Park Road Basingstoke RG21 6XN United Kingdom	GPB 300	Sales of computers and peripherals
Adasys GmbH Elektronische Komponenten	1994.03.29	Max-Planck-Strasse 10 70806 Kornwestheim	EUR 100	Sales of computers and peripherals
QIJIE ELECTRONICS(SHEN ZHEN)CO.,LTD	2019.01.25	5th Floor, Building A2, Block 2, Huiming Sheng Industrial Park, Heping Community, Fuhai Street, Bao'an District, Shenzhen City. (Huiming Sheng Industrial Park, Factory #2)	USD 1000	Sales of computers and peripherals
Poindus Systems GmbH	2009.09.23	Max-Planck-Strasse 10 70806 Kornwestheim	EUR 25	Sales of computers and peripherals

### 3. Business activities and relationships of affiliated enterprises (December 31, 2022)

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
Investment holding company	Compal International Holding Co., Ltd.	Holds investment interest in Compal International Holding (HK) Limited, Prospect Fortune Group Ltd., Jenpal International Ltd., and Fortune Way Technology Corp.
	Compal International Holding (HK) Limited	Holds investment interest in Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., and Compal Investment (Jiangsu, China) Co., Ltd.
	Jenpal International Ltd.	General investments
	Fortune Way Technology Corp.	General investments
	Just International Ltd.	Holds investment interest in Compal Display Holding (HK) Limited, Compal International Ltd., and Compal Electronics International Ltd.
	Compal Display Holding (HK) Limited	Holds investment interest in Compal Electronics (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Investment (Jiangsu, China) Co., Ltd., and Compal Communications (Nanjing) Co., Ltd.
	Compal Investment (Jiangsu) Co., Ltd.	Holds investment interest in Compal Display Electronics (Kunshan) Co., Ltd.
	Compal Electronics International Ltd.	Holds investment interest in Smart International Trading Ltd., Amexcom Electronics, Inc., Mexcom Technologies, LLC, and Mexcom Electronics, LLC
	Mexcom Technologies, LLC	General investments

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	Mexcom Electronics, LLC	General investments
	Big Chance International Co., Ltd.	Holds investment interest in Center Mind International Co., Ltd. and Prisco International Co., Ltd.
	Center Mind International Co., Ltd.	Holds investment interest in Compal Investment (Sichuan) Co., Ltd.
	Compal Investment (Sichuan) Co., Ltd.	Holds investment interest in Compal Electronics (Chengdu) Co., Ltd. and Compal Management (Chengdu) Co., Ltd.
	Prisco International Co., Ltd.	Holds investment interest in Compal Electronics (Chongqing) Co., Ltd.
	Core Profit Holdings Ltd.	Holds investment interest in Billion Sea Holdings Ltd.
	Billion Sea Holdings Ltd.	Holds investment interest in High Shine Industrial Corp., Mithera Capital Io LP, and Compal USA (Indiana), Inc.
	Mithera Capital Io LP	General investments
	High Shine Industrial Corp.	Holds investment interest in Intelligent Universal Enterprise Ltd. and Goal Reach Enterprises Ltd.
	Intelligent Universal Enterprise Ltd.	Holds investment interest in Compal (Vietnam) Co., Ltd.
	Goal Reach Enterprises Ltd.	Holds investment interest in Compal Development and Management (Vietnam) Co., Ltd.
	Panpal Technology Corporation	General investments
	Gempal Technology Co., Ltd.	General investments
	Hong Ji Capital Co., Ltd.	General investments
	Hong Jin Investment Co., Ltd.	General investments
	Compal Rayonnant Holdings Ltd.	General investments
	Allied Power Holding Corp.	General investments
	Flight Global Holding Inc.	General investments
	Compalead Electronics B.V.	General investments
	Etrade Management Co., Ltd.	General investments
	Compal Electronics (Holding) Ltd.	General investments
	Arcadyan Holding (BVI) Corp.	Holds investment interest in Sinoprime Global Inc., Arch Holding (BVI) Corp., and Arcadyan Technology (Shanghai) Corp.
	Arch Holding (BVI) Corp.	Holds investment interest in Compal Networking (Kunshan) Co., Ltd.
	Zhi-Bao Technology Inc.	Holds investment interest in Compal Broadband Networks Inc. , Arcadyan do Brasil Ltda. and Arcadyan India Private Limited
	Quest International Group Co., Ltd.	Holds investment interest in Exquisite Electronic Co., Ltd.
	Exquisite Electronic Co., Ltd.	Holds investment interest in Tatung Home Appliances (Wu Jiang) Co., Ltd.
	Rayonnant Technology Holdings (HK) Co., Ltd.	General investments
	HengHao Holdings A Co., Ltd.	General investments
	HengHao Holdings B Co., Ltd.	General investments
	Primetek Enterprises Ltd.	General investments
	Sinoprime Global Inc.	Holds investment interest in Arcadyan Technology (Vietnam) Co., Ltd.
	Prospect Fortune Group Ltd.	General investments
	Compal International Ltd.	General investments
Webtek Technology Co., Ltd.	General investments	
Forever Young Technology Inc.	General investments	
Smart International Trading Ltd.	General investments	
Poindus Investment Corp.	Holds investment interest in Poindus Systems GmbH.	
Electronic products wholesaling	Compal System Trading (Kunshan) Co., Ltd.	International trade and distribution of computers and electronic components
	Giant Rank Trading Limited	Sale of cellphones
	Palcom International Corporation	Sale of cellphones
	Arcadyan Technology N.A. Corp.	Sale of wireless networking products
	Arcadyan Technology Corporation Korea	Sale of wireless networking products
	Arcadyan do Brasil Ltda.	Sale of wireless networking products
Arcadyan Technology Australia Pty Ltd.	Sale of wireless networking products	



Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	Tatung Technology Inc.	Development and sale of digital home electronics
	Tatung Technology of Japan Co., Ltd.	Sale of digital home electronics
	Arcadyan Germany Technology GmbH	Sale and technical support of wireless networking products
	Arcadyan Technology Corporation (Russia), LLC.	Sale of wireless networking products
	Arcadyan India Private Limited	Sale of wireless networking products
	Compal Broadband Networks Belgium BVBA	Import and export of broadband networking products and related components, and provision of technical support and consultation services
	Compal Broadband Networks Netherlands B.V.	Import and export of broadband networking products and related components, and provision of technical support and consultation services
	Aco Healthcare Co.,Ltd.	wholesale/retail of Computer Software, Software Design Services, Data Processing Services, Electrical Machinery, Supplies Manufacturing, wholesale/retail of Electronic Materials, Wholesale/retail of Precision Instruments, Product Designing, Biotechnology Services, International Trade
	Starmems Semiconductor Corp.	Research and development and sales of MEMS microphone technology products
Electronic products manufacturing	Compal Electronics, Inc.	Manufacturing, processing and trading of notebooks, computer monitors, LCD TVs, cellphones, and electronic parts
	Compal Electronics Technology (Kunshan) Co., Ltd.	Production of notebooks, cellphones and electronics
	Compal Information (Kunshan) Co., Ltd.	Production of notebooks, tablets and electronics
	Compal Information Technology (Kunshan) Co., Ltd.	Production of notebooks and electronics
	Compal Digital Technology (Kunshan) Co., Ltd.	Production and sale of notebooks, cellphones and digital products
	Kunshan Botai Electronics Co., Ltd.	Production and after-sale service of notebooks and cellphones
	Compal Electronics (China) Co., Ltd.	Manufacturing and sale of displays
	Compal Smart Device (Chongqing) Co., Ltd.	Development, production and sale of communication equipment, cellphones, computers and smart watches, and provision of relevant technical services
	Compal Optoelectronics (Kunshan) Co., Ltd.	Production and sale of LCD TVs
	Compal Display Electronics (Kunshan) Co., Ltd.	Production and sale of LCD TVs
	Amexcom Electronics, Inc.	Sale and maintenance of LCD TVs
	Compal Electronics (Chengdu) Co., Ltd.	Development and production of notebooks, tablets, digital products, networking switches, wireless APs, and auto electronics
	Compal Electronics (Chongqing) Co., Ltd.	Development, production and sale of notebooks and related components, and provision of maintenance and after-sale services
	Compal (Vietnam) Co., Ltd.	Production, development, sale and repair of notebooks, computer monitors, LCD TVs and electronic components
	Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	Production and after-sale service of notebooks, cellphones and electronics
	Compal Electronica da Amazonia Ltda	Production of notebooks and electronics
	Unicom Global. Inc	Manufacturing and retail of computers and electronic components
	Arcadyan Technology Corp.	Research, development, production and sale of WLAN, integrated digital home and mobile office products
	Compal Broadband Networks Inc.	Development and sale of cable modems, set-top boxes and communication products
	Henghao Technology Co., Ltd.	Manufacturing of electronic components, computers and peripherals

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	Mactech Co., Ltd.	Manufacturing of machinery and lighting equipment, retail sale of machinery, and international trade
	Rayonnant Technology Co., Ltd.	Manufacturing and sale of computers and peripherals
	Compal Communications (Nanjing) Co., Ltd.	Production of cellphones and tablets
	Compal Digital Communications (Nanjing) Co., Ltd.	Production of cellphones and tablets
	Compal Wireless Communications (Nanjing) Co., Ltd.	Production of cellphones and tablets
	RiPAL Optotronics Co., Ltd.	Manufacturing of home appliances and audiovisual electronics
	Compal Electronics India Private Limited	Production and after-sale service of cellphones
	Compal Networking (Kunshan) Co., Ltd.	Production and sale of wireless products
	Arcadyan Technology (Vietnam) Co., Ltd.	Production and sale of wireless products
	Tatung Home Appliances (Wu Jiang) Co., Ltd.	Production and sale of digital home electronics
	HengHao Optoelectronics Technology (Kunshan) CO., LTD	Production touch panels and related components
	Rayonnant Technology (Taicang) Co., Ltd.	Development and production of aluminum and magnesium alloy-based products
	Lucom Display Technology (Kunshan) Ltd.	Production touch panels and LCD displays
	Compower Global Service Co., Ltd.	Maintenance and after-sale service of notebooks and cellphones
	Compal Management (Chengdu) Co., Ltd.	Management consultation, training, business information, tax advisory, investment consultation, and investment management
	HANHELT Communications (Nanjing) Co., Ltd.	Development of electronic communication equipment
	Bizcom Electronics, Inc.	Marketing and after-sale of computer monitors and notebooks
	Compal Europe (Poland) Sp. z o.o.	Maintenance and after-sale service of notebooks and cellphones
	CGS Technology (Poland) Sp. z o.o.	Maintenance and after-sale service of notebooks and cellphones
	Auscom Engineering Inc.	Development of notebooks and related components, hardware and software
	Compal Wise Electronic (Vietnam) Co., Ltd.	Production and sale of cellphones, tablets, smart watches, communication equipments and electronics, and provision of relevant technical services
	Compal USA (Indiana), Inc.	OEM of automotive electronic products
	POINDUS SYSTEMS CORP.	Sales of computers and peripherals
	QIJIE ELECTRONICS(SHENZHEN)CO.,LTD	Sales of computers and peripherals
	Poindus Systems UKLimited	Sales of computers and peripherals
	Adasys GmbH Elektronische Komponenten	Sales of computers and peripherals
	Poindus Systems GmbH.	Sales of computers and peripherals
	Construction and development	Compal Development and Management (Vietnam) Co., Ltd.
	Kinpo&Compal Group Assets Development Corporation	Real estate development leasing and related management business
	Compal Ruifang Health Assets Development Corporation	Investment and development of public construction and specific areas, etc.
Leasing and management consulting	UniCore Biomedical Co., Ltd.	Management consultation, leasing, and wholesale/retail of medical equipment
	HippoScreen Neurotech Corp.	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade
	SHENNONA CO., LTD.	Management consultation, leasing, wholesale/retail of Precision Instruments and International Trade

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
Manufacturing and sale of medical equipment	General Life Biotechnology Co., Ltd.	Manufacturing and sale of medical equipment
Medical care	Shennona Corporation	Medical care IoT business
Technical service	Arcadyan Technology (Shanghai) Corp.	Research and sale of wireless networking products
	Arcadyan Technology Limited	Technical support for wireless networking products

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

December 31, 2022

Unit: TWD Thousands; shares; %

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Compal Electronics, Inc.	Chairman	Sheng-Hsiung Hsu	8,975,401	0.20%
	Director and President	Jui-Tsung Chen	35,352,587	0.80%
	Director	Binpal Investment Co., Ltd. (Representative: Wen-Being Hsu )	5,000,000	0.11%
	Director	Kinpo Electronics, Inc. (Representative: Chieh-Li Hsu)	151,628,692	3.44%
	Director	Charng-Chyi Ko	7,896,867	0.18%
	Director	Sheng-Chieh Hsu	9,204,201	0.21%
	Director	Yen-Chia Chou	8,022,874	0.18%
	President and Director	Chung-Pin Wong	6,618,618	0.15%
	Director	Chiung-Chi Hsu	2,117,731	0.05%
	Director	Ming-Chih Chang	1,919,489	0.04%
	Director	Anthony Peter Bonadero	0	0%
	Director	Sheng-Hua Peng	835,000	0.02%
	Independent Director	Min-Chih Hsuan	0	0.00%
	Independent Director	Duei Tsai	0	0.00%
	Independent Director	Wen-Chung Shen	2,836,000	0.06%
	Representative	Wen-Being Hsu	5,001,000	0.11%
Representative	Chieh-Li Hsu	4,117,569	0.09%	
Compal International Holding Co., Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	53,001,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	53,001,000	100.00%
Compal International Holding (HK) Limited	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	74,802,500	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	74,802,500	100.00%
Compal Electronics Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 368,520	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 368,520	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 368,520	100.00%
	Supervisor	Compal International Holding (HK)	TWD 368,520	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		Limited (Representative: Ching-Hsiung Lu)		
	President	Ming-Chih Chang	0	0.00%
Compal Information (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 368,520	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 368,520	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 368,520	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 368,520	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Information Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 737,040	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 737,040	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 737,040	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 737,040	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Digital Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 614,200	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 614,200	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 614,200	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 614,200	100.00%
	President	Ming-Chih Chang	0	0.00%
Kunshan Botai Electronics Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 30,710	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 30,710	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Ming-Chih Chang)	TWD 30,710	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 30,710	100.00%
	President	Ming-Chih Chang	0	0.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Compower Global Service Co., Ltd.	Managing Director	Kunshan Botai Electronics Co., Ltd. (Representative: Chung-Pin Wong)	TWD 8,828	100.00%
	Supervisor	Kunshan Botai Electronics Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 8,828	100.00%
	President	Ming-Chih Chang	0	0.00%
Prospect Fortune Group Ltd.	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	1,000	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	1,000	100.00%
Jenpal International Ltd.	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	7,350,000	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	7,350,000	100.00%
Fortune Way Technology Corp.	Director	Compal International Holding Co., Ltd. (Representative: Sheng-Hsiung Hsu )	14,900,000	100.00%
	Director	Compal International Holding Co., Ltd. (Representative: Jui-Tsung Chen )	14,900,000	100.00%
Just International Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	48,010,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	48,010,000	100.00%
Compal Display Holding (HK) Limited	Director	Just International Ltd. (Representative: Sheng-Hsiung Hsu )	62,297,500	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen )	62,297,500	100.00%
Compal Electronics (China) Co., Ltd.	Chairman	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 1,136,270	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 1,136,270	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 1,136,270	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 1,136,270	100.00%
	President	Fu-Chuan Chang	0	0.00%
Compal Smart Device (Chongqing) Co., Ltd.	Chairman	Compal Electronics (China) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 264,853	100.00%
	Director	Compal Electronics (China) Co., Ltd. (Representative: Chung-Pin Wong )	TWD 264,853	100.00%
	Director	Compal Electronics (China) Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 264,853	100.00%
	Supervisor	Compal Electronics (China) Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 264,853	100.00%
	President	Sheng-Hua Peng	0	0.00%
Compal Optoelectronics (Kunshan) Co., Ltd.	Chairman	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 371,591	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 371,591	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 371,591	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 371,591	100.00%
	President	Fu-Chuan Chang	0	0.00%
Compal System Trading (Kunshan) Co., Ltd.	Chairman	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 42,994	100.00%
	Director	Compal Display Holding (HK) Limited	TWD 42,994	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Sheng-Hsiung Hsu )		
	Director	Compal Display Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 42,994	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Cheng-Chiang Wang)	TWD 42,994	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Investment (Jiangsu) Co., Ltd.	Chairman	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu )	TWD 479,076	100.00%
	Director	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen )	TWD 479,076	100.00%
	Director	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 479,076	100.00%
	Supervisor	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 479,076	100.00%
	President	Sheng-Hua Peng	0	0.00%
Compal Display Electronics (Kunshan) Co., Ltd.	Chairman	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 460,650	100.00%
	Director	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 460,650	100.00%
	Director	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 460,650	100.00%
	Supervisor	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 460,650	100.00%
	President	Sheng-Hua Peng	0	0.00%
Compal International Ltd.	Director	Just International Ltd. (Representative: Sheng-Hsiung Hsu )	500,000	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen )	500,000	100.00%
Compal Electronics International Ltd.	Director	Just International Ltd. (Representative: Sheng-Hsiung Hsu )	9,245,000	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen )	9,245,000	100.00%
Smart International Trading Ltd.	Director	Compal Electronics International Ltd. (Representative: Sheng-Hsiung Hsu )	1,000	100.00%
	Director	Compal Electronics International Ltd. (Representative: Jui-Tsung Chen )	1,000	100.00%
Mexcom Technologies, LLC	Director	Compal Electronics International Ltd. (Representative: Hsin-Kung Mao )	TWD 31	100.00%
Mexcom Electronics, LLC	Director	Compal Electronics International Ltd. (Representative: Hsin-Kung Mao )	TWD 252,866	100.00%
Big Chance International Co.,	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	90,820,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Ltd.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	90,820,000	100.00%
Center Mind International Co., Ltd.	Director	Big chance International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	80,820,000	100.00%
	Director	Big chance International Co., Ltd. (Representative: Jui-Tsung Chen )	80,820,000	100.00%
Compal Investment (Sichuan) Co., Ltd.	Chairman	Center Mind International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 2,481,982	100.00%
	Director	Center Mind International Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 2,481,982	100.00%
	Director	Center Mind International Co., Ltd. (Representative: Chung-Pin Wong)	TWD 2,481,982	100.00%
	Supervisor	Center Mind International Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 2,481,982	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Electronics (Chengdu) Co., Ltd.	Chairman	Compal Investment (Sichuan) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 2,456,800	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 2,456,800	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 2,456,800	100.00%
	Supervisor	Compal Investment (Sichuan) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 2,456,800	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Management (Chengdu) Co., Ltd.	Chairman	Compal Investment (Sichuan) Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 24,568	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 24,568	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 24,568	100.00%
	Supervisor	Compal Investment (Sichuan) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 24,568	100.00%
	President	Ming-Chih Chang	0	0.00%
Prisco International Co., Ltd.	Director	Big chance International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	10,000,000	100.00%
	Director	Big chance International Co., Ltd. (Representative: Jui-Tsung Chen )	10,000,000	100.00%
Compal Electronics (Chongqing) Co., Ltd.	Chairman	Prisco International Co., Ltd. (Representative: Sheng-Hsiung Hsu )	TWD 307,100	100.00%
	Director	Prisco International Co., Ltd. (Representative: Jui-Tsung Chen )	TWD 307,100	100.00%
	Director	Prisco International Co., Ltd. (Representative: Chung-Pin Wong)	TWD 307,100	100.00%
	Supervisor	Prisco International Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 307,100	100.00%
	President	Ming-Chih Chang	0	0.00%
Core Profit Holdings Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	147,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	147,000,000	100.00%
Billion Sea Holdings Ltd.	Director	Core Profit Holdings Ltd. (Representative: Sheng-Hsiung Hsu )	147,000,000	100.00%
	Director	Core Profit Holdings Ltd. (Representative: Jui-Tsung Chen )	147,000,000	100.00%
Mithera Capital Lo	Director	Billion Sea Holdings Ltd.	TWD 153,550	99.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
LP		(Representative: David Liao )		
Compal USA (Indiana), Inc.	Chairman	Billion Sea Holdings Ltd. (Representative: Chung-Pin Wong )	1,000	100.00%
	Director	Billion Sea Holdings Ltd. (Representative: Jui-Tsung Chen )	1,000	100.00%
	Director	Billion Sea Holdings Ltd. (Representative: Ta-Chun Wang)	1,000	100.00%
High Shine Industrial Corp.	Director	Compal Electronics, Inc. and Billion Sea Holdings Ltd. (Representative: Sheng-Hsiung Hsu )	79,700,000	100.00%
	Director	Compal Electronics, Inc. and Billion Sea Holdings Ltd. (Representative: Jui-Tsung Chen )	79,700,000	100.00%
Intelligent Universal Enterprise Ltd.	Director	High Shine Industrial Corp. (Representative: Sheng-Hsiung Hsu )	67,000,000	100.00%
	Director	High Shine Industrial Corp. (Representative: Jui-Tsung Chen )	67,000,000	100.00%
Compal (Vietnam) Co., Ltd.	Director	Intelligent Universal Enterprise Ltd. (Representative: Jui-Tsung Chen )	TWD 2,057,570	100.00%
Goal Reach Enterprises Ltd.	Director	High Shine Industrial Corp. (Representative: Sheng-Hsiung Hsu )	12,700,000	100.00%
	Director	High Shine Industrial Corp. (Representative: Jui-Tsung Chen )	12,700,000	100.00%
Compal Development and Management (Vietnam) Co., Ltd.	Director	Goal Reach Enterprises Ltd. (Representative: Jui-Tsung Chen )	TWD 390,017	100.00%
Panpal Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	500,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang )	500,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	500,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	500,000,000	100.00%
Gempal Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	90,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	90,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	90,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	90,000,000	100.00%
Hong Ji Capital Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	100,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	100,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	100,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	100,000,000	100.00%
Hong Jin Investment Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	29,500,000	100.00%
	Director and	Compal Electronics, Inc.	29,500,000	100.00%



Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	President	(Representative: Chung-Pin Wong )		
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	29,500,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	29,500,000	100.00%
Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	President	Ricardo F Battaglia	0	0.00%
Compal Electronica da Amazonia Ltda	President	Ricardo F Battaglia	0	0.00%
Compal Electronics India Private Limited	President	Guo-Dung Yu	0	0.00%
	Director	UJJAWAL SINGH KATIYAR	0	0.00%
	Director	Cheng-Chiang Wang	0	0.00%
Arcadyan Technology Corp.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	41,304,504	18.74%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	41,304,504	18.74%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	41,304,504	18.74%
	Director	Compal Electronics, Inc. (Representative: Chung-Pao Liu)	41,304,504	18.74%
	Director	Che-He Wei	0	0.00%
	Director and President	Chao-Peng Tseng	208,669	0.09%
	Independent Director	Ying-Jen Li	0	0.00%
	Independent Director	Ching-Jang Wen	0	0.00%
	Independent Director	Wen-An Yang	0	0.00%
Arcadyan Technology N.A. Corp.	Director	Arcadyan Technology Corp. (Representative: Yen-Ju Lin)	1,000	100.00%
	President	Yen-Ju Lin	0	0.00%
Arcadyan Germany Technology GmbH	Managers	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	500	100.00%
Arcadyan Technology Corporation Korea	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	20,000	100.00%
Arcadyan do Brasil Ltda.	Managers	Nien-Che, Hsiung	964,510	99.00%
Arcadyan Technology Limited	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	50,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Keng-Tien Lin)	50,000	100.00%
Arcadyan Technology Australia Pty Ltd.	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	50,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu )	50,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Paul Christopher Devlin)	50,000	100.00%
Arcadyan Technology Corporation (Russia), LLC.	Director	Arcadyan Technology Corp. (Representative: Management Company ABU accounting services Limited Liability Company)	0	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Arcadyan Holding (BVI) Corp.	Chairman	Arcadyan Technology Corp. (Representative: Jui-Tsung Chen )	47,780,148	100.00%
	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	47,780,148	100.00%
Sinoprime Global Inc.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen )	29,050,000	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	29,050,000	100.00%
Arcadyan Technology (Vietnam)Co., Ltd	Chairman Director	Sinoprime Global Inc. (Representative: Chao-Peng Tseng)	0	100.00%
Arch Holding (BVI) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Jui-Tsung Chen )	34,900	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	34,900	100.00%
Arcadyan Technology (Shanghai) Corp.	Chairman	Arcadyan Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Fong-Yu, Lu )	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chung-Pao, Liu)	TWD 224,208	100.00%
	Director	Arcadyan Holding (BVI) Corp. (Representative: Chih-Fang Lee)	TWD 224,208	100.00%
	Supervisor	Arcadyan Holding (BVI) Corp. (Representative: Shih-Wei Huang)	TWD 224,208	100.00%
	President	Chung-Pao, Liu	0	0.00%
Compal Network Information Technology (Kunshan) Co., Ltd.	Chairman	Arch Holding (BVI) Corp. (Representative: Fong-Yu, Lu )	TWD 382,340	100.00%
	Director	Arch Holding (BVI) Corp. (Representative: Jui-Tsung Chen )	TWD 382,340	100.00%
	Director	Arch Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	TWD 382,340	100.00%
	Supervisor	Arch Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	TWD 382,340	100.00%
	President	Chung-Pao, Liu	0	0.00%
Zhi-Bao Technology Inc	Chairman	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng)	34,980,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Cheng-Chiang Wang)	34,980,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Ching-Hsiung Lu)	34,980,000	100.00%
	Director	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu )	34,980,000	100.00%
	Supervisor	Arcadyan Technology Corp. (Representative: Shih-Wei Huang)	34,980,000	100.00%
	President	Chao-Peng Tseng	0	0.00%
Tatung Technology Inc.	Chairman	Arcadyan Technology Corp. (Representative: Fong-Yu, Lu)	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Chao-Peng Tseng )	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Shih-Wei Huang)	25,027,910	61.04%
	Director	Arcadyan Technology Corp.	25,027,910	61.04%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Nien-Che, Hsiung)		
	Director	Arcadyan Technology Corp. (Representative: Chih-Fang Lee)	25,027,910	61.04%
	Director	Shang Chi Investment Co., Ltd. (Representative: Chia-Tien Lin )	1,027,056	2.51%
	Director	Chunghwa Investment Holding Company (Representative: Chih-Chen Chien)	4,570,830	11.15%
	Supervisor	Ya-Ling Chiang	0	0.00%
	Supervisor	Chih-Cheng Huang	0	0.00%
	Supervisor	Chi Sheng Investment Co., Ltd. (Representative: Chang-Chuan Lin)	2,727,272	6.65%
	President	Shih-Wei Huang	0	2.59%
Tatung Technology of Japan Co., Ltd.	Director	Tatung Technology Inc. (Representative: Fong-Yu, Lu)	700	100.00%
	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	700	100.00%
Quest International Group Co., Ltd.	Director	Tatung Technology Inc. (Representative: Chao-Peng Tseng)	1,200,000	100.00%
	Director	Tatung Technology Inc. (Representative: Fong-Yu, Lu)	1,200,000	100.00%
Exquisite Electronic Co., Ltd.	Director	Quest International Group Co., Ltd. (Representative: Chao-Peng Tseng)	1,170,000	100.00%
	Director	Quest International Group Co., Ltd. (Representative: Fong-Yu, Lu)	1,170,000	100.00%
Tatung Home Appliances (Wu Jiang) Co., Ltd.	Chairman	Exquisite Electronic Co., Ltd. (Representative: Fong-Yu, Lu )	TWD 92,728	100.00%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chao-Peng Tseng)	TWD 92,728	100.00%
	Director	Exquisite Electronic Co., Ltd. (Representative: Chung-Pao Liu)	TWD 92,728	100.00%
	Supervisor	Exquisite Electronic Co., Ltd. (Representative: Shih-Wei Huang)	TWD 92,728	100.00%
	President	Chung-Pao Liu	0	0.00%
Arcadyan India Private Limited	Director	Arcadyan Technology Corp. (Representative: Nien-Che, Hsiung)	7,465,000	99.00%
	Director	Zhi-Bao Technology Inc. (Representative: Yi-Shu Lee )	35,000	1.00%
	Director	Arcadyan Technology Corp. (Representative: RAJ KUMAR BHOLA)	7,465,000	99.00%
Compal Broadband Networks Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,060,176	42.73%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	29,060,176	42.73%
	Director	Realsun Investment Co., Ltd (Representative: Tsai , Jon-Jinn )	3,575,000	5.25%
	Director	Compal Electronics, Inc. (Representative: Yu- Ho Wang)	29,060,176	42.73%
	Independent Director	Wong, Jen-Zen	0	0.00%
	Independent Director	Mao, Yin-Wen	0	0.00%
	Independent Director	Chen, Miao- Ling	0	0.00%
	President	Yu- Ho Wang	1,160,010	1.71%
Compal Broadband Networks Belgium	Director	Compal Broadband Networks Inc. (Representative: Yu- Ho Wang)	20,300	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
BVBA				
Compal Broadband Networks Netherlands B.V.	Director	Compal Broadband Networks Inc. (Representative: Yu- Ho Wang)	20,300	100.00%
Henghao Technology Co.,Ltd.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	20,014,952	100.00%
	Vice Chairman and President	Compal Electronics, Inc. (Representative: Chen-Chang Hsu)	20,014,952	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	20,014,952	100.00%
	Director	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	20,014,952	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	20,014,952	100.00%
HengHao Holdings A Co., Ltd.	Director	Henghao Technology Co., Ltd. (Representative: Sheng-Hsiung Hsu )	46,882,000	100.00%
	Director	Henghao Technology Co., Ltd. (Representative: Chung-Pin Wong)	46,882,000	100.00%
HengHao Holdings B Co., Ltd.	Director	HengHao Holdings A Co., Ltd. (Representative: Sheng-Hsiung Hsu )	46,882,000	100.00%
	Director	HengHao Holdings A Co., Ltd. (Representative: Chung-Pin Wong)	46,882,000	100.00%
HengHao Optoelectronics Technology (Kunshan) CO., LTD	Chairman	HengHao Holdings B Co., Ltd. (Representative: Chen-Chang Hsu)	TWD 1,228,400	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Chia-Tien Liu)	TWD 1,228,400	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Jui-Hsiang Yang)	TWD 1,228,400	100.00%
	Supervisor	HengHao Holdings B Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 1,228,400	100.00%
	President	Chen-Chang Hsu	0	0.00%
Lucom Display Technology (Kunshan) Ltd.	Chairman	HengHao Holdings B Co., Ltd. (Representative: Chen-Chang Hsu)	TWD 460,650	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Chia-Tien Liu )	TWD 460,650	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Jui-Hsiang Yang )	TWD 460,650	100.00%
	Supervisor	HengHao Holdings B Co., Ltd. (Representative: Hsiu-Chuan Hsu)	TWD 460,650	100.00%
	President	Chen-Chang Hsu	0	0.00%
Mactech Inc.	Chairman	Compal Electronics, Inc. (Representative: Yung-Ching Chang)	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Chen-Chang Hsu)	21,756,192	52.88%
	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	21,756,192	52.88%
	Director	Wen-Pin Kuo	1,301,505	3.16%
	Director	Chuan-Kuei Lin	1,609,172	3.91%
	Supervisor	Chyou-Jui Wei	0	0.00%
Rayonnant Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,500,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director and President	Compal Electronics, Inc. (Representative: Pao-Jui Cheng)	29,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsi-Kuan Chen)	29,500,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	29,500,000	100.00%
Compal Rayonnant Holdings Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	12,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	12,500,000	100.00%
Allied Power Holding Corp.	Director	Compal Rayonnant Holdings Ltd. (Representative: Chung-Pin Wong)	12,500,000	59.10%
	Director	Rayonnant Technology Co., Ltd. (Representative: Pao-Jui Cheng)	8,651,000	40.90%
Primetek Enterprises Ltd.	Director	Allied Power Holding Corp. (Representative: Chung-Pin Wong)	3,151,000	100.00%
	Director	Allied Power Holding Corp. (Representative: Pao-Jui Cheng)	3,151,000	100.00%
Rayonnant Technology Holdings (HK) Co., Ltd.	Director	Allied Power Holding Corp. (Representative: Chyou-Jui Wei)	18,000,000	100.00%
	Director	Allied Power Holding Corp. (Representative: Pao-Jui Cheng)	18,000,000	100.00%
Rayonnant Technology (Taicang) Co., Ltd.	Chairman	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Pao-Jui Cheng)	TWD 552,780	100.00%
	Director	Rayonnant Technology Holdings (HK) Co., Ltd (Representative: Cheng-Chiang Wang).	TWD 552,780	100.00%
	Director	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Hsi-Kuan Chen)	TWD 552,780	100.00%
	Supervisor	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Chyou-Jui Wei)	TWD 552,780	100.00%
	President	Pao-Jui Cheng	0	0.00%
Bizcom Electronics, Inc.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	100,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	100,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	100,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang )	100,000	100.00%
Compal Europe (Poland) Sp. z o.o.	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang )	136,080	100.00%
	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	136,080	100.00%
CGS Technology (Poland) Sp. z o.o.	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	245,911	100.00%
	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang )	245,911	100.00%
Auscom Engineering Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	3,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Min-Tung Weng)	3,000,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	3,000,000	100.00%
Flight Global Holding Inc.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	89,755,495	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	89,755,495	100.00%
RiPAL Optotronics Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	6,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	6,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	6,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	6,000,000	100.00%
Compal Electronics (Holding) Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu )	1,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	1,000	100.00%
Etrade Management Co., Ltd.	Director	Compal Electronics, Inc. & Webtek Technology Co., Ltd (Representative: Jui-Tsung Chen )	71,900,000	100.00%
Compal Communications (Nanjing) Co., Ltd.	Chairman	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 829,170	100.00%
	Director	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Cheng-Chiang Wang)	TWD 829,170	100.00%
	Director	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Chung-Shing Tan)	TWD 829,170	100.00%
	Supervisor	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Guo-Dung Yu)	TWD 829,170	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Digital Communications (Nanjing) Co., Ltd.	Chairman	Etrade Management Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 178,118	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 178,118	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Chung-Shing Tan)	TWD 178,118	100.00%
	Supervisor	Etrade Management Co., Ltd. (Representative: Guo-Dung Yu)	TWD 178,118	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Wireless Communications (Nanjing) Co., Ltd.	Chairman	Etrade Management Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 1,504,790	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 1,504,790	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Chung-Shing Tan)	TWD 1,504,790	100.00%
	Supervisor	Etrade Management Co., Ltd. (Representative: Guo-Dung Yu)	TWD 1,504,790	100.00%
	President	Ming-Chih Chang	0	0.00%
Webtek Technology Co., Ltd	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	100,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Forever Young Technology Inc.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	50,000	100.00%
HANHELT Communications (Nanjing) Co., Ltd.	Chairman and President	Forever Young Technology Inc. (Representative: Sheng-Hua Peng)	TWD 61,420	100.00%
	Director	Forever Young Technology Inc. (Representative: Chung-Shing Tan)	TWD 61,420	100.00%
	Director	Forever Young Technology Inc. (Representative: Wen-Da Hsu)	TWD 61,420	100.00%
	Supervisor	Forever Young Technology Inc. (Representative: Jyh-Shyan Liang)	TWD 61,420	100.00%
Compal Wise Electronic (Vietnam) Co., Ltd.	Director	Forever Young Technology Inc. (Representative : Jui-Tsung Chen)	TWD 61,420	100.00%
Unicom Global. Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong )	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsin-Kung Mao)	20,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	20,000,000	100.00%
Palcom International Corporation	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	10,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	10,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	10,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Guo-Dung Yu)	10,000,000	100.00%
Compalead Electronics B.V.	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	6,426,516	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsin-Kung Mao)	6,426,516	100.00%
General Life Biotechnology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	15,030,000	50.12%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	15,030,000	50.12%
	Director	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	15,030,000	50.12%
	Director	Alltek Technology Corp. (Representative: Yu-Wen Wu)	6,922,940	23.08%
	Director	WK Technology Fund IV (Representative: Tien-Hao Wang)	992,000	3.31%
	Supervisor	China Development Industrial Bank	2,520,000	8.40%
	Supervisor	Sheng-Hua Peng	0	0.00%
Giant Rank Trading Limited	Director	Forever Young Technology Inc. (Representative: Jui-Tsung Chen )	-	100.00%
UniCore Biomedical Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen )	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	20,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	20,000,000	100.00%
	Director	Compal Electronics, Inc.	20,000,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Cheng-Chiang Wang)		
	Director	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	20,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Shu-Fen Ning)	20,000,000	100.00%
Shennona Corporation	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	TWD 48,209	100.00%
	Director	Compal Electronics, Inc. (Representative: Wei Chang Chen)	TWD 48,209	100.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	TWD 48,209	100.00%
HippoScreen Neurotech Corp.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	9,100,000	91.00%
	Director	Compal Electronics, Inc. (Representative: Wei Chang Chen)	9,100,000	91.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	9,100,000	91.00%
	Director	Yi-Hung Liu	594,000	5.94%
	Director	Long-Song Lin	90,000	0.9%
	Supervisor	Cheng-Chiang Wang	0	0.00%
SHENNONA CO., LTD.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	600,000	100.00%
Aco Healthcare Co.,Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	100,000,000	52.04%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	100,000,000	52.04%
	Director	Compal Electronics, Inc. (Representative: Hsuan-Bin Chen)	100,000,000	52.04%
	Director	Jian-Hung Liu	22,227,778	11.57%
	Director	Shu-Chin Su	22,227,778	11.57%
	Supervisor	Chyou-Jui Wei	0	0.00%
Starmems Semiconductor Corp.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	3,500,000	35.00%
	Vice Chairman	Compal Electronics, Inc. (Representative: Yu- Ho Wang)	3,500,000	35.00%
	Director	Realsun Investments Co., Ltd. (Representative: Hou-Wei Lin)	2,300,000	23.00%
	Supervisor	Shiu-Hung Lu	0	0.00%
Kinpo&Compal Group Assets Development Corporation	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	52,500,000	70.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	52,500,000	70.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	52,500,000	70.00%
	Director	AcBel Polytech Inc. (Representative: Chieh-Li Hsu)	22,500,000	30.00%
	Supervisor	Ching-Hsiung Lu	0	0.00%
Poindus Systems Corp,Ltd.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	11,768,199	56.04%
	Vice Chairman	Compal Electronics, Inc. (Representative: Hsin-Kung Mao)	11,768,199	56.04%



Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	11,768,199	56.04%
	Director	Mu-Cheng Hu	358,000	1.70%
	Independent Director	Bing-Xian Wang	0	0.00%
	Independent Director	Sen-Tien Wu	0	0.00%
	Independent Director	Hui-Zhu Yang	0	0.00%
Poindus Investment Co.,Ltd.	Chairman	Poindus Systems Corp,Ltd. (Representative : Mu-Cheng Hu)	NT\$4,100	100.00%
Adasys GmbH Elektronische Komponenten QiJie Electronics (ShenZhen) Co.,Ltd.	President	Shuo-Chien Ma	-	100.00%
	Chairman and President	Wei-Ho Wang	0	100.00%
Poindus Systems UK Limited	Supervisor	Muh-Perng Hu	0	100.00%
	Director	Poindus Systems Corp,Ltd. (Representative: Mu-Cheng Hu)	300	100.00%
Poindus Systems GmbH	Director	Poindus Systems Corp,Ltd. (Representative: Tai-Shan Wu)	300	100.00%
Compal Ruifang Health Assets Development Corporation	Chairman	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	10,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	10,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chieh-Li Hsu)	10,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	10,000,000	100.00%

Note: Limited liability companies are shown in terms of amount and percentage of capital contribution. (Exchange rates for amount of capital contribution: USD 1: TWD 30.71, CNY 1: TWD 4.4142, and VND 1: TWD 0.001312.)

## 5. Overview of Operating Status for Affiliated Companies in 2022

Unit: TWD Thousands

Company Name	Capital	Total Asset	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD ) (After tax)
Compal International Holding Co., Ltd. and subsidiaries	1,787,680	90,404,161	47,851,053	42,553,108	451,440,379	(670,141)	1,030,304	19.44
Just International Ltd. and subsidiaries	1,460,443	52,310,980	41,945,986	10,364,994	137,216,792	(237,074)	(43,156)	(0.90)
Big Chance International Co., Ltd. and subsidiaries	2,636,051	25,544,304	16,978,781	8,565,523	185,562,285	233,129	582,505	6.41
Core Profit Holdings Ltd.	4,318,860	8,516,394	849,503	7,666,891	856,623	8,143	301,896	2.05
High Shine Industrial Corp. and subsidiaries	2,483,084	42,718,240	42,484,541	233,699	60,362,943	497,484	407,288	5.11
Panpal Technology Corporation and subsidiaries	5,000,000	14,169,502	9,054,817	5,114,685	13,317,573	129,328	(314,769)	(0.63)
Gempal Technology Co., Ltd.	900,000	2,150,114	12,376	2,137,738	-	(266)	165,425	1.84
Hong Ji Capital Co., Ltd.	1,000,000	1,169,692	292	1,169,400	-	(209)	97,275	0.97
Hong Jin Investment Co., Ltd.	295,000	374,493	65	374,428	-	(193)	42,400	1.44
UniCore Biomedical Co., Ltd. and subsidiaries	200,000	102,286	17,804	84,482	21,854	(17,207)	(17,399)	0.87
Shennona Corporation	48,209	16,505	-	16,505	3	(64)	(65)	-
Arcadyan Technology Corp. and subsidiaries	2,203,543	40,020,527	26,081,266	13,939,261	47,167,749	2,199,788	1,915,053	9.20
Compal Broadband Networks Inc. and subsidiaries	680,021	2,642,185	1,129,008	1,513,177	2,514,695	(99,979)	(63,146)	(0.94)
Henghao Technology Co., Ltd. and subsidiaries	200,150	6,332,934	7,130,455	(797,521)	10,093,756	113,943	(231,377)	(11.56)
Mactech Co., Ltd.	411,458	698,454	136,865	561,589	345,290	55,600	44,823	1.09

Company Name	Capital	Total Asset	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD ) (After tax)
Ripal Optotronics CO, LTD.	60,000	186,590	64,132	122,458	228,218	24,838	24,384	4.06
General life Biotechnology Co., Ltd. and subsidiaries	300,000	819,571	298,403	521,168	669,577	67,403	81,417	2.71
Rayonnant Technology Holdings Ltd.,	295,000	496,130	295,483	200,647	1,430,660	(6,140)	27,157	0.92
Compal Rayonnant Holdings Ltd. and subsidiaries	377,328	856,759	569,025	287,734	1,529,958	(14,055)	32,813	2.63
Bizcom Electronics, Inc.	36,369	479,006	26,645	452,361	131,599	2,014	3,410	34.10
Compal Europe (Poland) Sp.z o.o.	90,156	270,731	298,330	(27,599)	192,166	(4,161)	(23,440)	(172.25)
CGS Technology (Poland) Sp.z o.o.	89,669	93,446	1,017	92,429	-	(1,862)	3,773	15.34
Auscom Engineering Inc.	101,747	214,356	64,795	149,561	202,778	13,266	10,180	3.39
Flight Global Holding Inc.	2,754,741	4,592,857	82,719	4,510,138	-	(167)	(152,120)	(1.69)
Compalead Electronics B.V.	197,463	865,231	1,174	864,057	-	(796)	11,842	1.84
Etrade Management Co., Ltd.& subsidiaries	2,224,029	5,266,127	5,245,413	20,714	11,895,451	54,672	93,946	1.31
Webtek Technology Co., Ltd.	3,340	756,027	(7,202)	763,229	-	(112)	3,035	30.35
Forever Young Technology Inc. & subsidiaries	1,575	2,263,465	731,665	1,531,800	526,095	75,238	84,921	1,698.42
Unicom Global Inc.	200,000	669,200	506,587	162,613	560,671	(923)	102	-
Palcom International Corporation	100,000	145,914	33,227	112,687	128,350	2,727	3,547	0.35
Compal Electronics (Holding) Ltd.	34	3,617,227	(2,000)	3,619,227	-	-	-	-
HippoScreen Neurotech Corp.	100,000	31,412	9,361	22,051	2,347	21,744	(26,246)	(2.62)
SHENNONA CO., LTD.	6,000	29,835	26,139	3,696	55,498	304	2,056	3.34
Aco Healthcare Co.,Ltd.	30,748	53,105	21,364	31,741	39,095	(25,022)	(24,930)	(0.13)

Company Name	Capital	Total Asset	Total liabilities	Net worth	Operating revenue	Operating income	Net loss/profit for the period (after tax)	EPS (in TWD ) (After tax)
Starmems Semiconductor Corp.	100,000	76,838	5,437	71,401	5,466	(25,987)	(25,660)	(2.57)
Kinpo&Compal Group Assets Development Corporation	750,000	12,161,758	11,439,549	722,209	-	(16,584)	(27,910)	(0.37)
POINDUS SYSTEMS CORP.	210,000	662,432	140,727	521,705	765,835	8,046	5,505	0.26
Compal Ruifang Health Assets Development Corporation	100,000	99,970	30	99,940	-	(333)	(60)	(0.01)

**6. Common shareholders in controlling and controlled companies:** None

### **8.1.2 Consolidated financial statements of affiliated enterprises**

#### **Representation Letter**

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and its subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.

Chairman: Sheng-Hsiung Hsu (Rock Hsu)

Date: March 15, 2023

### **8.1.3 Affiliation reports: None**

**8.2 Private Placement of Securities in the Most Recent Year: None**

**8.3 Company Shares Held or Disposed by Subsidiaries in the Most Recent Year:**

Unit: TWD thousands; Shares; %

Name of Subsidiary	Share Capital Acquired	Funding Source	Percentage of Shares Held by the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed	Investment Gain (Loss)	Shareholdings and Amount as of March 31, 2023	Collateralized	Amount of Endorsements Made for the Subsidiary	Amount Loaned to the Subsidiary
Panpal Technology Corporation	TWD 5,000,000,000	Proprietary capital	100%	-	-	-	-	31,648,082 shares TWD 559,812,000	N.A.	-	-
Gempal Technology Co., Ltd.	TWD 900,000,000	Proprietary capital	100%	-	-	-	-	18,369,349 shares TWD 321,435,000	N.A.	-	-

Note: Impacts on the Company's financial performance and position: none of the subsidiaries had acquired or disposed the Company's shares in the current year up till the publication date of this annual report, hence there were no impacts.

**8.4 Other supplementary notes, where applicable: None**

**8.5 Any Events in 2022 and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Interests or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None**

# **Compal Electronics, Inc.**

**Chairman: Sheng-Hsiung Hsu (Rock Hsu)**

**Chief Executive Officer (CEO): Chung-Pin Wong (Martin Wong)**

# **Attachment I**



**COMPAL ELECTRONICS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021**

**Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan**  
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## Representation Letter

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements and is included in the consolidated financial statements. Consequently, COMPAL ELECTRONICS, INC. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: COMPAL ELECTRONICS, INC.  
Chairman: Sheng-Hsiung Hsu (Rock Hsu)  
Date: March 15, 2023



安侯建業聯合會計師事務所  
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## Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

### Opinion

We have audited the consolidated financial statements of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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, judgement of specific items, 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, 2022 and 2021, 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 15, 2023

#### Notes to Readers

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

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

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

	<b>December 31, 2022</b>		<b>December 31, 2021</b>			<b>December 31, 2022</b>		<b>December 31, 2021</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Assets</b>					<b>Liabilities and Equity</b>				
<b>Current assets:</b>					<b>Current liabilities:</b>				
1100 Cash and cash equivalents (Note (6)(a))	\$ 79,665,302	17.6	75,162,103	14.0	2100 Short-term borrowings (Note (6)(m))	\$ 74,832,426	16.5	118,422,407	22.0
1110 Current financial assets at fair value through profit or loss (Note (6)(b))	187	-	400,754	0.1	2120 Current financial liabilities at fair value through profit or loss (Note (6)(b))	62,527	-	1,589	-
1170 Notes and accounts receivable, net (Note (6)(e))	186,804,648	41.2	288,436,522	53.7	2125 Current financial liabilities for hedging (Note (6)(d))	47,809	-	-	-
1180 Notes and accounts receivable due from related parties, net (Notes (6)(e) and (7))	4,416,073	1.0	1,729,332	0.3	2130 Current contract liabilities (Note (6)(w))	784,238	0.2	1,065,954	0.2
1200 Other receivables, net (Notes (6)(e) and (7))	2,369,411	0.5	2,445,690	0.5	2170 Notes and accounts payable	152,137,066	33.6	220,549,039	41.1
1310 Inventories (Notes (6)(f) and (8))	111,593,984	24.6	115,012,365	21.4	2180 Notes and accounts payable to related parties (Note (7))	9,701,032	2.1	3,517,324	0.7
1470 Other current assets (Note (8))	<u>5,856,898</u>	<u>1.3</u>	<u>3,928,624</u>	<u>0.7</u>	2200 Other payables (Note (7))	29,622,760	6.5	29,701,088	5.5
	<u>390,706,503</u>	<u>86.2</u>	<u>487,115,390</u>	<u>90.7</u>	2230 Current tax liabilities	7,202,033	1.6	7,013,976	1.3
<b>Non-current assets:</b>					2250 Current provisions (Note (6)(q))	734,061	0.2	1,204,115	0.2
1550 Investments accounted for using equity method (Note (6)(g))	8,047,569	1.7	8,369,312	1.6	2280 Current lease liabilities (Note (6)(p))	1,813,555	0.4	625,292	0.1
1510 Non-current financial assets at fair value through profit or loss (Note (6)(b))	558,909	0.1	259,778	-	2300 Other current liabilities	3,352,565	0.7	2,037,822	0.4
1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	5,425,908	1.2	6,235,063	1.2	2365 Current refund liabilities	2,632,039	0.6	2,035,437	0.4
1600 Property, plant and equipment (Notes (6)(k), (6)(l) and (8))	28,808,211	6.4	26,990,364	5.0	2321 Bonds payable, current portion (Note (6)(o))	-	-	326,571	0.1
1755 Right-of-use assets (Note (6)(l))	13,705,316	3.0	3,066,218	0.6	2322 Long-term borrowings, current portion (Note (6)(n))	<u>19,462,800</u>	<u>4.3</u>	<u>15,741,481</u>	<u>2.9</u>
1780 Intangible assets (Note (6)(h))	1,722,165	0.4	1,548,508	0.3		<u>302,384,911</u>	<u>66.7</u>	<u>402,242,095</u>	<u>74.9</u>
1840 Deferred tax assets (Note (6)(s))	2,393,778	0.5	1,646,524	0.3	<b>Non-Current liabilities:</b>				
1990 Other non-current assets (Note (8))	<u>2,116,074</u>	<u>0.5</u>	<u>1,864,183</u>	<u>0.3</u>	2540 Long-term borrowings (Note (6)(n))	11,674,322	2.6	9,219,032	1.7
	<u>62,777,930</u>	<u>13.8</u>	<u>49,979,950</u>	<u>9.3</u>	2570 Deferred tax liabilities (Note (6)(s))	1,247,342	0.3	1,226,805	0.2
					2580 Non-current lease liabilities (Note (6)(p))	9,533,209	2.1	1,679,504	0.3
					2640 Non-current net defined benefit liability (Note (6)(r))	660,019	0.1	822,033	0.2
					2670 Non-current liabilities, others (Note (6)(g))	<u>574,787</u>	<u>0.1</u>	<u>366,068</u>	<u>0.1</u>
						<u>23,689,679</u>	<u>5.2</u>	<u>13,313,442</u>	<u>2.5</u>
						<u>326,074,590</u>	<u>71.9</u>	<u>415,555,537</u>	<u>77.4</u>
					<b>Total liabilities</b>				
					<b>Equity:</b>				
					<b>Equity attributable to owners of parent (Note (6)(t)):</b>				
					3110 Ordinary share	44,071,466	9.7	44,071,466	8.2
					3200 Capital surplus	5,078,580	1.1	6,724,856	1.2
					3300 Retained earnings	69,969,059	15.4	69,651,940	13.0
					3400 Other equity interest	(1,943,104)	(0.4)	(8,206,750)	(1.5)
					3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.2)</u>
						<u>116,294,754</u>	<u>25.6</u>	<u>111,360,265</u>	<u>20.7</u>
					36XX <b>Non-controlling interests</b>	<u>11,115,089</u>	<u>2.5</u>	<u>10,179,538</u>	<u>1.9</u>
					<b>Total equity</b>	<u>127,409,843</u>	<u>28.1</u>	<u>121,539,803</u>	<u>22.6</u>
<b>Total assets</b>	<u>\$ 453,484,433</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>	<b>Total liabilities and equity</b>	<u>\$ 453,484,433</u>	<u>100.0</u>	<u>537,095,340</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.



**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 <b>Net sales revenue</b> (Notes (6)(w) and (7))	\$1,073,245,915	100.0	1,235,682,015	100.0
5000 <b>Cost of sales</b> (Notes (6)(f), (6)(r), (7) and (12))	<u>1,032,881,736</u>	<u>96.2</u>	<u>1,194,190,441</u>	<u>96.6</u>
<b>Gross profit</b>	<u>40,364,179</u>	<u>3.8</u>	<u>41,491,574</u>	<u>3.4</u>
<b>Operating expenses:</b> (Notes (6)(r) and (12))				
6100 Selling expenses	8,232,253	0.8	7,088,418	0.6
6200 Administrative expenses	4,983,404	0.4	4,562,706	0.4
6300 Research and development expenses	<u>17,929,525</u>	<u>1.7</u>	<u>16,491,857</u>	<u>1.3</u>
	<u>31,145,182</u>	<u>2.9</u>	<u>28,142,981</u>	<u>2.3</u>
<b>Net operating income</b>	<u>9,218,997</u>	<u>0.9</u>	<u>13,348,593</u>	<u>1.1</u>
<b>Non-operating income and expenses:</b>				
7100 Interest income (Note (6)(y))	3,089,926	0.3	2,017,314	0.2
7210 Other gains and losses, net (Notes (6)(d), (6)(k), (6)(y) and (6)(aa))	1,363,841	0.1	2,511,423	0.2
7050 Finance costs (Notes (6)(o) and (6)(p))	(3,245,701)	(0.3)	(1,049,137)	(0.1)
7190 Other income (Note (6)(y))	652,426	-	648,106	-
7590 Miscellaneous disbursements	(73,104)	-	(52,513)	-
7670 Impairment loss (Note (6)(k))	(9,431)	-	(404,513)	-
7770 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	<u>(272,824)</u>	<u>-</u>	<u>448,562</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>1,505,133</u>	<u>0.1</u>	<u>4,119,242</u>	<u>0.3</u>
7900 <b>Profit from continuing operations before tax</b>	10,724,130	1.0	17,467,835	1.4
7950 <b>Less: Income tax expenses</b> (Note (6)(s))	<u>2,182,603</u>	<u>0.2</u>	<u>3,727,347</u>	<u>0.3</u>
<b>Profit</b>	<u>8,541,527</u>	<u>0.8</u>	<u>13,740,488</u>	<u>1.1</u>
8300 <b>Other comprehensive income:</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Gains (losses) on remeasurements of defined benefit plans	161,558	-	(56,056)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,074,884)	(0.1)	630,396	0.1
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	(21,325)	-	135,751	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s))	<u>(49,117)</u>	<u>-</u>	<u>50,190</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(885,534)</u>	<u>(0.1)</u>	<u>659,901</u>	<u>0.1</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	7,375,388	0.7	(1,892,168)	(0.2)
8368 Gains (losses) on hedging instrument (Note (6)(z))	(47,809)	-	2,192	-
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	81,580	-	(25,372)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))	<u>(12,026)</u>	<u>-</u>	<u>(17,539)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>7,421,185</u>	<u>0.7</u>	<u>(1,897,809)</u>	<u>(0.2)</u>
8300 <b>Other comprehensive income</b>	<u>6,535,651</u>	<u>0.6</u>	<u>(1,237,908)</u>	<u>(0.1)</u>
8500 <b>Total comprehensive income</b>	<u>\$ 15,077,178</u>	<u>1.4</u>	<u>12,502,580</u>	<u>1.0</u>
<b>Profit, attributable to:</b>				
8610 Profit, attributable to owners of parent	\$ 7,288,292	0.7	12,632,667	1.0
8620 Profit, attributable to non-controlling interests	<u>1,253,235</u>	<u>0.1</u>	<u>1,107,821</u>	<u>0.1</u>
	<u>\$ 8,541,527</u>	<u>0.8</u>	<u>13,740,488</u>	<u>1.1</u>
<b>Comprehensive income attributable to:</b>				
8710 Comprehensive income (loss), attributable to owners of parent	\$ 13,636,212	1.3	11,445,530	0.9
8720 Comprehensive income (loss), attributable to non-controlling interests	<u>1,440,966</u>	<u>0.1</u>	<u>1,057,050</u>	<u>0.1</u>
	<u>\$ 15,077,178</u>	<u>1.4</u>	<u>12,502,580</u>	<u>1.0</u>
<b>Earnings per share</b> (Note (6)(v))				
9750 <b>Basic earnings per share</b>	<u>\$ 1.67</u>		<u>2.90</u>	
9850 <b>Diluted earnings per share</b>	<u>\$ 1.66</u>		<u>2.86</u>	

See accompanying notes to consolidated financial statements.

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent														
	Retained earnings						Total other equity interest					Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
							Unappropriated retained earnings			Total retained earnings					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity	
<b>Balance at January 1, 2021</b>	\$ 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	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(142,441)	(142,441)	-	142,441	-	142,441	-	-	-	-	
Others	-	918	-	-	-	-	-	-	-	-	-	918	-	918	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(34,657)	(34,657)	
Balance at December 31, 2021	44,071,466	6,724,856	21,339,412	7,266,708	41,045,820	69,651,940	(8,744,705)	537,830	125	(8,206,750)	(881,247)	111,360,265	10,179,538	121,539,803	
Profit for the year ended December 31, 2022	-	-	-	-	7,288,292	7,288,292	-	-	-	-	-	7,288,292	1,253,235	8,541,527	
Other comprehensive income	-	-	-	-	118,035	118,035	7,274,994	(1,032,694)	(12,415)	6,229,885	-	6,347,920	187,731	6,535,651	
Total comprehensive income	-	-	-	-	7,406,327	7,406,327	7,274,994	(1,032,694)	(12,415)	6,229,885	-	13,636,212	1,440,966	15,077,178	
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	1,237,434	-	(1,237,434)	-	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	940,042	(940,042)	-	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(7,051,435)	(7,051,435)	-	-	-	-	-	(7,051,435)	-	(7,051,435)	
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)	-	(1,762,859)	
Changes in ownership interests in subsidiaries	-	33,397	-	-	(2,260)	(2,260)	-	-	-	-	-	31,137	-	31,137	
Changes in equity of associates and joint ventures accounted for using equity method	-	(18,066)	-	-	(38,351)	(38,351)	-	36,599	-	36,599	-	(19,818)	-	(19,818)	
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035	-	100,035	
Others	-	1,217	-	-	-	-	-	-	-	-	-	1,217	-	1,217	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	2,838	2,838	-	(2,838)	-	(2,838)	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(505,415)	(505,415)	
<b>Balance at December 31, 2022</b>	\$ 44,071,466	5,078,580	22,576,846	8,206,750	39,185,463	69,969,059	(1,469,711)	(461,103)	(12,290)	(1,943,104)	(881,247)	116,294,754	11,115,089	127,409,843	

See accompanying notes to consolidated financial statements.

## COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 10,724,130	17,467,835
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	7,544,408	6,903,111
Expected credit loss	30,177	(17,646)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	23,672	(3,170)
Finance cost	3,245,701	1,049,137
Interest income	(3,089,926)	(2,017,314)
Dividend income	(128,597)	(143,686)
Compensation cost of share-based payments	22,025	33,407
Share of loss (profit) of associates and joint ventures accounted for using equity method	272,824	(448,562)
Gain on disposal of property, plant and equipment, and right-of-use assets	(7,086)	(1,969,560)
Impairment loss	9,431	404,513
Others	(158)	706
<b>Total adjustments to reconcile profit (loss)</b>	<u>7,922,471</u>	<u>3,790,936</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease in financial assets at fair value through profit or loss	400,567	1,844,499
Decrease (increase) in notes and accounts receivable	99,026,904	(57,806,973)
Decrease (increase) in other receivable	357,505	(746,025)
Decrease (increase) in inventories	3,761,054	(18,649,166)
Increase in other current assets	(1,523,444)	(434,580)
Decrease (increase) in other non-current assets	438,312	(251,890)
<b>Total changes in operating assets</b>	<u>102,460,898</u>	<u>(76,044,135)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in financial liabilities at fair value through profit or loss	60,938	(135,028)
(Decrease) increase in notes and accounts payable	(62,369,969)	24,215,948
Increase in other payables	976,433	5,961,832
Increase in refund liabilities	596,602	460,968
(Decrease) increase in provisions	(472,840)	334,065
(Decrease) increase in contract liabilities	(281,716)	245,938
Increase in other current liabilities	1,309,581	567,356
Others	(18,337)	45,798
<b>Total changes in operating liabilities</b>	<u>(60,199,308)</u>	<u>31,696,877</u>
<b>Total changes in operating assets and liabilities</b>	<u>42,261,590</u>	<u>(44,347,258)</u>
<b>Total adjustments</b>	<u>50,184,061</u>	<u>(40,556,322)</u>
Cash inflow generated from operations	60,908,191	(23,088,487)
Interest received	2,813,791	1,975,718
Dividends received	270,042	302,344
Interest paid	(2,697,025)	(1,033,955)
Income taxes paid	(2,656,389)	(1,990,003)
<b>Net cash flows from (used in) operating activities</b>	<u>58,638,610</u>	<u>(23,834,383)</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	(587,240)	(859,403)
Proceeds from disposal of financial assets at fair value through other comprehensive income	10,028	-
Acquisition of investments accounted for using equity method	(54,000)	(17,189)
Net cash flow from acquisition of subsidiaries	(135,971)	(197,002)
Proceeds from capital reduction and liquidation of investments	2,010	17,472
Acquisition of property, plant and equipment	(7,727,184)	(11,737,557)
Proceeds from disposal of property, plant and equipment	185,814	3,801,301
Acquisition of intangible assets	(659,132)	(960,300)
Increase in restricted assets	(795,029)	(936,497)
Others	(154,230)	(173,940)
<b>Net cash flows used in investing activities</b>	<u>(9,914,934)</u>	<u>(11,063,115)</u>
<b>Cash flows from (used in) financing activities:</b>		
(Decrease) increase in short-term borrowings	(43,590,249)	25,424,931
Repayments of bonds payable	(7,400)	-
Proceeds from long-term borrowings	79,108,377	50,106,091
Repayments of long-term borrowings	(72,931,768)	(44,479,931)
Payment of lease liabilities	(2,422,290)	(835,037)
Cash dividends paid	(8,714,259)	(6,971,407)
Change in non-controlling interests	(1,062,788)	(692,982)
Others	207,983	26,093
<b>Net cash flows (used in) from financing activities</b>	<u>(49,412,394)</u>	<u>22,577,758</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>5,191,917</u>	<u>(1,645,080)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>4,503,199</u>	<u>(13,964,820)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>75,162,103</u>	<u>89,126,923</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 79,665,302</u>	<u>75,162,103</u>

See accompanying notes to consolidated financial statements.

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Compal Electronics, Inc. (“the Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company’s registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company and its subsidiaries (together referred to as the “Group” and individually as the “Group entities”) primarily are involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

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

These consolidated financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

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

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

(Continued)

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations), the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the consolidated financial statements have been prepared on the historical cost basis:

- 1) Financial instruments (including derivative financial instruments) measured at fair value through profit or loss are measured at fair value;
- 2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value;
- 4) The defined benefit liability (or asset) is recognized as plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(r).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	Panpal held 31,648 thousand shares of the Company as of December 31, 2022, which represented 0.7% of the Company's outstanding shares.

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
The Company	Gempal Technology Corp. ("Gempal")	"	100%	100%	Gempal held 18,369 thousand shares of the Company as of December 31, 2022, which represented 0.4% of the Company's outstanding shares.
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	Investment	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. ("Arcadyan")	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	33%	34%	The Group had the ability to control Arcadyan. (Note 1)
The Company	Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	Manufacturing and sales of PCs, computer periphery devices, and electronic components	100%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing of PCs, computer periphery devices, and electronic components	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	
"	Mactech Co., Ltd ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	100%	
"	Hippo Screen Neurotech Co., Ltd. ("Hippo Screen")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	91%	91%	
"	Shennona Taiwan Co., Ltd. ("Shennona TW")	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	
"	Aco Smartcare Co., Ltd. ("Aco Smartcare")	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	
"	Kinpo&Compal Group Assets Development Corporation ("Kinpo& Compal Group")	Real estate development, leasing and related management business	70%	70%	Kinpo&Compal Group was established in December 2021.
"	Compal Ruifang Health Assets Development Corporation ("Compal Ruifang ")	Investing and developing businesses, such as public construction and specific zones	100%	-	Compal Ruifang was established in June 2022.
"	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	
"	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	

(Continued)



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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
The Company	Just International Ltd. ("Just")	Investment	100%	100%	
"	Compal International Holding Co., Ltd. ("CIH")	"	100%	100%	
"	Compal Electronics (Holding) Ltd. ("CEH")	"	100%	100%	
"	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	
"	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	
The Company and BSH	High Shine Industrial Corp. ("HSI")	"	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. ("CEP")	Maintenance and warranty services of notebook PCs	100%	100%	
"	Big Chance International Co., Ltd. ("BCI")	Investment	100%	100%	
"	Compal Rayonnant Holdings Limited ("CRH")	"	100%	100%	
"	Core Profit Holdings Limited ("CORE")	"	100%	100%	
"	Compalead Electronics B.V. ("CPE")	"	100%	100%	
"	CGS Technology (Poland) Sp. z o.o. ("CGSP")	Maintenance and warranty services of notebook PCs	100%	100%	
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB")	Manufacturing of notebook PCs	100%	100%	
"	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda. ("CEA")	Manufacturing of notebook PCs	100%	100%	
Just	Compal Display Holding (HK) Limited ("CDH (HK)")	Investment	100%	100%	
"	Compal Electronics International Ltd. ("CII")	"	100%	100%	
"	Compal International Ltd. ("CPI")	"	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
CPC	Compal Smart Device (Chongqing) Co., Ltd. ("CSD")	Research, manufacturing and sales of communication devices, mobile phones, electronic computer, smart watch, and providing related technical service	100%	100%	
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	100%	100%	The Company had decided its dissolution and liquidation on December 26, 2022.
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	100%	
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	"	100%	100%	
"	Jenpal International Ltd. ("Jenpal")	"	100%	100%	
"	Prospect Fortune Group Ltd. ("PFG")	"	100%	100%	
"	Fortune Way Technology Corp. ("FWT")	"	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. ("CET")	Manufacturing of notebook PCs	100%	100%	
"	Compal Information (Kunshan) Co., Ltd. ("CIC")	"	100%	100%	
"	Compal Information Technology (Kunshan) Co., Ltd. ("CIH")	"	100%	100%	
"	Kunshan Botai Electronics Co., Ltd. ("BT")	"	100%	100%	
"	Compal Digital Technology (Kunshan) Co., Ltd. ("CDT")	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	
BT	Compower Global Service Co., Ltd. ("CGS")	Maintenance and warranty service of notebook PCs	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. ("CIJ")	Investment	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. ("CDE")	Manufacturing and sales of LCD TVs	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. ("Etrade")	Investment	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
The Company	Webtek Technology Co., Ltd. ("Webtek")	"	100%	100%	
"	Forever Young Technology Inc. ("Forever")	"	100%	100%	
"	UniCom Global, Inc. ("UCGI")	Manufacturing and sales of computers and electronic components	100%	100%	
"	Palcom International Corporation ("Palcom")	Sales of mobile phones	100%	100%	
"	Poindus Systems Corp, Ltd. ("Poindus Systems")	Sales of PCs and computer periphery devices	56%	-	The Group acquired 56% of its shares in March 2022.
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment holding	100%	-	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.  The Company had decided its dissolution and liquidation on December 22, 2022.
"	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	-	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.
"	Poindus Systems UK Limited ("Poindus UK")	"	100%	-	"
"	Adasys GmbH Elektronische Komponenten ("Adasys")	"	100%	-	"
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	"	100%	-	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.  The Company had decided its dissolution and liquidation on December 22, 2022.
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	"	100%	100%	
"	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	"	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	
"	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
Forever	Compal Wise Electronic (Vietnam) Co., Ltd. ("CWV")	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Sales of wireless network products	100%	100%	
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Technical support and sales of wireless network products	100%	100%	
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	
"	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless network products	100%	100%	
"	Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU")	Sales of wireless network products	100%	100%	
"	Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU")	Sales of wireless network products	100%	100%	
"	Zhi-Bao Technology Inc. ("Zhi-Bao")	Investment	100%	100%	
"	Tatung Technology Inc. ("TTP")	R&D and sales of household digital electronic products	61%	61%	
"	AcBel Telecom Inc. ("AcBel Telecom")	Investment	-	51%	The liquidation of the company had been completed on August 19, 2022.
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. ("Arcadyan Brasil")	Sales of wireless network products	100%	100%	
"	Arcadyan India Private Limited ("Arcadyan India")	Sales of wireless network products	100%	100%	The subsidiary was incorporated on March 25, 2021.
The Company, Arcadyan and its subsidiaries	Compal Broadband Network Inc. ("CBN")	R&D and sales of cable modem, digital set-up box, and other communication products	63%	62%	
CBN	Compal Broadband Networks Belgium BVBA ("CBNB")	Import and export business, technical support and consulting service of broadband networks	100%	100%	
"	Compal Broadband Networks Netherlands B.V. ("CBNN")	"	100%	100%	
The Company and CBN	Starmems Semiconductor Corp. ("Starmems")	R&D of MEMS technology of manufacturing process of semiconductor and manufacturing of electronic components	45%	45%	The subsidiary was incorporated in April, 2021 and the Group has substantial control over it. (Note 1)

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment	100%	100%	
"	Arcadyan Technology (Shanghai) Corp. ("SVA Arcadyan")	R&D and sales of wireless network products	100%	100%	
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless network products	100%	100%	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. ("Arcadyan Vietnam")	Manufacturing of wireless network products	100%	100%	
TTI	Quest International Group Co., Ltd. ("Quest")	Investment	100%	100%	
"	Tatung Technology of Japan Co., Ltd. ("TTJC")	Sales of household digital electronic products	100%	100%	
Quest	Exquisite Electronic Co., Ltd. ("Exquisite")	Investment	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. ("THAC")	Manufacturing of household digital electronic products	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. ("IUE")	Investment	100%	100%	
"	Goal Reach Enterprises Ltd. ("Goal")	"	100%	100%	
IUE	Compal (Vietnam) Co., Ltd. ("CVC")	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	100%	100%	
Goal	Compal Development & Management (Vietnam) Co., Ltd. ("CDM")	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. ("APH")	Investment	100%	100%	
APH	Primetek Enterprises Limited ("PEL")	"	100%	100%	
"	Rayonnant Technology (HK) Co., Ltd. ("Rayonnant Technology (HK)")	"	100%	100%	
Rayonnant Technology (HK)	Rayonnant Technology (Taicang) Co., Ltd. ("Rayonnant Technology (Taicang)")	Manufacturing and sales of aluminum alloy and magnesium alloy products	100%	100%	
HengHao	HengHao Holdings A Co., Ltd. ("HHA")	Investment	100%	100%	
HHA	HengHao Holdings B Co., Ltd. ("HHB")	"	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
HHB	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. ("HengHao Kunshan")	Production of touch panels and related components	100%	100%	
"	Lucom Display Technology (Kunshan) Limited ("Lucom")	Manufacturing of touch panels and LCD TVs	100%	100%	
BCI	Center Mind International Co., Ltd. ("CMI")	Investment	100%	100%	
"	Prisco International Co., Ltd. ("PRI")	"	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. ("CIS")	Outward investment and consulting services	100%	100%	
PRI	Compal Electronics (Chongqing) Co., Ltd. ("CEQ")	R&D, manufacturing and sales of notebook PCs, related components, related maintenance and warranty services	100%	100%	
CIS	Compal Electronics (Chengdu) Co., Ltd. ("CEC")	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	100%	100%	
"	Compal Management (Chengdu) Co., Ltd. ("CMC")	Corporate management consulting, training and education, business information consulting, financial and tax consulting, investment consulting, and investment management services	100%	100%	
CORE	Billion Sea Holdings Limited ("BSH")	Investment	100%	100%	
BSH	Mithera Capital Io LP ("Mithera")	"	99%	99%	
"	Compal USA (Indiana), Inc. ("CIN")	Foundry of automotive electronic products	100%	100%	The Group acquired 100% of its shares in September 2021.
Unicore	Raycore Biotech Co., Ltd. ("Raycore")	Animal medication retail and wholesale	-	100%	Raycore was merged with Unicore in February, 2022. Unicore was the surviving company and Raycore was the dissolved company.

Note 1: The Group holds less than half of the voting rights of the company, but the Group considers that the rest of the company's shareholding is extremely dispersed. The previous procedures for the participation of other shareholders in the shareholders' meeting show that the Group has the actual ability to unilaterally dominate the relevant activities, and there is no indications that there is an agreement among the other shareholders to make collective decisions, so the Group treats the company as a subsidiary.

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

(Continued)

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- 1) fair value through other comprehensive income financial assets;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group entities' functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group entities' functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or

(Continued)

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

- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(f) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally on the date the shareholders' meeting approved the earning distribution.

(Continued)

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

(Continued)

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest and loss or gain related to financial liabilities are recognized as profit or loss and are reported under non-operating income and expenses. Financial liabilities are reclassified as equity when converted, and conversions do not generate profit or loss.

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

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than significant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expenses.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

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

The Group designates its hedging instruments, including derivatives, embedded derivatives, and nonderivative instruments for a hedge of a foreign currency risk, as a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. Foreign exchange risks of firm commitments are treated as fair value hedges.

At initial designated hedging relationships, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged items and hedging instrument are expected to offset each other.

The Group shall discontinue hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

#### Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in “other equity – gains (losses) on hedging instruments”. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss, and is presented in the line item of non-operating income and expenses in the statement of comprehensive income.

The Group designates only the change in fair value of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of the forward exchange contracts is separately accounted for as a cost of hedging and accumulated in a separate component within equity.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period or in the periods during which the hedged item affects the profit or loss, and is presented in the same accounting item with the hedged item recognized in the consolidated statement of comprehensive income. However, for a cash flow hedge of a forecast transaction recognized as a nonfinancial asset or liability, the amount accumulated in “other equity – gains (losses) on hedging instruments in cash flow hedging securities” and retained in other comprehensive income is reclassified as the initial cost of the nonfinancial asset or liability. In addition, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in future periods, it shall immediately reclassify the amount in profit or loss.

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

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the cash flow hedge reserve (and costs of hedging) remains in equity until the hedged future cash flows are no longer expected to occur. Otherwise, that amount would be adjusted within the carrying amount of the non-financial item. For other cash flow hedges, the amount is reclassified to profit or loss in the same period or in the periods as the hedged expected future cash flows affect the profit or loss. However, if the hedged future cash flows are no longer expected to occur, the amount shall immediately be reclassified from cash flow reserve (and the cost of hedging reserve) to profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Group from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the changes in ownership interests of its associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, however, when the balance of the capital surplus arising from the investment was insufficient, the difference charged or credited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (ie joint ventures) have rights to the net assets of the arrangement. A joint venture shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless, the entity is exempted from applying the equity method as specified in that Standard.

When assessing the classification of a joint arrangement, the Group shall consider the structure and legal form of the arrangement, the terms in the contractual arrangement and other facts and circumstances. The Group had previously reviewed the contractual structure of the joint arrangement, and has now decided to reclassify the investments in "Jointly Controlled Entities" to "Joint Ventures". Although the investments have been reclassified, they are still recorded under the equity method. Thus, there is no effect in the recognized assets, liabilities and other comprehensive income.

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

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings: 9~50 years
- 2) Building improvement: 2~30 years
- 3) Machinery and equipment: 2~14 years
- 4) Research equipment: 3~10 years
- 5) Modeling equipment: 0.5~5 years
- 6) Other equipment: 0.25~10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(m) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in intangible assets. The measurement of initial recognition of goodwill, please refer to note (4)(u).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill related to an investment accounted for using equity method is included in the carrying amount of the investment, and not allocated to any asset, including goodwill, forms part of the carrying amount of the investment accounted for using the equity method.

(ii) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditure arising from the development phase is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost, less accumulated amortization and any accumulated impairment losses.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- 1) Patents: the shorter of contract period and estimated useful lives
- 2) Royalty: amortized by contract period
- 3) Computer software: 1~7 years
- 4) Copyright: 10 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(n) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, assets arising from employee benefits and non-current assets classified as held for sale are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The Group assesses goodwill and intangible assets, which have indefinite useful lives and are not available for use, on an annual basis and recognizes an impairment loss on excess of carrying value over the recoverable amount.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(q) Recognition of Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures and sells electronic products to electronic products brand vendor. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group assesses sales discounts based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year. A refund liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(s) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(t) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(u) Business combination

Goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and as an amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

All the transaction costs incurred for the business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

If the business combination is achieved in stages, the Group shall measure any non-controlling equity interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interest is measured (1) at fair value at the acquisition date or (2) by using other valuation techniques acceptable under the IFRS as endorsed by the FSC.

In a business combination achieved in stages, the Group shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(v) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Group. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Group divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise and employee compensation not yet approved by the Board of Directors.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements. In addition, information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Group records a refund liabilities (sales returns and allowance provisions) for estimated returns and other allowances in the same period the related revenue is recorded. The estimate is made based on historical experience, market and economic conditions, and any other known factors using the expected value or the most likely amount and it could be different from actual sales returns and allowances, therefore, the management periodically reviews the adequacy of the estimation used.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial changes, there may be significant differences in the net realizable value of inventories. Refer to note (6)(g) for further description of the valuation of inventories.

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

(a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash on hand	\$ 17,835	18,472
Checking accounts and demand deposits	39,976,385	17,073,664
Time deposits	35,233,038	58,069,967
Cash equivalents	<u>4,438,044</u>	<u>-</u>
	<b><u>\$ 79,665,302</u></b>	<b><u>75,162,103</u></b>

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets		
Stock unlisted in domestic markets	\$ 117,150	137,540
Fund in domestic or foreign markets	441,759	399,550
Derivative instruments not used for hedging		
Foreign exchange contracts	187	120,897
Swap contracts	<u>-</u>	<u>2,545</u>
Total	<b><u>\$ 559,096</u></b>	<b><u>660,532</u></b>
Current	\$ 187	400,754
Non-current	<u>558,909</u>	<u>259,778</u>
	<b><u>\$ 559,096</u></b>	<b><u>660,532</u></b>
<b>Financial liabilities held-for-trading:</b>		
Derivative instruments not used for hedging		
Foreign exchange contracts	<u>\$ 62,527</u>	<u>1,589</u>

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

<b>December 31, 2022</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>	
<b>Derivative financial assets:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 8,000	EUR to USD	May 12~ June 14, 2023	
Forward exchange purchased	USD 512	USD to INR	January 31, 2023	
<b>Derivative financial liabilities:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 25,000	EUR to USD	January 31~ April 20, 2023	
Forward exchange sold	EUR 2,000	EUR to TWD	January 31, 2023	
Forward exchange purchased	USD 172,800	USD to BRL	January 4~June 15, 2023	
<b>December 31, 2021</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>	
<b>Derivative financial assets:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 33,000	EUR to USD	January 10~May 09, 2022	
Forward exchange sold	EUR 1,500	EUR to TWD	January 05, 2022	
Forward exchange purchased	USD181,700	USD to BRL	January 05~June 20, 2022	
<b>Swap contracts:</b>				
Currency swap	USD 21,000	USD to TWD	February 14~March 14, 2022	
<b>Derivative financial liabilities:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange purchased	USD 5,000	USD to CNY	January 26, 2022	
Forward exchange sold	EUR 7,000	EUR to USD	February 18~March 04, 2022	

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

As of December 31, 2022 and 2021, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 2,797,667	3,350,210
Stock listed in foreign markets	579,341	695,728
Stock unlisted in domestic markets	1,822,164	1,879,166
Stock unlisted in foreign markets	<u>226,736</u>	<u>309,959</u>
Total	<u>\$ 5,425,908</u>	<u>6,235,063</u>

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

In order to strengthen the business cooperation with its related party, Kinpo Electronics, Inc. (“Kinpo”), the Group acquired 46,197 thousand common stocks of Kinpo from its related party, Jipo Investment Inc. in May 2021, with a transaction price amounting to \$616,864. The transaction has been completed and the price has been fully paid.

The liquidation procedures of Horizon Ventures Fund I, LP, Kunji Venture Capital Co., Ltd, and HeDing Venture Capital Co., Ltd, measured at fair value through other comprehensive income by the Group, had been completed in 2021. The proceed from the liquidation was \$1,172, resulting in a cumulative valuation loss of \$157,150, which was reclassified from other comprehensive income to retained earnings.

During 2022, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in GENKI SANGA HOLDINGS CO., LTD. The fair value of the shares upon disposal amounted to \$10,028, resulting in a cumulative gain of \$2,838, which was reclassified from other comprehensive income to retained earnings.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Group, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2022 and 2021, will be \$271,295 and \$311,753, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

The Group’s information of market risk please refer to note (6)(aa).

As of December 31, 2022 and 2021, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(d) Financial instruments used for hedging

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Cash flow hedge:</b>		
<b>Financial liabilities used for hedging:</b>		
Forward exchange contracts	\$ <b>47,809</b>	-

(ii) Cash flow hedge

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

As of December 31, 2021, the Group did not enter into any hedge contract.

As of December 31, 2022, the details related to the items designated as hedge instruments were as follows:

	<b>December 31, 2022</b>			
<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>	
<b>Derivative financial liabilities used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 65,000	EUR to USD	January 30~December 28, 2023	1.0472

(iii) For the year ended December 31, 2022 and 2021, the ineffective portion of cash flow hedge recognized in profits (losses) amounted of \$44,071 and \$0, respectively, recorded as "other gains and losses, net".

(iv) For the year ended December 31, 2022 and 2021, the profits (losses) of changes in fair value of derivative financial instruments used for hedging reclassified from other equity to profit or loss are recognized as revenue in the statement of comprehensive income. Please refer to note (6)(z).

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

## (e) Notes and accounts receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivables from operating activities	\$ 10,645	81,244
Accounts receivables – measured at amortized cost	179,043,536	261,179,612
Accounts receivables – fair value through other comprehensive income	<u>16,091,084</u>	<u>32,796,946</u>
	195,145,265	294,057,802
Less: allowance for uncollectible accounts	<u>(3,924,544)</u>	<u>(3,891,948)</u>
	<b><u>\$ 191,220,721</u></b>	<b><u>290,165,854</u></b>
Notes and accounts receivable	<b><u>\$ 186,804,648</u></b>	<b><u>288,436,522</u></b>
Notes and accounts receivable – related parties	<b><u>\$ 4,416,073</u></b>	<b><u>1,729,332</u></b>

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

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

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

<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 168,144,302	0%	-	No
Level B	12,364,116	0.68%	84,412	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 184,303,952</u></b>		<b><u>3,879,946</u></b>	
<b>December 31, 2021</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 268,016,952	0%	-	No
Level B	14,524,868	0.47%	68,262	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 286,337,354</u></b>		<b><u>3,863,796</u></b>	

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

<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,524,744	0%	-	No
Level B	6,876,702	0.10%	6,923	No
Level C	1,419,845	1.00%	17,653	No
Level D	-		-	-
Level E	20,022	100%	20,022	Yes
	<b>\$ 10,841,313</b>		<b>44,598</b>	

<b>December 31, 2021</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,142,077	0%	-	No
Level B	5,042,739	0.10%	4,913	No
Level C	517,585	1.00%	5,192	No
Level D	-	-	-	-
Level E	18,047	100%	18,047	Yes
	<b>\$ 7,720,448</b>		<b>28,152</b>	

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Overdue 1 to 180 days	\$ 3,119,372	1,338,940
Overdue 181 to 365 days	-	7,679
Overdue 365 days	8,552	-
	<b>\$ 3,127,924</b>	<b>1,346,619</b>

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

	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 3,891,948	3,910,928
Acquisition through business combination	59	-
Impairment losses recognized (reversed)	30,394	(18,227)
Effect of changes in exchange rates	2,143	(753)
Balance at December 31	<b>\$ 3,924,544</b>	<b>3,891,948</b>

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

The Group entered into accounts receivable factoring agreements with banks. As of December 31, 2022 and 2021, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 1,600,000 thousand and EUR 1,000 thousand, USD 1,600,000 thousand and EUR 15,000 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of December 31, 2022 and 2021, the factored accounts receivable with no advance amounting to \$447 and \$958, respectively, were accounted for as other receivables.

The Group, customers and banks signed the three-party contracts in which the banks purchase accounts receivable from the Group. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Group's customers. Based on the contracts, the banks have no right to request the Group to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of December 31, 2022 and 2021, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of December 31, 2022 and 2021, the details of the factored accounts receivable but unsettled were as follows:

December 31, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>30,114,458</u>	<u>-</u>	<u>30,114,011</u>	<u>447</u>	<u>-</u>	<u>30,114,458</u>	2.75%~5.61%
December 31, 2021							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>33,594,209</u>	<u>-</u>	<u>33,593,251</u>	<u>958</u>	<u>-</u>	<u>33,594,209</u>	0.47%~0.86%

As of December 31, 2022 and 2021, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

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

## (f) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Finished goods	\$ 42,519,903	22,625,832
Work in progress	11,680,487	9,683,904
Raw materials	56,764,510	82,224,084
Raw materials in transit	<u>629,084</u>	<u>478,545</u>
	<b><u>\$ 111,593,984</u></b>	<b><u>115,012,365</u></b>

- (i) For the years ended December 31, 2022 and 2021, inventory cost recognized as cost of sales amounted to \$1,032,881,736 and \$1,194,190,441, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted to \$1,992,685 and \$1,938,800 for the years ended December 31, 2022 and 2021, respectively.
- (iii) As of December 31, 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8). As of December 31, 2021, the Group did not provide any inventories as collaterals for its loans.

## (g) Investments accounted for using equity method

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Associates	\$ 8,142,707	8,453,133
Joint venture	<u>(18,066)</u>	<u>(17,587)</u>
	8,124,641	8,435,546
Plus: credit balance of investment in equity method (other non-current liability)	43,757	43,020
Less: unrealized profits or losses	<u>(120,829)</u>	<u>(109,254)</u>
	<b><u>\$ 8,047,569</u></b>	<b><u>8,369,312</u></b>

## (i) Associates

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 1,741,281	2,847,809
Avalue Technology Inc. ("Avalue")	<u>1,214,819</u>	<u>849,180</u>
	<b><u>\$ 2,956,100</u></b>	<b><u>3,696,989</u></b>

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

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

	<u>2022</u>	<u>2021</u>
The Group's share of the gain (loss) of associates	<u>\$ (270,373)</u>	<u>448,467</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of individually immaterial associates	<u>\$ 8,142,707</u>	<u>8,453,133</u>

	<u>2022</u>	<u>2021</u>
The Group's share of the net income (loss) of associates:		
Profit (loss) from continuing operations	(270,373)	448,467
Other comprehensive income	<u>60,255</u>	<u>110,379</u>
Total comprehensive income	<u>\$ (210,118)</u>	<u>558,846</u>

- (ii) Joint venture

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The carrying amount of the Group's interests in all individually insignificant joint ventures	<u>\$ (18,066)</u>	<u>(17,587)</u>

	<u>2022</u>	<u>2021</u>
The Group's share of the net income (loss) of joint ventures:		
Net income (losses) from continuing operations (also the total comprehensive income (losses))	<u>(2,451)</u>	<u>95</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.
- (iv) As of December 31, 2022 and 2021, the Group did not provide any investments accounted for using equity method as collaterals for its loans.
- (h) Acquisition of the subsidiary
- (i) Poindus Systems

In order to accelerate the deployment in the industrial PCs market, the Group made a tender offer for 56% ownership of Poindus Systems Corp, Ltd. ("Poindus Systems") at a total price of \$353,046. The aforementioned price was paid, and the settlement had been completed.

Since the acquisition of 56% ownership in Poindus Systems on March 7, 2022, the revenue and net profit contributed by Poindus Systems were \$618,366 and loss \$2,134, respectively. If the transaction took place on January 1, 2022, the management estimates that the Group's revenue in 2022 would increase by \$147,469, while net profit will increase by \$6,550. In determining these amounts, management has assumed that the transaction occurred on January 1, 2022, and that the provisional fair value adjustments resulting from the acquisition date are the same.

The main categories of consideration transfer, assets acquired and liabilities assumed on the acquisition date and the amount of goodwill recognized are as follows:

- 1) Consideration transferred

Cash	\$ <u><u>353,046</u></u>
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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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2) The identifiable assets acquired and the liabilities assumed

The fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date are as follows:

Cash and cash equivalents	\$ 217,075
Notes and accounts receivable, net	114,308
Other receivables	4,874
Inventories, net	342,673
Prepayments and other current assets	35,077
Property, plant and equipment	21,591
Right-of-use assets	37,258
Intangible assets	19,160
Deferred tax assets	18,495
Other non-current assets	2,099
Short-term borrowings	(268)
Notes and accounts payable	(141,704)
Other payables	(31,099)
Current tax liabilities	(10,642)
Provisions	(2,786)
Other current liabilities	(5,162)
Current and non-current lease liabilities	(37,542)
Deferred tax liabilities	(1,658)
Net defined benefit liabilities	(17,881)
	<u><u>\$ 563,868</u></u>

3) Goodwill arising from the acquisition of 56% ownership is as follows:

Consideration transferred	\$ 353,046
Non-controlling interests	247,882
Less: fair value of identifiable net assets	<u>(563,868)</u>
	<u><u>\$ 37,060</u></u>

Goodwill is mainly derived from the business value of Poindus Systems in the industrial PCs market. It is expected that the business of Poindus System and the Group business will be integrated to generate synergy.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(ii) CIN

In order to expand the automotive electronics business and build an automotive electronics production base in the US, the Group's indirect investee, Billion Sea Holdings Ltd., acquired a 100% ownership of Cal-Comp USA (Indiana), Inc. from the Group's related party — Cal-Comp Electronics (USA) Co., Ltd. ("CCUS"). Cal-Comp USA (Indiana), Inc. was renamed to be Compal USA (Indiana), Inc. ("CIN") after acquisition. The company signed a contract with CCUS on September 30, 2021, to acquire 100% of the equity at a total price of \$226,421. The aforementioned price was paid, and the delivery of shares had been completed.

Since the acquisition of 100% equity of CIN on September 30, 2021, the revenue and net profit contributed by CIN were \$139,834 and loss of \$35,101, respectively. If the transaction takes place on January 1, 2021, the management estimates that the Group's revenue in 2021 would increase by \$490,751, while net profit would decrease by \$8,992.

In determining these amounts, management has assumed that the transaction occurred on January 1, 2021 and that the provisional fair value adjustment resulting from the acquisition date is the same.

The main categories of consideration transfer, assets acquired and liabilities on the acquisition date and the amount of recognized goodwill are as follows:

1) Consideration transferred	
cash	\$ <u><u>226,421</u></u>

2) The identifiable assets acquired and the liabilities assumed

The fair value details of the identifiable assets acquired and the liabilities assumed on the acquisition date are as follows:

Cash and cash equivalents	\$ 29,419
Notes and accounts receivable, net	130,003
Other receivables	29,994
Inventories, net	211,240
Prepayments and other current assets	3,798
Property, plant and equipment	93,373
Short-term borrowings	(158,743)
Accounts payable	(124,352)
Other payables	<u>(27,525)</u>
	<u><u>\$ 187,207</u></u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- 3) Goodwill arising from the acquisition of 100% equity is as follows:

Consideration transferred	\$ 226,421
Less: fair value of identifiable net assets	<u>(187,207)</u>
	<u><u>\$ 39,214</u></u>

Goodwill is mainly derived from the business value of CIN in the automotive electronics market. It is expected that CIN and the Group's business will be integrated to generate synergy.

(i) Changes in subsidiaries' equity

- (i) Changes in subsidiaries' equity did not result in the Group's loss of control

- 1) Subsidiaries' employee stock options exercised

CBN issued 38 thousand new shares because of its employees' exercised stock options in 2021, which resulted in the reduce of the Group's ownership of CBN by 0.02%, respectively.

- 2) Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of HippoScreen about \$70,000, resulting in an increase in the ownership of the Group in HippoScreen by 21%.

- 3) Issuance of subsidiaries' restricted shares

CBN issued 1,500 thousand restricted shares in the year ended December 31, 2021, resulting in a decrease in the ownership of the Group in CBN by 0.95%.

- 4) Cancellation of subsidiaries' restricted shares and conversion of convertible bonds

Arcadyan canceled 30 thousand and 53 thousand restricted shares in the years ended December 31, 2022 and 2021. Whereas, Arcadyan issued 3,892 thousand and 8,136 thousand new shares due to the conversion of convertible bonds during 2022 and 2021. These two events, respectively, resulted in a decrease of 0.59% and 1.30% the ownership of the Company and its subsidiaries in Arcadyan in the years ended December 31, 2022 and 2021.

CBN canceled 469 thousand restricted shares in the years ended December 31, 2022, resulted in a increase of 0.43% the ownership of the Group in CBN in the years ended December 31, 2022.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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5) Acquire additional equity in a subsidiary

In June 2022, the Group acquired 0.12% of equity interest in GLB from minority shareholders with \$700 in cash, increasing of the equity from 50.00% to 50.12%.

In August 2021, the Group acquired 49% of equity interest in Raycore Biotech from minority shareholders with \$15,129 in cash, increasing of the equity from 51% to 100%.

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

	<u>2022</u>	<u>2021</u>
Capital surplus – changes in ownership interest in subsidiaries	\$ 33,397	61,825
Retained earnings	<u>(2,260)</u>	<u>(11,237)</u>
	<u>\$ 31,137</u>	<u>50,588</u>

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>	
		<u>December 31, 2022</u>	<u>December 31, 2021</u>
Arcadyan Technology Corporation	Taiwan	67 %	66 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

Arcadyan's collective financial information

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 33,543,752	28,532,932
Non-current assets	6,476,775	5,368,181
Current liabilities	(25,841,325)	(20,476,963)
Non-current liabilities	<u>(239,941)</u>	<u>(501,037)</u>
Net assets	<u>\$ 13,939,261</u>	<u>12,923,113</u>
Non-controlling interests	<u>\$ 9,503,906</u>	<u>8,796,235</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<u>2022</u>	<u>2021</u>
Sales revenue	<u>\$ 47,167,749</u>	<u>38,240,058</u>
Net income	\$ 1,915,053	1,701,800
Other comprehensive income	<u>283,981</u>	<u>(77,222)</u>
Comprehensive income	<u>\$ 2,199,034</u>	<u>1,624,578</u>
Profit, attributable to non-controlling interests	<u>\$ 1,248,748</u>	<u>1,083,011</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 1,435,919</u>	<u>1,032,457</u>
Net cash flows from operating activities	\$ 2,529,050	(1,524,264)
Net cash flows from investing activities	(1,415,888)	(1,789,637)
Net cash flows from financing activities	(1,577,423)	2,240,204
Effect of exchange rate changes on cash and cash equivalents	<u>73,033</u>	<u>(35,292)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (391,228)</u>	<u>(1,108,989)</u>

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021, were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2022	\$ 2,476,919	17,383,799	32,006,068	11,743,420	4,593,482	68,203,688
Acquisition through business combination	-	-	356	94,356	274	94,986
Additions	340	49,023	1,940,684	2,047,295	2,057,259	6,094,601
Disposals and derecognitions	-	(89,464)	(386,369)	(1,186,876)	-	(1,662,709)
Reclassifications	-	3,025,276	1,491,632	152,137	(4,669,045)	-
Effect of movements in exchange rates	<u>8,459</u>	<u>1,289,824</u>	<u>1,181,719</u>	<u>554,985</u>	<u>313,732</u>	<u>3,348,719</u>
Balance on December 31, 2022	<u>\$ 2,485,718</u>	<u>21,658,458</u>	<u>36,234,090</u>	<u>13,405,317</u>	<u>2,295,702</u>	<u>76,079,285</u>
Balance on January 1, 2021	\$ 1,944,094	18,519,873	28,498,191	11,885,697	1,220,785	62,068,640
Acquisition through business combination	10,892	87,477	162,654	4,376	-	265,399
Additions	479,377	693,335	3,164,422	1,598,322	6,125,821	12,061,277
Disposals and derecognitions	-	(1,893,781)	(915,011)	(1,142,655)	-	(3,951,447)
Reclassifications	43,694	378,343	2,011,033	229,103	(2,662,173)	-
Effect of movements in exchange rates	<u>(1,138)</u>	<u>(401,448)</u>	<u>(915,221)</u>	<u>(831,423)</u>	<u>(90,951)</u>	<u>(2,240,181)</u>
Balance on December 31, 2021	<u>\$ 2,476,919</u>	<u>17,383,799</u>	<u>32,006,068</u>	<u>11,743,420</u>	<u>4,593,482</u>	<u>68,203,688</u>

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	<b>Land</b>	<b>Buildings and building improvement</b>	<b>Machinery</b>	<b>Other equipment</b>	<b>Under construction and prepayment for purchase of equipment</b>	<b>Total</b>
Depreciation and impairments loss:						
Balance on January 1, 2022	\$ -	10,989,522	21,254,150	8,969,652	-	41,213,324
Acquisition through business combination	-	-	356	73,039	-	73,395
Depreciation for the period	-	942,521	3,411,902	1,776,422	-	6,130,845
Disposals and derecognitions	-	(89,237)	(269,897)	(1,124,847)	-	(1,483,981)
Effect of movements in exchange rates	-	713,151	150,183	474,157	-	1,337,491
Balance on December 31, 2022	<u>\$ -</u>	<u>12,555,957</u>	<u>24,546,694</u>	<u>10,168,423</u>	<u>-</u>	<u>47,271,074</u>
Balance on January 1, 2021	\$ -	10,855,109	20,571,645	8,556,546	-	39,983,300
Acquisition through business combination	-	18,824	148,912	4,290	-	172,026
Depreciation for the period	-	923,523	2,566,033	1,947,870	-	5,437,426
Impairment loss	-	-	378,072	26,441	-	404,513
Disposals and derecognitions	-	(622,536)	(812,833)	(1,009,328)	-	(2,444,697)
Effect of movements in exchange rates	-	(185,398)	(1,597,679)	(556,167)	-	(2,339,244)
Balance on December 31, 2021	<u>\$ -</u>	<u>10,989,522</u>	<u>21,254,150</u>	<u>8,969,652</u>	<u>-</u>	<u>41,213,324</u>
Carrying amounts:						
Balance on December 31, 2022	<u>\$ 2,485,718</u>	<u>9,102,501</u>	<u>11,687,396</u>	<u>3,236,894</u>	<u>2,295,702</u>	<u>28,808,211</u>
Balance on January 1, 2021	<u>\$ 1,944,094</u>	<u>7,664,764</u>	<u>7,926,546</u>	<u>3,329,151</u>	<u>1,220,785</u>	<u>22,085,340</u>
Balance on December 31, 2021	<u>\$ 2,476,919</u>	<u>6,394,277</u>	<u>10,751,918</u>	<u>2,773,768</u>	<u>4,593,482</u>	<u>26,990,364</u>

As of December 31, 2022 and 2021, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

In order to activate the assets of the Group, the subsidiary of the Group, CDE, and a non-related party, Kunshan Xincheng Construction Development Co., Ltd., entered into a real estate purchase and sales agreement at the total price of \$4,147,946 (CNY 956,012 thousand), which include the land use rights and the existing land building, based on a resolution approved during the board meeting held on May 7, 2021. Upon completion of the above transaction, the Group recognized a disposal gain of \$1,961,419, which was accounted for as other gains and losses, after deducting the book value of assets and related transaction costs from the transaction price.

In September 2021, the Group carried out the impairment test toward the partial production lines in Henghao Technology and its subsidiaries, and assessed that the recoverable amount of the machinery and equipment was lower than its book value. The impairment loss of \$404,513 was recognized, and accounted for non-operating income and expenses.

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

(l) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:					
Balance on January 1, 2022	\$ 859,993	3,664,030	76,602	68,622	4,669,247
Acquisition through business combination	-	39,959	-	1,332	41,291
Additions	11,216,024	299,827	33,423	14,525	11,563,799
Deductions	-	(630,668)	(57,348)	(9,818)	(697,834)
Effect of movements in exchange rates	104,834	(52,921)	(1,573)	(2,108)	48,232
Balance on December 31, 2022	<u>\$ 12,180,851</u>	<u>3,320,227</u>	<u>51,104</u>	<u>72,553</u>	<u>15,624,735</u>
Balance on January 1, 2021	\$ 1,268,129	3,378,467	76,930	74,969	4,798,495
Additions	-	996,820	-	22,824	1,019,644
Deductions	(362,689)	(679,921)	-	(28,923)	(1,071,533)
Effect of movements in exchange rates	(45,447)	(31,336)	(328)	(248)	(77,359)
Balance on December 31, 2021	<u>\$ 859,993</u>	<u>3,664,030</u>	<u>76,602</u>	<u>68,622</u>	<u>4,669,247</u>
Depreciation:					
Balance on January 1, 2022	\$ 69,655	1,458,825	36,900	37,649	1,603,029
Acquisition through business combination	-	3,823	-	210	4,033
Depreciation for the period	151,927	799,367	10,019	21,042	982,355
Deductions	-	(523,734)	(27,382)	(9,635)	(560,751)
Effect of movements in exchange rates	19,481	(125,053)	(1,444)	(2,231)	(109,247)
Balance on December 31, 2022	<u>\$ 241,063</u>	<u>1,613,228</u>	<u>18,093</u>	<u>47,035</u>	<u>1,919,419</u>
Balance on January 1, 2021	\$ 54,756	1,175,689	24,749	46,349	1,301,543
Depreciation for the period	52,675	805,895	12,326	20,421	891,317
Deductions	(37,698)	(512,348)	-	(28,923)	(578,969)
Effect of movements in exchange rates	(78)	(10,411)	(175)	(198)	(10,862)
Balance on December 31, 2021	<u>\$ 69,655</u>	<u>1,458,825</u>	<u>36,900</u>	<u>37,649</u>	<u>1,603,029</u>
Carrying amount:					
Balance on December 31, 2022	<u>\$ 11,939,788</u>	<u>1,706,999</u>	<u>33,011</u>	<u>25,518</u>	<u>13,705,316</u>
Balance on January 1, 2021	<u>\$ 1,213,373</u>	<u>2,202,778</u>	<u>52,181</u>	<u>28,620</u>	<u>3,496,952</u>
Balance on December 31, 2021	<u>\$ 790,338</u>	<u>2,205,205</u>	<u>39,702</u>	<u>30,973</u>	<u>3,066,218</u>

In January 2022, the Group signed a contract with the Taipei City Government to obtain the superficies of No.91, Ruan Qiao Section, Beitou District, Taipei City, which has a term of 50 years and may be extended for additional 20 years. The registration procedures had been completed in May 2022, and the right-of-use assets and lease liabilities were recognized on the commencement date of the lease.

The related depreciation expenses of right-of-use assets and interest expenses of lease liabilities had met the conditions for capitalization and were included as the cost of assets. The above-mentioned depreciation expenses and interest expenses amounted to \$130,854 and \$26,049, respectively, and were capitalized under property, plant and equipment for the year ended December 31, 2022, with a capitalization rate of 1.5%.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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## (m) Short-term borrowings

The details of short-term borrowings were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Unsecured bank loans	\$ 74,823,426	118,422,407
Secured bank loans	9,000	-
	<b>\$ 74,832,426</b>	<b>118,422,407</b>
Unused credit line for short-term borrowings	<b>\$ 212,701,000</b>	<b>113,777,000</b>
Range of interest rates	<b>0.05%~8.37%</b>	<b>0.05%~2.95%</b>

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

For the collaterals for part of the Group's borrowings, please refer to note (8).

## (n) Long-term borrowings

The details of long-term borrowings were as follows:

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Annual range of interest rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.48%~2.06%	2023~2026	\$ 30,525,000
Secured bank loans	TWD	1.25%~2.00%	2025~2026	612,122
Less: current portion				(19,462,800)
Total				<b>\$ 11,674,322</b>
Unused credit lines for long-term borrowings				<b>\$ 13,018,000</b>
<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Annual range of interest rate</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	0.62%~0.98%	2022~2024	\$ 24,300,000
Secured bank loans	TWD	1.00%~1.50%	2022~2026	660,513
Less: current portion				(15,741,481)
Total				<b>\$ 9,219,032</b>
Unused credit lines for long-term borrowings				<b>\$ 12,345,000</b>

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

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The Group pledged property, plant and equipment as collateral for its partial long-term borrowings. Please refer to note (8).

(o) Unsecured convertible corporate bonds

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total convertible corporate bonds issued	\$ 1,000,000	1,000,000
Unamortized discounts on corporate bonds payable	-	(1,433)
Unamortized issuance costs on corporate bonds payable	-	(496)
Accumulated converted amount	(992,600)	(671,500)
Repayments of bonds payable	<u>(7,400)</u>	<u>-</u>
Balance of corporate bonds payable as of the reporting date	<u>\$ -</u>	<u>326,571</u>
Conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ -</u>	<u>15,987</u>
	<u>2022</u>	<u>2021</u>
Interest expenses	<u>\$ 763</u>	<u>11,968</u>

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

(ii) The main terms of issuing the above-mentioned convertible corporate bonds was as follows:

- 1) Coupon rate: 0%
- 2) Duration: three years (June 6, 2019~June 6, 2022)
- 3) Repayment

Put option and call option are excluded from the issuance of convertible corporate bonds. Except that the bondholders convert the bonds to Arcadyan's common shares or the bonds are repurchased and cancelled by Arcadyan from the securities firm's business office, the bonds will be repaid in cash at par value when the bonds expired.

4) Terms of conversion

- a) The bondholder may opt to have its bonds converted into the Arcadyan's common shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity day (June 6, 2022), except for the following:

- The closing period in accordance with the applicable law;

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;
  - The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.
- b) Conversion price is determined as NT\$98.3 per share upon issuing. Arcadyan paid cash dividends and issued new shares for cash in 2019; therefore, the conversion price has been adjusted to \$93 per share. Arcadyan distributed cash dividends to common stocks shareholders with retained earnings in 2021 and 2020, thereafter, the conversion price has been adjusted to NT\$82.5 and \$87.7 per share, respectively.
- (iii) The above-mentioned convertible corporate bonds were due on June 6, 2022, and the remaining unconverted corporate bonds were fully repaid by the Group in cash at the par value of \$7,400 on maturity in accordance with the conversion terms.
- (iv) As of June 6, 2022 and December 31, 2021, the convertible corporate bonds were converted into ordinary shares of Arcadyan for \$321,100 and \$671,500 with a par value of \$38,920 and \$81,363, respectively, and the capital surplus were recognized for \$296,640 and \$616,933 (including the stock option conversion premium of \$15,626 and \$32,680 and the unamortized discounts on corporate bonds payable of \$1,166 and \$5,884, respectively).
- (p) Lease liabilities

The details of leases liabilities were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current	\$ <u>1,813,555</u>	<u>625,292</u>
Non-current	\$ <u>9,533,209</u>	<u>1,679,504</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ <u>44,563</u>	<u>63,701</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>2,528</u>	<u>32,350</u>
Expenses relating to leases of low-value assets or short-term leases	\$ <u>186,825</u>	<u>303,454</u>

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

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

	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 2,656,206</u>	<u>1,234,542</u>

(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1~19 years, and of land leasehold rights for 45~50 years. The Group obtained the superficies of Beitou District, Taipei City in May 2022, please refer to note (6)(l).

(ii) Other leases

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

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

(q) Provisions

	<b>Warranties</b>
Balance on January 1, 2022	\$ 1,204,115
Business combination	2,786
Provisions made during the period	365,410
Provisions used during the period	(349,378)
Provisions reversed during the period	(488,899)
Effect of movements in exchange rates	<u>27</u>
Balance on December 31, 2022	<u>\$ 734,061</u>
Balance on January 1, 2021	\$ 870,050
Provisions made during the period	476,940
Provisions used during the period	(136,853)
Provisions reversed during the period	<u>(6,022)</u>
Balance on December 31, 2021	<u>\$ 1,204,115</u>

Provisions relate to sales of products are assessed based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Present value of defined benefit obligations	\$ (1,433,878)	(1,554,902)
Fair value of plan assets	<u>773,859</u>	<u>732,869</u>
Net defined benefit liabilities	<b><u>\$ (660,019)</u></b>	<b><u>(822,033)</u></b>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The balance of the Group's labor pension reserve account in the Bank of Taiwan amounted to \$757,556 (excluding the ending balance of interest rectivable) as of December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Group were as follows:

	<b>2022</b>	<b>2021</b>
Defined benefit obligations on January 1	\$ (1,554,902)	(1,516,219)
Benefit paid by the plan	64,567	38,959
Current service costs and interest	(16,068)	(12,850)
Remeasurements of net benefit liabilities	106,275	(64,792)
Amount increased through business combination	(32,306)	-
Effect of movements in exchange rates	<u>(1,444)</u>	<u>-</u>
Defined benefit obligations on December 31	<b><u>\$ (1,433,878)</u></b>	<b><u>(1,554,902)</u></b>

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

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets on January 1	\$ 732,869	730,046
Expected return on plan assets	5,073	3,675
Remeasurements of net benefit plan assets	56,929	9,626
Contributions paid by the employer	28,460	28,481
Benefits paid by the plan	(64,567)	(38,959)
Amount increased through business combination	14,425	-
Effect of movements in exchange rates	670	-
Fair value of plan assets on December 31	<u>\$ 773,859</u>	<u>732,869</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Current service cost	\$ 4,720	5,198
Net interest on the net defined benefit liability (asset)	6,275	3,977
	<u>\$ 10,995</u>	<u>9,175</u>
Cost of sales	\$ 516	547
Selling expenses	627	576
Administrative expenses	2,714	2,137
Research and development expenses	7,138	5,915
	<u>\$ 10,995</u>	<u>9,175</u>

5) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting date:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.70%~1.75%	0.63%~0.8%
Future salary increasing rate	3.00%	3.00%

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date is \$28,407.

The weighted-average lifetime of the defined benefit plan is 8.1~12.98 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Effects to the defined benefit obligation</b>	
	<b>Increased 0.25%</b>	<b>Decreased 0.25%</b>
December 31, 2022		
Discount rate	(27,794)	28,712
Future salary increasing rate	28,198	(27,427)
December 31, 2021		
Discount rate	(34,611)	35,847
Future salary increasing rate	34,882	(33,869)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

(ii) Defined contribution plans

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

The Company and all subsidiaries in domestic recognized the pension costs under the defined contribution method amounting to \$486,231 and \$446,148 for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

Other subsidiaries recognized the pension expenses, basic endowment insurance expenses, and social welfare expenses amounting to \$1,321,190 and \$1,193,098 for the years ended December 31, 2022 and 2021, respectively.

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

## (s) Income taxes

## (i) Income tax expenses

- 1) The amount of income tax for the years ended December 31, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Recognized during the period	\$ 3,388,485	4,240,078
5% surtax on unappropriated earnings	171,404	14,627
Tax credit of investment	<u>(728,549)</u>	<u>(596,726)</u>
	2,831,340	3,657,979
Deferred tax expense		
Recognition and reversal of temporary differences	<u>(648,737)</u>	<u>69,368</u>
Income tax expense	<u>\$ 2,182,603</u>	<u>3,727,347</u>

- 2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of the defined benefit obligation	\$ 32,313	(11,211)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>(81,430)</u>	<u>61,401</u>
	<u>\$ (49,117)</u>	<u>50,190</u>
Items that will be reclassified subsequently to profit or loss:		
Foreign currency translation differences of foreign operations	\$ (2,464)	(17,539)
Gains (losses) on hedging instrument	<u>(9,562)</u>	<u>-</u>
	<u>\$ (12,026)</u>	<u>(17,539)</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- 3) The income tax expense that was reconciled between the actual income tax expense and profit before tax for the years ended December 31, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Profit before tax	\$ <u>10,724,130</u>	<u>17,467,835</u>
Income tax calculated based on tax rate	\$ 3,142,341	4,734,068
Estimated tax effect of tax exemption on investment income, net	(442,560)	(171,208)
Realized investment loss	(98,000)	(65,440)
Investment tax credit	(728,549)	(596,726)
Changes in temporary differences	503,909	(704,260)
Adjustment of estimated difference	(365,942)	516,286
Surtax on unappropriated earnings	171,404	14,627
	<u>\$ 2,182,603</u>	<u>3,727,347</u>

- (ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	<u>Refund liabilities</u>	<u>Unrealized exchange losses, net</u>	<u>Loss on inventory valuation</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:					
Balance on January 1, 2022	\$ 195,296	477,006	202,499	771,723	1,646,524
Recognized in profit or loss	91,252	522,279	220,089	(84,574)	749,046
Recognized in other comprehensive income	-	-	-	(20,287)	(20,287)
Acquisition of subsidiaries	-	-	-	18,495	18,495
Balance on December 31, 2022	<u>\$ 286,548</u>	<u>999,285</u>	<u>422,588</u>	<u>685,357</u>	<u>2,393,778</u>
Balance on January 1, 2021	134,880	655,455	123,270	600,603	1,514,208
Recognized in profit or loss	60,416	(178,449)	79,229	142,450	103,646
Recognized in other comprehensive income	-	-	-	28,670	28,670
Balance on December 31, 2021	<u>\$ 195,296</u>	<u>477,006</u>	<u>202,499</u>	<u>771,723</u>	<u>1,646,524</u>
Deferred tax liabilities:					
Balance on January 1, 2022		\$ (504,663)		(722,142)	(1,226,805)
Recognized in profit or loss		(250,368)		150,059	(100,309)
Recognized in other comprehensive income		-		81,430	81,430
Acquisition of subsidiaries		-		(1,658)	(1,658)
Balance on December 31, 2022		<u>\$ (755,031)</u>		<u>(492,311)</u>	<u>(1,247,342)</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<u>Unrealized exchange gains, net</u>	<u>Others</u>	<u>Total</u>
Balance on January 1, 2021	\$ (424,990)	(567,480)	(992,470)
Recognized in profit or loss	(79,673)	(93,341)	(173,014)
Recognized in other comprehensive income	-	(61,321)	(61,321)
Balance on December 31, 2021	<u>\$ (504,663)</u>	<u>(722,142)</u>	<u>(1,226,805)</u>

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Tax effect of deductible temporary differences	<u>\$ 1,674,595</u>	<u>1,502,666</u>
Tax effect of loss carryforward	<u>\$ 996,446</u>	<u>978,257</u>

The Group assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets. In addition, according to Income Tax Act, the loss carryforward are the losses incurred in past 10 years assessed by ROC tax authority which can be deducted from the net profit of current year before levied. The items are not recognized as deferred income tax assets due to the fact that the Group may not have sufficient taxable income in the future for the losses.

As of December 31, 2022, the tax effects on loss carryforward that have not been recognized as deferred tax assets were as follows:

<u>Year of loss</u>	<u>Expiry year</u>	<u>Deductible amount</u>
2013 (Assessed)	2023	\$ 211,104
2014 (Assessed)	2024	41,534
2015 (Assessed)	2025	569,361
2016 (Assessed)	2026	1,422,761
2017 (Assessed)	2027	918,086
2018 (Assessed)	2028	554,750
2019 (Assessed)	2029	349,024
2020 (Assessed/Filed)	2030	130,501
2020 (Filed)	2025	20,484
2021 (Filed)	2031	48,639
2021 (Filed)	2026	126,335
2022 (Estimated)	2032	206,435
2022 (Filed)	2027	277,800
		<u>\$ 4,876,814</u>

(Continued)

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

(iv) Unrecognized deferred tax assets and liabilities related to investments in subsidiaries

The temporary differences associated with investment in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

As of December 31, 2022 and 2021, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$2,618,241 and \$2,335,023, respectively.

As of December 31, 2022 and 2021, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to \$68,023,499 and \$58,082,760, respectively.

(v) Examination and approval

The Company's tax returns for the year through 2020 were assessed by the tax authorities.

The income tax returns through 2021 and the liquidation period of Acbel Telecom have been examined by the tax authorities. The ROC tax authorities have assessed the income tax returns of Hong Jin and Shennona through 2021, of Hippo Screen, Zhi-Bao, UCGI, Palcom, Panpal, Gempal, Hong Ji, Unicore, Raycore, Ripal, CBN, Mactech, GLB, Arcadyan, TTI, Poindus Systems, Poindus Investment and Aco Healthcare through 2020, of Rayonnant Technology and HengHao through 2019.

(t) Capital and other equities

(i) Ordinary shares

As of December 31, 2021 and 2020, the Company's authorized common stock consisting of 6,000,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to \$60,000,000 of which 4,407,147 thousand shares, were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid-in capital	\$ 1,898,477	3,660,119
Treasury share transactions	2,721,968	2,621,933
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	156,072	122,675
Changes in equity of associates and joint ventures accounted for using equity method	<u>265,297</u>	<u>283,363</u>
	<b><u>\$ 5,078,580</u></b>	<b><u>6,724,856</u></b>

(Continued)

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

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

The Company's Board of Directors meeting held on March 15, 2022 and March 26, 2021, approved to distribute the cash dividend of \$1,762,859 and \$1,762,859 (representing 0.4 and 0.4 New Taiwan Dollars per share), by using the additional paid-in capital.

The Company's Board of Directors meeting held on March 15, 2023, approved to distribute the cash dividend of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Post System website.

(iii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

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

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

(Continued)



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

1) Legal reverse

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reverse

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. The amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

3) Earnings distribution

Distribution for the earnings of 2021 and 2020 was approved in the meeting of the Board of Directors held on March 15, 2022 and March 26, 2021, respectively. The relevant information was as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders	\$ 1.6	<u><u>7,051,435</u></u>	1.2	<u><u>5,288,576</u></u>

Earnings distribution for 2022 was approved by the Board of Directors held on March 15, 2023. The relevant information was as follows:

	<u>2022</u>	
	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders from the unappropriated earnings	\$ 1.0	<u><u>4,407,147</u></u>

(Continued)

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

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2022 and 2021. As of December 31, 2022, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 23.05 and 24.20 New Taiwan dollars per share as of December 31, 2022 and 2021, respectively.

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

(v) Other equity interests (net-of-taxes)

	Exchange differences on transaction of foreign operation financial statements	Unrealized gain (loss) from financial assets at fair value through other comprehensive income	Others	Total
Balance on January 1, 2022	\$ (8,744,705)	537,830	125	(8,206,750)
The Group	7,183,714	(590,539)	-	6,593,175
Subsidiaries	9,700	(420,019)	(12,415)	(422,734)
Associates	81,580	11,625	-	93,205
Balance on December 31, 2022	<u>\$ (1,469,711)</u>	<u>(461,103)</u>	<u>(12,290)</u>	<u>(1,943,104)</u>
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Group	(1,791,462)	567,871	-	(1,223,591)
Subsidiaries	(38,894)	160,972	904	122,982
Associates	(25,372)	185,939	-	160,567
Balance on December 31, 2021	<u>\$ (8,744,705)</u>	<u>537,830</u>	<u>125</u>	<u>(8,206,750)</u>

(u) Share-based payment

(i) Arcadyan – employee restricted shares

At the meeting held on June 21, 2018, the Arcadyan's Board of Directors decided to issue 4,500 thousand shares of employee restricted shares to Arcadyan full-time employees who meet certain requirements. The restricted shares have been registered, with and approved by, the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the effective date of the share issuance.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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3,500,000 shares of the aforementioned restricted shares are issued without consideration. 30%, 30% and 40% of the 3,500 thousand restricted shares are vested when the employees continue to provide service for at least 2 year, 3 years and 4 years, respectively, from the registration and the effective date, and at the same time, meet the performance requirement. In addition, when earnings per share in two consecutive and complete fiscal years from the registration and effective date are no less than NT\$4, and at the same time, the employees with the restricted shares meet the performance requirement, the other 1,000 thousand shares of the restricted shares are vested 100% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are between NT\$3 to NT\$4, and at the same time, the employees with the restricted shares meet the performance requirement, the restricted shares are vested 75% at the date the shareholders approved the financial statements for the second fiscal year. If the earnings per share in two consecutive and complete fiscal years from the registration and effective date are less than NT\$3, the employees with restricted shares, whether or not they meet the performance requirement, no restricted shares are vested at the date the shareholders approved the financial statements for the second fiscal year. The earnings per share mentioned above are calculated based on the profit approved by the shareholders and the weighted average number of ordinary shares outstanding at the date of the restricted shares have been approved by the authority.

After the issuance, the restricted shares are kept by a trust, which is appointed by Arcadyan, before they are vested. These restricted shares shall not be sold, transferred, pledged, gifted, disposed by any other means, to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations. If the shares remain unvested after the vesting period, Arcadyan will redeem all the unvested shares without consideration and cancel the shares thereafter. Restricted shares could be received in cash and stock dividends, or could be used to participate in cash injection. The aforementioned new shares are not considered as restricted shares.

The information of Arcadyan's restricted shares is as follows:

Unit: in thousands of shares

	<b>2022</b>	<b>2021</b>
Outstanding shares on January 1	1,283	2,306
Canceled during the period	(30)	(53)
The number vested in this period	(1,253)	(970)
Outstanding shares on December 31	-	<b>1,283</b>

As of December 31, 2022 and 2021, the unearned employee benefit was \$0 and \$13,030.

The compensation cost related to the restricted shares amounted to \$2,396 and \$32,576 for the year ended December 31, 2022 and 2021.

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

(ii) CBN—employee stock options

At the meeting held on May 17, 2016, CBN's Board of Directors resolved to issue 1,500,000 units of employee stock options with an exercisable right of one share of CBN's ordinary shares per unit. The issuance of employee stock options and related information are as follows:

	2022		2021	
	Shares	Weighted- average exercise price (NT dollars)	Shares	Weighted- average exercise price (NT dollars)
Outstanding shares on January 1	-	\$ -	3,000	\$ 10
Expired during the period	-	-	-	-
Exercised during the period	-	-	(3,000)	10
Outstanding shares on December 31	-	-	-	-
Exercisable shares on December 31	-	-	-	-

The options under the aforesaid employee stock option plan have been executed in 2021.

The issuance terms of the share options are as follows.

- 1) Exercise price: NT\$10 per share.
- 2) Exercisable duration:

The employees who received share options being granted over five months and are still employed by CBN and meet requirements can exercise a specific percentage in each period as stated below. The exercisable duration of the options is five years. No transfer is allowed except for inheritance. After the expiration of the exercisable duration, the unexercised options will be canceled by CBN and not re-issued anymore.

Period to exercise options	Exercisable percentage (cumulative)
5 months after options received	100 %

- a) Exercise method: CBN would issue new shares as the options are exercised.
- b) Exercise procedure: In accordance with CBN's issuance and exercise rules, after receiving the consideration of share options, the entitlement certification of share options exercised is registered as ordinary shares once a quarter.

The compensation cost for the year ended December 31, 2021 was \$0.

(iii) CBN- Issuance of restricted shares

On June 24, 2020, CBN issued 1,500 thousand new restricted shares through shareholders' meeting. This is a gratuitous issuance, and the recipients are full-time employees of CBN who have been employed on grant day and meet specific terms. It has been approved by the Financial Supervisory Commission.

(Continued)

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

In addition, the base date for capital increase has been decided by the chairman of the board of directors to be December 20, 2021, and the change registration will be completed on January 7, 2022.

If the employees who have been on the job for one year, two years and three years ,since the new restricted shares have been given, achieved the performance required by CBN, the proportion of shares with acquired conditions can be 40%, 30% and 30%, respectively. After the issuance of new shares, employees must hand over all of them to the trust agency designated by the company for safekeeping before they meet the terms. Except for inheritance, they shall not be sold, mortgaged, transferred, gifted, pledged or disposed of in other ways. Before the employees meet the terms, all matters concerning shareholders' rights and interests are entrusted to the trust agency designated by CBN to exercise on their behalf. If any of the assigned employees does not meet the acquired terms, CBN will take back their shares from the employees for free and cancel them.

The information of CBN's restricted shares is as follows:

	Unit: in thousands of shares	
	<b>2022</b>	<b>2021</b>
Outstanding shares on January 1	1,500	-
Shares granted in this period	-	1,500
Share vested in this period	(365)	-
Shares canceled in this period	(469)	-
Outstanding shares on December 31	<b>666</b>	<b>1,500</b>

The above-mentioned new restricted shares of CBN takes the closing price of \$30.70 on the grant day, December 20, 2021, as the fair value, that Capital-restricted shares \$31,050. Until December 31, 2021, the balance of unearned remuneration for employees was \$11,213.

The compensation cost related to the restricted shares amounted to \$19,629 and \$831 for the year ended December 31, 2022 and 2021, respectively.

(Continued)

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

## (v) Earnings per share

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

	<u>2022</u>	<u>2021</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>7,288,292</u>	<u>12,632,667</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	<u>7,288,292</u>	<u>12,632,667</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	<u>43,369</u>	<u>65,517</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,400,499</u>	<u>4,422,647</u>

## (w) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2022</u>		
	<u>IT Product Segment</u>	<u>Strategically Integrated Product Segment</u>	<u>Total</u>
Primary geographical markets:			
United States	\$ 427,079,787	17,611,390	444,691,177
China	133,117,810	334,869	133,452,679
Netherlands	67,705,775	1,003,330	68,709,105
Others	<u>398,174,794</u>	<u>28,218,160</u>	<u>426,392,954</u>
	<u>\$ 1,026,078,166</u>	<u>47,167,749</u>	<u>1,073,245,915</u>
Major products:			
5C related electronics products	\$ 1,021,266,892	45,809,328	1,067,076,220
Others	<u>4,811,274</u>	<u>1,358,421</u>	<u>6,169,695</u>
	<u>\$ 1,026,078,166</u>	<u>47,167,749</u>	<u>1,073,245,915</u>

(Continued)

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

	<b>2021</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 477,875,378	8,487,079	486,362,457
China	158,629,441	431,844	159,061,285
Netherlands	86,727,156	1,435,217	88,162,373
Others	<u>474,209,982</u>	<u>27,885,918</u>	<u>502,095,900</u>
	<b><u>\$ 1,197,441,957</u></b>	<b><u>38,240,058</u></b>	<b><u>1,235,682,015</u></b>
Major products:			
5C related electronics products	\$ 1,195,237,339	37,264,055	1,232,501,394
Others	<u>2,204,618</u>	<u>976,003</u>	<u>3,180,621</u>
	<b><u>\$ 1,197,441,957</u></b>	<b><u>38,240,058</u></b>	<b><u>1,235,682,015</u></b>

## (ii) Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes and accounts receivable (including related parties)	\$ 195,145,265	294,057,802	236,120,826
Less: allowance for impairment	<u>(3,924,544)</u>	<u>(3,891,948)</u>	<u>(3,910,928)</u>
Total	<b><u>\$ 191,220,721</u></b>	<b><u>290,165,854</u></b>	<b><u>232,209,898</u></b>
Contract liabilities	<b><u>\$ 784,238</u></b>	<b><u>1,065,954</u></b>	<b><u>820,016</u></b>

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

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that were included in the balance of contract liability at the beginning of the period was \$1,065,954 and \$820,016, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(Continued)

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

(x) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$750,945 and \$1,350,062, and directors' compensation of \$39,790 and \$71,390 for the years ended December 31, 2022 and 2021, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2022 and 2021.

There is no differences between the amount estimated and recognized in the financial statements in 2021. The related information can be accessed through the Market observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	3,077,815	2,015,709
Other interest income	<u>12,111</u>	<u>1,605</u>
Total interest income	<u><u>3,089,926</u></u>	<u><u>2,017,314</u></u>

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

(ii) Other income

The other incomes for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Dividend revenue	\$ 128,597	143,686
Other revenue	<u>523,829</u>	<u>504,420</u>
	<u>\$ 652,426</u>	<u>648,106</u>

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ (765,115)	418,827
Foreign currency exchange gains (losses), net	2,121,647	123,742
Gains (losses) on disposal of property, plant, and equipment	7,086	1,969,560
Gains on disposal of investments, net	2,568	-
Others	<u>(2,345)</u>	<u>(706)</u>
	<u>\$ 1,363,841</u>	<u>2,511,423</u>

(z) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Cash flow hedge:		
Gains (losses) from current period	82,853	43,006
Less: reclassification of gains (losses) included in profit or loss	<u>130,662</u>	<u>40,814</u>
Profit (loss) recognized in other comprehensive income	<u>(47,809)</u>	<u>2,192</u>

(aa) Financial instruments

(i) Credit risk

- 1) The carrying amount of financial assets represents the maximum amount exposed to credit risk.

The Group's customers are mainly from the high-tech industry. The Group does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of the customers.

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

2) Receivables and debt securities

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

Other financial assets at amortized cost include other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2022.) Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the years ended December 31, 2022 and 2021 were as follows:

	<b>Other receivables</b>
Balance on January 1, 2022	\$ 2,973
Impairment losses recognized (reversed)	<u>(217)</u>
Balance on December 31, 2022	<b>\$ 2,756</b>
Balance on January 1, 2021	\$ 2,392
Impairment losses recognized (reversed)	<u>581</u>
Balance on December 31, 2021	<b>\$ 2,973</b>

(ii) Liquidity risk

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

	<b>Carrying Amount</b>	<b>Contractual cash flows</b>	<b>Within 1 year</b>	<b>1 ~ 2 years</b>	<b>Over 2 years</b>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 621,122	(621,122)	(171,800)	(207,617)	(241,705)
Unsecured borrowings	105,348,426	(105,348,426)	(94,123,426)	(5,400,000)	(5,825,000)
Lease liabilities— current and non-current	11,346,764	(12,637,278)	(1,888,347)	(6,783,542)	(3,965,389)
Notes and accounts payable	161,838,098	(161,838,098)	(161,838,098)	-	-
Other payables	29,622,760	(29,622,760)	(29,622,760)	-	-
Derivative financial liabilities					
Forward exchange contracts:	62,527				
Outflow		(6,386,190)	(6,386,190)	-	-
Inflow		6,176,658	6,176,658	-	-
Forward exchange contracts used for hedging:	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	<b>\$ 308,887,506</b>	<b>(310,313,731)</b>	<b>(287,890,478)</b>	<b>(12,391,159)</b>	<b>(10,032,094)</b>

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 660,513	(660,513)	(66,481)	(127,612)	(466,420)
Unsecured borrowings	142,722,407	(142,722,407)	(134,097,407)	(6,125,000)	(2,500,000)
Lease liabilities – current and non-current	2,304,796	(2,411,332)	(665,378)	(1,331,721)	(414,233)
Notes and accounts payable	224,066,363	(224,066,363)	(224,066,363)	-	-
Other payables	29,701,088	(29,701,088)	(29,701,088)	-	-
Bonds payable	326,571	(328,500)	(328,500)	-	-
Derivative financial liabilities					
Currency swap contracts:	1,589				
Outflow		(358,893)	(358,893)	-	-
Inflow		357,183	357,183	-	-
	<u>\$ 399,783,327</u>	<u>(399,891,913)</u>	<u>(388,926,927)</u>	<u>(7,584,333)</u>	<u>(3,380,653)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

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

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD to TWD	\$ 11,446,943	30.71	351,535,620	18,449,976	27.68	510,695,336
USD to CNY	12,508	6.9571	384,121	26,386	6.378	730,364
EUR to TWD	65,974	32.72	2,158,669	83,417	31.32	2,612,620
CNY to USD	3,598,880	0.1437	15,881,955	3,451,738	0.1568	14,981,316
Non-monetary items						
THB to TWD	652,264	0.8882	579,341	842,184	0.8261	695,728
Financial liabilities						
Monetary items						
USD to TWD	10,358,052	30.71	318,095,777	17,976,968	27.68	497,602,474
USD to CNY	1,087	6.9571	33,382	1,170	6.378	32,386
USD to BRL	194,543	5.2177	5,974,416	197,060	5.5805	5,454,621
EUR to TWD	21,492	32.72	703,218	27,835	31.32	871,792
CNY to USD	3,522,857	0.1437	15,546,463	3,269,701	0.1568	14,191,235

(Continued)

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of December 31, 2022 and 2021, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
USD (against the TWD)		
Strengthening 5%	\$ 1,671,992	654,643
Weakening 5%	(1,671,992)	(654,643)
USD (against the CNY)		
Strengthening 5%	17,537	34,899
Weakening 5%	(17,537)	(34,899)
USD (against the BRL)		
Strengthening 5%	(298,721)	(272,731)
Weakening 5%	298,721	272,731
EUR (against the TWD)		
Strengthening 5%	72,773	87,041
Weakening 5%	(72,773)	(87,041)
CNY (against the USD)		
Strengthening 5%	16,775	39,504
Weakening 5%	(16,775)	(39,504)

3) Exchange gains and losses of monetary items

As the Group deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$2,121,647 and \$123,742, respectively.

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

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2022 and 2021, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<u>2022</u>	<u>2021</u>
Interest increased by 0.25%	\$ 58,941	1,656
Interest decreased by 0.25%	(58,941)	(1,656)

(v) Fair value information

1) The categories and fair value of financial instruments

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

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

	December 31, 2022				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 187	-	187	-	187
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>558,909</u>	-	-	558,909	558,909
Subtotal	<u>559,096</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	2,797,667	2,797,667	-	-	2,797,667
Stocks listed on foreign markets	579,341	579,341	-	-	579,341
Stocks unlisted on domestic markets	1,822,164	-	-	1,822,164	1,822,164
Stocks unlisted on foreign markets	226,736	-	-	226,736	226,736
Accounts receivable	<u>16,091,084</u>	-	16,091,084	-	16,091,084
Subtotal	<u>21,516,992</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	79,665,302	-	-	-	-
Notes and accounts receivable, net	170,713,564	-	-	-	-
Notes and accounts receivable due from related parties, net	4,416,073	-	-	-	-
Other receivables	2,369,411	-	-	-	-
Other current assets (restricted assets)	803,156	-	-	-	-
Refundable deposits	828,367	-	-	-	-
Other non-current assets (restricted assets)	<u>969,960</u>	-	-	-	-
Subtotal	<u>259,765,833</u>				
Total	<u>\$ 281,841,921</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>62,527</u>	-	62,527	-	62,527
Derivative financial liabilities for hedging	<u>47,809</u>	-	47,809	-	47,809
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	74,832,426	-	-	-	-
Notes and accounts payable	152,137,066	-	-	-	-
Notes and accounts payable to related parties	9,701,032	-	-	-	-
Other payables	29,622,760	-	-	-	-
Lease liabilities—current and non-current	11,346,764	-	-	-	-
Long-term borrowings current portion	19,462,800	-	-	-	-
Long-term borrowings	11,674,322	-	-	-	-
Deposits received	<u>519,308</u>	-	-	-	-
Subtotal	<u>309,296,478</u>				
Total	<u>\$ 309,406,814</u>				

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

	December 31, 2021				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 123,442	-	123,442	-	123,442
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>537,090</u>	-	277,312	259,778	537,090
Subtotal	<u>660,532</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	3,350,210	3,350,210	-	-	3,350,210
Stocks listed on foreign markets	695,728	695,728	-	-	695,728
Stocks unlisted on domestic markets	1,879,166	-	-	1,879,166	1,879,166
Stocks unlisted on foreign markets	309,959	-	-	309,959	309,959
Accounts receivable	<u>32,796,946</u>	-	32,796,946	-	32,796,946
Subtotal	<u>39,032,009</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	75,162,103	-	-	-	-
Notes and accounts receivable, net	255,639,576	-	-	-	-
Notes and accounts receivable due from related parties, net	1,729,332	-	-	-	-
Other receivables	2,445,690	-	-	-	-
Other current assets (restricted assets)	433,403	-	-	-	-
Refundable deposits	696,393	-	-	-	-
Other non-current assets (restricted assets)	<u>544,684</u>	-	-	-	-
Subtotal	<u>336,651,181</u>				
Total	<u>\$ 376,343,722</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>1,589</u>	-	1,589	-	1,589
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	118,422,407	-	-	-	-
Notes and accounts payable	220,549,039	-	-	-	-
Notes and accounts payable to related parties	3,517,324	-	-	-	-
Other payables	29,701,088	-	-	-	-
Bonds payable	326,571	-	-	-	-
Lease liabilities—current and non-current	2,304,796	-	-	-	-
Long-term borrowings current portion	15,741,481	-	-	-	-
Long-term borrowings	9,219,032	-	-	-	-
Deposits received	<u>311,325</u>	-	-	-	-
Subtotal	<u>400,093,063</u>				
Total	<u>\$ 400,094,652</u>				

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

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

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

a) Financial assets and liabilities measured at amortized cost

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

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

a) Non-derivative financial instruments

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

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

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

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

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

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

b) Derivative financial instruments

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

4) Transfer from one level to another

There was no transfer from one level to another in the years ended December 31, 2022 and 2021.

5) Changes in level 3

The change in level 3 at fair value in the years ended December 31, 2022 and 2021, were as follows:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2022	\$ 259,778	2,189,125	2,448,903
Total gains and losses recognized:			
In profit or loss	(23,672)	-	(23,672)
In other comprehensive income	-	(405,953)	(405,953)
Purchased	323,183	264,057	587,240
Disposal	-	(10,028)	(10,028)
Proceeds from liquidation of investments	-	(2,010)	(2,010)
Effect of changes in exchange rates	(380)	13,709	13,329
Balance on December 31, 2022	<u>\$ 558,909</u>	<u>2,048,900</u>	<u>2,607,809</u>
Balance on January 1, 2021	\$ 201,609	2,352,919	2,554,528
Total gains and losses recognized:			
In profit or loss	3,170	-	3,170
In other comprehensive income	-	(335,469)	(335,469)
Purchased	54,999	187,540	242,539
Proceeds from liquidation and capital reduction of investments	-	(12,249)	(12,249)
Effect of changes in exchange rates	-	(3,616)	(3,616)
Balance on December 31, 2021	<u>\$ 259,778</u>	<u>2,189,125</u>	<u>2,448,903</u>

For the years ended December 31, 2022 and 2021, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income” were as follows:

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

	<b>2022</b>	<b>2021</b>
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u>(23,672)</u>	<u>3,170</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u>(409,229)</u>	<u>(331,801)</u>

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

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

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

The quantified information for significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationships between significant unobservable inputs and fair value</b>
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.54~2.89 and 1.82~11.62, respectively, on December 31, 2022 and 2021)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (14.33~17.25 and 16.37~27.97, respectively, on December 31, 2022 and 2021)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (40%~65% and 40%~85%, respectively, on December 31, 2022 and 2021)	The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

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

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

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>December 31, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>8,394</u>	<u>11,549</u>
	Multiples of earnings	5%	\$ <u>5,808</u>	<u>5,820</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,432</u>	<u>6,266</u>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,810</u>	<u>16,250</u>
	Multiples of earnings	5%	\$ <u>4,882</u>	<u>4,738</u>
	Lack-of-Marketability discount rate	5%	\$ <u>11,767</u>	<u>13,470</u>

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

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

8) Offsetting financial assets and financial liabilities

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

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

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

<b>December 31, 2022</b>			
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	<b>Gross amounts of recognized financial assets</b>	<b>Gross amounts of financial liabilities offset in the balance sheet</b>	<b>Net amount of financial assets presented in the balance sheet</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)=(a)-(b)</b>
Cash/ Short-term borrowings	\$ <u>351,096,620</u>	<u>351,096,620</u>	<u>-</u>
	<b>(USD <u>11,432,648</u> )</b>	<b>(USD <u>11,432,648</u> )</b>	

<b>December 31, 2021</b>			
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	<b>Gross amounts of recognized financial assets</b>	<b>Gross amounts of financial liabilities offset in the balance sheet</b>	<b>Net amount of financial assets presented in the balance sheet</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)=(a)-(b)</b>
Cash/ Short-term borrowings	\$ <u>360,789,950</u>	<u>360,789,950</u>	<u>-</u>
	<b>(USD <u>13,034,319</u> )</b>	<b>(USD <u>13,034,319</u> )</b>	

(ab) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Group. For detailed information, please refer to the related notes of each risk.

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

(ii) Structure of risk management

The Group's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Group has business with. As of December 31, 2022 and 2021, the Group did not provide any guarantees to other companies besides its subsidiaries.

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(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(m) and (6)(n) for unused credit lines of short-term and long-term borrowings as of December 31, 2022 and 2021.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group. The currencies used in these transactions are primarily denominated in TWD, USD, EUR and CNY.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Group buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Group manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

The Group is exposed to equity price risk arising from investments in listed equity securities.

(ac) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings and non-controlling interests. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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The Group monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2022 and 2021, the debt ratio was as follows:

	<b>December</b>	<b>December</b>
	<b>31, 2022</b>	<b>31, 2021</b>
Total liabilities	<u>\$ 326,074,590</u>	<u>415,555,537</u>
Total assets	<u>\$ 453,484,433</u>	<u>537,095,340</u>
Debt ratio	<u>72%</u>	<u>77%</u>

The Group could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

As of December 31, 2022, there were no changes in the Group's approach of capital management.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021 were acquisition of right-of-use assets by leasing, please refer to note (6)(l).

Reconciliation of liabilities arising from financing activities was as follows:

	<b>January 1,</b>		<b>Other</b>	<b>December</b>
	<b>2022</b>	<b>Cash flow</b>	<b>non-cash</b>	<b>31, 2022</b>
			<b>changes</b>	
Short-term borrowings	\$ 118,422,407	(43,590,249)	268	74,832,426
Bonds payable	326,571	(7,400)	(319,171)	-
Long-term borrowings	24,960,513	6,176,609	-	31,137,122
Lease liabilities	2,304,796	(2,422,290)	11,464,258	11,346,764
Deposits received and others	<u>366,068</u>	<u>207,983</u>	<u>736</u>	<u>574,787</u>
Total liabilities from financing activities	<u>\$ 146,380,355</u>	<u>(39,635,347)</u>	<u>11,146,091</u>	<u>117,891,099</u>
	<b>January 1,</b>		<b>Other</b>	<b>December</b>
	<b>2021</b>	<b>Cash flow</b>	<b>non-cash</b>	<b>31, 2021</b>
			<b>changes</b>	
Short-term borrowings	\$ 92,838,733	25,424,931	158,743	118,422,407
Bonds payable	980,219	-	(653,648)	326,571
Long-term borrowings	19,334,353	5,626,160	-	24,960,513
Lease liabilities	2,287,762	(835,037)	852,071	2,304,796
Deposits received and others	<u>340,131</u>	<u>26,093</u>	<u>(156)</u>	<u>366,068</u>
Total liabilities from financing activities	<u>\$ 115,781,198</u>	<u>30,242,147</u>	<u>357,010</u>	<u>146,380,355</u>

(Continued)

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

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

(a) Name and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Hong Ya Technology Co., Ltd. (“Hong Ya”)	An associate
Kinpo Group Management Service Company (“Kinpo Group Management Service”)	An associate
Acbel Polytech Inc. (“Acbel”) and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (USA) Co., Ltd. (“CCUS”)	The same Chairman of the Ultimate parent company with the Company
Cal-Comp Electronics (Thailand) Public Company Limited (“Cal-Comp”) and its subsidiaries	The same Chairman of the Board with the Company
Jipo Investment Inc. (“Jipo Investment”)	The same Chairman of the Board with the Company
Kinpo	The same Chairman of the Board with the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 699,852	803,552
Post-employment benefits	7,534	7,854
Share-based payments	<u>11,328</u>	<u>6,110</u>
	<u>\$ 718,714</u>	<u>817,516</u>

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

(Continued)



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

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	<u>2022</u>	<u>2021</u>
Associates	\$ 208,846	220,127
Other related parties	<u>9,744</u>	<u>34,059</u>
	<u>\$ 218,590</u>	<u>254,186</u>

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

(ii) Purchase of goods from related parties

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

	<u>2022</u>	<u>2021</u>
Associates	\$ 4,038,193	6,346,763
Other related parties	<u>32,748,290</u>	<u>4,115,321</u>
	<u>\$ 36,786,483</u>	<u>10,462,084</u>

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

(iii) Receivables due from relate parties

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

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts receivable	Associates	\$ 44,795	31,640
Notes and accounts receivable	Other related parties	4,371,278	1,697,692
Other receivables	Associates	1,321	2,463
Other receivables	Other related parties	<u>-</u>	<u>45</u>
		<u>\$ 4,417,394</u>	<u>1,731,840</u>

(Continued)

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

## (iv) Payables to related parties

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

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts payable	Associates	\$ 774,001	1,992,718
Notes and accounts payable	Other related parties	8,927,031	1,524,606
Other payables	Associates	96	35
Other payables	Other related parties	<u>20,327</u>	<u>19,542</u>
		<u>\$ 9,721,455</u>	<u>3,536,901</u>

## (v) Property transactions

<u>Relationship</u>	<u>Item</u>	<u>For the years ended December 31, 2021</u>	
		<u>Number of shares</u>	<u>Object</u>
Other related party-Jipo Investment	Acquisition of financial assets at fair value through other comprehensive income	46,197 thousand shares	Common stocks of Kinpo
Other related party-CCUS	Acquisition of the subsidiary	1 thousand shares	Common stocks of CIN
Associates-RayPal Biomedical	Acquisition of minority shares	588 thousand shares	Common stocks of Raycore
			<u>Acquisition price</u>
			616,864
			226,421
			15,129

## (8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Inventories	Bank loans	\$ 59,707	-
Other current assets	Customs deposit	534,153	336,523
Other current assets	Pledged deposit	269,003	96,880
Property, plant, and equipment	Bank loans	485,364	466,320
Other non-current assets	Customs deposit	800	500
Other non-current assets	Pledged deposit	<u>969,160</u>	<u>544,184</u>
		<u>\$ 2,318,187</u>	<u>1,444,407</u>

(Continued)

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

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) Huawei Technologies Co., Ltd. filed an infringement litigation against the Group on October 28, 2022. The Group will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of the Company from any damage.
- (b) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (c) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (d) As of December 31, 2022 and 2021, the Group's signed commitments to purchase property, plant and equipment amounted to \$967,396 and \$290,063, respectively.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other:**

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

By function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	16,187,550	15,215,703	31,403,253	15,289,343	14,136,585	29,425,928
Labor and health insurance	1,162,379	1,022,635	2,185,014	1,016,912	962,630	1,979,542
Pension	1,173,680	644,736	1,818,416	1,077,976	570,445	1,648,421
Others	3,359,696	718,760	4,078,456	2,689,676	631,048	3,320,724
Depreciation	5,794,829	1,187,517	6,982,346	5,238,351	1,090,392	6,328,743
Amortization	71,405	490,657	562,062	78,684	495,684	574,368

(Continued)

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

**(13) Other disclosures:**

(a) Information on significant transactions

The following were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

- (i) Loans to other parties: Please refer to Table 1
  - (ii) Guarantees and endorsements for other parties: Please refer to Table 2
  - (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
  - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
  - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
  - (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
  - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
  - (ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)
  - (x) Business relationships and significant intercompany transactions: Please refer to Table 8
- (b) Information on investees: Please refer to Table 9
- (c) Information on investment in mainland China: Please refer to Table 10

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

(d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	269,519,000	6.11 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information:**

(a) General information

The Group's information technology product segment is primarily engaged in the development, manufacture and sale of information technology products and mobile communication products. The strategy integrate product segment is primarily engaged in the research, development, manufacture and sale of networking products.

(b) Reportable segments and operating segment information

Accounting policies for the operating segments correspond to those stated in note 4. The profit and loss of the operating segment of the Group is measured by earnings before taxes and as the basis for performance measurement. The amount of the Group's reportable segments consistent with the report that the operating decision maker used, and the Group does not allocate assets and liabilities to the reportable segments for the purpose of operating decisions to measure assets and liabilities of segments.

(Continued)

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

The operating segment information was as follows:

	<b>For the year ended December 31, 2022</b>			
	<b>Information technology product segment</b>	<b>Strategy integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue</b>				
Revenue from external customers	\$ 1,026,078,166	47,167,749	-	1,073,245,915
Interest revenue	<u>2,998,570</u>	<u>91,356</u>	<u>-</u>	<u>3,089,926</u>
Total revenue	<b><u>\$ 1,029,076,736</u></b>	<b><u>47,259,105</u></b>	<b><u>-</u></b>	<b><u>1,076,335,841</u></b>
Interest expense	\$ 3,131,824	113,877	-	3,245,701
Depreciation and amortization	6,810,232	734,176	-	7,544,408
Investment gain (loss)	(272,824)	-	-	(272,824)
Other significant non-cash items:				
Impairment of assets	9,431	-	-	9,431
<b>Reportable segment profit</b>	<b><u>\$ 8,246,412</u></b>	<b><u>2,477,718</u></b>	<b><u>-</u></b>	<b><u>10,724,130</u></b>
<b>Reportable segment assets</b>				<b><u>\$ 453,484,433</u></b>
<b>Reportable segment liabilities</b>				<b><u>\$ 326,074,590</u></b>
	<b>For the year ended December 31, 2021</b>			
	<b>Information technology product segment</b>	<b>Strategy integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue</b>				
Revenue from external customers	\$ 1,197,441,957	38,240,058	-	1,235,682,015
Interest revenue	<u>1,950,777</u>	<u>66,537</u>	<u>-</u>	<u>2,017,314</u>
Total revenue	<b><u>\$ 1,199,392,734</u></b>	<b><u>38,306,595</u></b>	<b><u>-</u></b>	<b><u>1,237,699,329</u></b>
Interest expense	\$ 1,011,790	37,347	-	1,049,137
Depreciation and amortization	6,335,289	567,822	-	6,903,111
Investment gain (loss)	448,562	-	-	448,562
Other significant non-cash items:				
Impairment of assets	404,513	-	-	404,513
<b>Reportable segment profit</b>	<b><u>\$ 15,201,740</u></b>	<b><u>2,266,095</u></b>	<b><u>-</u></b>	<b><u>17,467,835</u></b>
<b>Reportable segment assets</b>				<b><u>\$ 537,095,340</u></b>
<b>Reportable segment liabilities</b>				<b><u>\$ 415,555,537</u></b>

(Continued)

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

## (c) Products information

The information of revenue from external customers:

<u>Products and services</u>	<u>2022</u>	<u>2021</u>
5C related electronic products	\$ 1,067,076,220	1,232,501,394
Others	6,169,695	3,180,621
	<u>\$ 1,073,245,915</u>	<u>1,235,682,015</u>

## (d) Geographic information

Stated below are the geographic information on the Group's sales presented by destination of sales and non-current assets presented by location.

## (i) Revenue from external customers:

<u>Country</u>	<u>2022</u>	<u>2021</u>
United States	\$ 444,691,177	486,362,457
China	133,452,679	159,061,285
Netherlands	68,709,105	88,162,373
Others	426,392,954	502,095,900
	<u>\$ 1,073,245,915</u>	<u>1,235,682,015</u>

## (ii) Non-current assets:

<u>Country</u>	<u>2022</u>	<u>2021</u>
China	\$ 13,812,658	14,411,598
Taiwan	20,877,772	9,837,851
Vietnam	10,671,422	8,708,075
Others	989,914	511,749
	<u>\$ 46,351,766</u>	<u>33,469,273</u>

Non current assets include plant, property, and equipment, intangible assets, and other assets, excluding deferred tax assets.

## (e) The details of sales revenue from external customers more than 10% of the amount of consolidated statement of comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
D Company	\$ 460,236,878	534,800,186
F Company	170,398,727	223,256,380
A Company	96,621,806	144,069,158
E Company	102,969,721	116,116,250
	<u>\$ 830,227,132</u>	<u>1,018,241,974</u>

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	466,958	230,000	230,000	1.67%-3.5%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	1.85%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
0	The Company	CEB	Other receivables	Y	1,399,775	767,750	767,750	1.02%-5%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	1.85%	Short-term financing	-	Operating demand	-	-	-	600,044	46,517,901	(Note 1)
0	The Company	CEA	Other receivables	Y	2,347,875	1,381,950	1,381,950	1.02%-5%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
1	CIH	CEP	Other receivables	Y	64,430	61,420	61,420	5.05%	Short-term financing	-	Operating demand	-	-	-	42,553,108	42,553,108	(Note 2)
2	CPC	CIC	Other receivables	Y	450,600	440,800	440,800	2.20%	Short-term financing	-	Operating demand	-	-	-	2,589,107	2,589,107	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	4,510,100	2,149,700	1,781,180	3.5%-5.05%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	80,538	76,775	-	5.05%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	966,450	921,300	921,300	5.05%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,047,900	-	-	3.50%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
4	CPO	CIT	Other receivables	Y	675,900	661,200	661,200	2.20%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
5	CET	BT	Other receivables	Y	270,360	264,480	176,320	2.00%	Short-term financing	-	Operating demand	-	-	-	4,960,064	4,960,064	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,200,000	600,000	600,000	1.67%-1.85%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	HengHao Kunshan	Other receivables	Y	1,200,000	600,000	600,000	1.53%-1.85%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	-	-	1.53%	Short-term financing	-	Operating demand	-	-	-	18,190	2,045,874	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	2,406,825	1,689,050	1,689,050	3.5%-5.05%	Short-term financing	-	Operating demand	-	-	-	10,388,018	10,388,018	(Note 8)
8	BSH	CIN	Other receivables	Y	579,870	552,780	337,810	5.05%	Short-term financing	-	Operating demand	-	-	-	8,034,374	8,034,374	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,000,000	600,000	600,000	1.67%-1.85%	Short-term financing	-	Operating demand	-	-	-	855,095	855,095	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	20,000	10,000	10,000	1.85%	Short-term financing	-	Operating demand	-	-	-	18,190	855,095	(Note 10)
10	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	200,000	-	-	1.67%	Short-term financing	-	Operating demand	-	-	-	467,760	467,760	(Note 11)
11	CGSP	CEP	Other receivables	Y	64,430	61,420	-	5.05%	Short-term financing	-	Operating demand	-	-	-	92,429	92,429	(Note 12)
12	Arcadyan	Acradyan Brasil	Other receivables	Y	35,867	-	-	1.00%	Short-term financing	-	Operating demand	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Acradyan Brasil	Other receivables	Y	59,880	-	-	1.00%	Short-term financing	-	Operating demand	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Acradyan Brasil	Other receivables	Y	64,300	61,420	42,994	5.00%	Short-term financing	-	Operating demand	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	280,250	-	-	1.00%	Transaction for business between two parties	4,821,470	-	-	-	-	2,761,448	5,522,896	(Note 13)

(Continued)



Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	321,500	307,100	-	1.00%	Transaction for business between two parties	14,679,380	-	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Arcadyan RU	Other receivables	Y	32,150	-	-	1.00%	Transaction for business between two parties	418,792	-	-	-	-	335,034	5,522,896	(Note 13)
13	Arcadyan Holding	CNC	Other receivables	Y	546,550	-	-	1.00%	Short-term financing	-	Operating demand	-	-	-	2,108,499	2,108,499	(Note 14)
14	Poindus Systems	Adasys	Other receivables	Y	21,268	21,268	21,268	2.00%	Transaction for business between two parties	80,428	-	-	-	-	51,752	208,682	(Note 15)
14	Poindus Systems	Poindus UK	Other receivables	Y	26,093	-	-	1.00%	Transaction for business between two parties	58,395	-	-	-	-	39,102	208,682	(Note 15)
14	Poindus Systems	Poindus UK	Other receivables	Y	24,506	24,109	24,109	1.00%	Transaction for business between two parties	58,395	-	-	-	-	51,752	208,682	(Note 15)

- Note 1: According to the Company's "Procedures of Lending Funds to Other Parties", the total amount of loans lent to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be calculated together with the amount of guarantee endorsed by the Company for the company. In addition, the Company shall not limit the total amount of loans to subsidiaries in which the Company directly or indirectly holds 100% of the voting shares to 80% of the aforementioned amount, but the maximum amount shall not exceed 50% of the Company's total funds lending limit, and shall be calculated together with the amount of guarantees endorsed by the Company for such companies.
- Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 7: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 50% directly or indirectly owned subsidiaries by Panpal, or the ultimate parent company's 50% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 8: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 9: According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 10: According to Gempal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Gempal. When a short-term financing facility with Gempal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Gempal's total amount of lendable capital, and shall be combined with the Gempal's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Gempal, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 11: According to Hong Ji's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Ji. When a short-term financing facility with Hong Ji is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Hong Ji's total amount of lendable capital, and shall be combined with the Hong Ji's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Ji, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 12: According to CGSP's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CGSP. When a short-term financing facility with CGSP is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CGSP's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CGSP, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.
- Note 13: According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.
- Note 14: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.
- Note 15: According to Poindus Systems' Procedures for Lending Funds to Other parties, the total amount of loans for individual is the lower of the amount of transaction for business between the two parties during the previous twelve months and 10% of the net worth of the company's latest financial statements, with the total limit of 40% of the net worth of the company's latest financial statements.
- Note 16: The transactions had been eliminated in the consolidated financial statements.

(Continued)

Notes to Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties:

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 & 2)	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEP	(Note 4)	29,073,688	95,386	61,146	61,146	-	0.05%	58,147,377	Y	-	-
0	The Company	CEB	(Note 5)	29,073,688	132,082	61,420	61,420	-	0.05%	58,147,377	Y	-	-
0	The Company	CEA	(Note 5)	29,073,688	193,973	-	-	-	0.00%	58,147,377	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	29,073,688	27,036	26,448	26,448	-	0.02%	58,147,377	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,840,965	241,125	230,325	-	-	1.67%	5,522,896	Y	-	-
2	Poindus Systems	Qijie	(Note 5)	104,341	32,325	30,710	-	-	5.98%	260,852	Y	-	Y

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2: According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3: According to Poindus Systems' Procedures for Endorsement and Guarantee, Poindus Systems only endorses and guarantees to subsidiaries wherein it holds 100% of their voting shares. Poindus Systems' endorsement and guarantee for a subsidiary shall not exceed 20% of its net worth; and the total amount of endorsements/guarantees shall not exceed 50% of its net worth.

Note 4: Subsidiary whose over 50% common stock is directly owned.

Note 5: Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2022)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				The highest holdings in the period		Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)	Holding percentage (%)	
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	418,658	2%	418,658	98,046	2%	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,674,591	8%	1,674,591	124,044	8%	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	281,233	579,341	5%	579,341	281,233	5%	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	22,571	10%	22,571	290	10%	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	11,112	11%	11,112	53	11%	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	13,040	3%	13,040	4,000	3%	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	7%	101,676	6,685	7%	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	868	19,638	1%	19,638	868	1%	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	7%	36,000	2,000	7%	
	Genovior Biotech Crop.	-	Financial assets at fair value through other comprehensive income-non-current	3,846	9,000	2%	9,000	3,846	2%	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	114,137	-	114,137	215	-	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	132,417	2%	132,417	-	2%	
	IiH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	54,150	8%	54,150	5,000	8%	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	63,000	19%	63,000	6,000	19%	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		134,076		134,076			
	Total				<u>3,383,407</u>					
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	729,488	1%	729,488	31,648	1%	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	936,490	5%	936,490	69,370	5%	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	694,440	5%	694,440	54,000	5%	
	AcBel	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	169,449	1%	169,449	5,677	1%	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,225	67,470	6%	67,470	2,225	6%	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	7,845	141,204	3%	141,204	7,845	3%	
	Others		Financial assets at fair value through other comprehensive income-non-current		14,215		14,215			
	Total				<u>2,752,756</u>					
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	423,413	-	423,413	18,369	-	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,225	67,450	6%	67,450	2,225	6%	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		1,371		1,371			
	Total				<u>492,234</u>					
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	380	1%	(Note 2)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	332	1%	(Note 2)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4%	-	200	7%	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	1,152	5%	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 3 Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2022)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				The highest holdings in the period		Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Shares/Units (thousands)	Holding percentage (%)	
Arcadyan	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non- current	349	-	5%	-	349	5%	(Note 2)
	IOT Eye, Inc.	-	Financial assets at fair value through profit or loss-non- current	60	-	14%	-	60	14%	(Note 2)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non- current	-	46,379	7%	46,379	-	7%	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	46,150	5%	46,150	1,650	7%	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	1,229	6%	(Note 2)
	Total				<u>92,529</u>					
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>11,220</u>	-	11,220	-	-	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non- current	-	-	19%	-	-	19%	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>138,195</u>	-	138,195	873	-	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,414</u>	17%	4,414	-	17%	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non current	-	<u>252,667</u>	-	252,667	-	-	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non current	-	<u>10,296</u>	-	10,296	-	-	

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

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

(Continued)

Notes to Consolidated Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS300 million or 20% of the capital stock:  
(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Others		Ending Balance		
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	Stock : Poindus Systems	Investments accounted for using equity method	Public buyouts and purchases from the open market	-	-	11,768	353,046	-	-	-	-	-	-	(28,278) (Note 1)	11,768	324,768
CPC	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	442,622	-	450,371	442,622	7,749 (Note 2)	-	-	-	-	-
CIT	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	1,106,555	-	1,125,927	1,106,555	19,372 (Note 2)	-	-	-	-	-
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications Co., Ltd.	-	-	-	442,622	-	450,043	442,622	7,421 (Note 2)	-	-	-	-	-
CIC	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	663,933	-	675,556	663,933	11,623 (Note 2)	-	-	-	-	-
CET	Structured deposits- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	442,622	-	450,371	442,622	7,749 (Note 2)	-	-	-	-	-

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

Notes to Consolidated Financial Statements

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:  
(December 31, 2022)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022 (Note 1)	1,437,610	657,737	Donghui Co., Ltd. and Chengyuande Construction and Trade Co., Ltd.	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None
Kinpo & Compal Group Assets Development Corporation	Buildings and building improvements	November 11, 2022 (Note 2)	In the maximum limit of 22,200 thousands	-	-	-	-	-	-	-	-	-	-
Compal Electronics (Vietnam) Co., Ltd (Note 3)	Land use rights	December 16, 2022	921,300	184,260	GREEN i-PARK CORPORATION	None	not applicable	not applicable	not applicable	not applicable	Refer to the real estate appraisal report issued by a professional appraiser	operational use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000. The total contract amount is expected to be 1,437,610 (VND 1,118,763 million).

Note 2: In order to meet the operation planning of the group headquarter and corporate sustainable development needs, the Board of Directors of Kinpo & Compal Group Assets Development Corporation resolved on November 11, 2022, to authorize the chairman of the Board to build a new group operation headquarters building in the maximum limit of 22.2 billion.

Note 3: Compal Electronics (Vietnam) Co., Ltd (tentative name) is a newly established subsidiary of BSH 100% owned.

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(221,051)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference	18,806	0.0%	(Note 2)
	CBN	The Company's subsidiaries	Sale	(439,192)	(0.0)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference	258,313	0.1%	(Note 2)
	Arcadyan	The Company's subsidiaries	Sale	(4,736,735)	(0.5)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,451,984	0.8%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Sale	(1,190,095)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,433,533	0.8%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	129,322,840	13.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(47,687,191)	(30.9)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	136,046,231	14.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,721,087)	(1.1)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	57,511,789	6.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,914,134)	(3.2)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	44,099,411	4.6%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(8,835,507)	(5.7)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	11,706,241	1.2%	Net 60 days from delivery	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,242,604)	(1.5)%	(Note 2)
Just and its subsidiaries	Kinpo	The same chairman of the Company	Purchase	31,343,280	2.8%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(8,476,775)	(5.5)%	
	Compal Electronic, Inc.	Parent company	Sale	(136,046,231)	(99.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,721,087	97.4%	(Note 2)
	UCGI	With the same ultimate parent company	Sale	(118,656)	(0.1)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	38,621	2.2%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	1,190,095	0.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,433,533)	(4.1)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	389,981	0.3%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(128,602)	(0.4)%	(Note 2)
CIH and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	201,643	0.2%	Net 60 days from delivery	Accordinging Etrade and its subsidiaries to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(117,120)	(0.3)%	(Note 2)
	Compal Electronic, Inc.	Parent company	Sale	(129,322,840)	(92.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	47,687,191	87.4%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(405,697)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	124,747	0.1%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(219,877)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	72,382	0.1%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(389,981)	(0.3)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	128,602	0.1%	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Sale	(3,026,857)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,425,340	1.4%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(4,315,689)	(3.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,199,215	4.2%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	770,541	0.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(32,896)	(0.0)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	420,918	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(16,497)	(0.0)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	1,147,721	1.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(194,275)	(0.2)%	(Note 2)
	HengHao	With the same ultimate parent company	Purchase	179,199	0.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(25,055)	(0.0)%	(Note 2)
	CPM	An associate	Purchase	2,571,306	2.8%	120 days	Similar to non-related parties	There is no significant difference.	(541,816)	(0.7)%	
	Changbao	An associate	Purchase	944,245	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(176,997)	(0.2)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	806,342	0.9%	120 days	Similar to non-related parties	There is no significant difference.	(294,099)	(0.4)%	
	CBN	Compal Electronic, Inc.	Parent company	Purchase	439,192	19.0%	Net 90 days from delivery	-	There is no significant difference.	(258,313)	(31.0)%
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(44,099,411)	(89.2)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	8,835,507	27.7%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(770,541)	(1.6)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	32,896	0.1%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,365,373)	(2.8)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,409,030	7.6%	(Note 1 - 2)
	CEB	With the same ultimate parent company	Sale	(543,836)	(1.1)%	120 days	According to markup pricing	There is no significant difference.	485,682	1.5%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(918,657)	(1.9)%	120 days	According to markup pricing	There is no significant difference.	180,177	0.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,026,857	7.2%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(1,425,340)	(4.7)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	790,403	1.9%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(546,121)	(1.8)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	282,287	0.7%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(27,686)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	446,632	1.1%	120 days	Similar to non-related parties	There is no significant difference.	(24,880)	(0.1)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	410,565	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(121,992)	(0.4)%	
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	543,836	14.3%	120 days	According to markup pricing	There is no significant difference.	(485,682)	(31.2)%	(Note 2)
	CEA	With the same ultimate parent company	Purchase	1,620,529	42.7%	45 days	Similar to non-related parties	There is no significant difference.	(415,662)	(26.7)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	219,877	5.8%	120 days	Similar to non-related parties	There is no significant difference.	(72,382)	(4.6)%	(Note 2)
CEA	CEB	With the same ultimate parent company	Sale	(1,620,529)	(17.3)%	45 days	Similar to non-related parties	There is no significant difference.	415,662	17.3%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	405,697	5.3%	120 days	Similar to non-related parties	There is no significant difference.	(124,747)	(16.2)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	918,657	12.0%	120 days	Similar to non-related parties	There is no significant difference.	(180,177)	(23.4)%	(Note 2)

(Continued)



Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)		
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(11,706,241)	(98.2)%	Net 60 days from delivery	According to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,242,604	101.3%	(Note 2)	
	Just and its subsidiaries	With the same ultimate parent company	Sale	(201,643)	(1.7)%	Net 60 days from delivery	According to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	117,120	5.3%	(Note 2)	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,829,041	16.9%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(522,935)	(24.5)%	(Note 2)	
Forever and its subsidiaries UCGI	HSI and its subsidiaries	With the same ultimate parent company	Sale	(514,870)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	216,768	100.0%	(Note 2)	
	Avalue	An associate	Sale	(177,383)	(31.6)%	75 days	Similar to non-related parties	There is no significant difference.	38,397	21.4%		
	Compal Electronic, Inc.	Parent company	Purchase	221,051	45.9%	120 days	Similar to non-related parties	There is no significant difference.	(18,806)	(29.7)%	(Note 2)	
	Just and its subsidiaries	With the same ultimate parent company	Purchase	118,656	24.6%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(38,621)	(61.1)%	(Note 2)	
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(57,511,789)	(95.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,914,134	26.1%	(Note 2)	
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(1,829,041)	(3.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	522,935	2.8%	(Note 2)	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(420,918)	(0.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	16,497	0.1%	(Note 2)	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(790,403)	(1.3)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	546,121	2.9%	(Note 2)	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	4,315,689	6.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,199,215)	(11.1)%	(Note 2)	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	1,365,373	2.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,409,030)	(6.3)%	(Note 1 · 2)	
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	514,870	0.8%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	(216,768)	(0.6)%	(Note 1 · 2)	
	Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,147,721)	(80.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	194,275	87.4%	(Note 2)
		BCI and its subsidiaries	With the same ultimate parent company	Sale	(282,287)	(19.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	27,686	12.5%	(Note 2)
HengHao	CIH and its subsidiaries	With the same ultimate parent company	Sale	(179,199)	(1.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	25,055	1.3%	(Note 1 · 2)	
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(1,226,274)	(3.0)%	Net 150 days from delivery	-	-	597,274	6.0%	(Note 2)	
	Arcadyan USA	Arcadyan's subsidiary	Sale	(16,685,476)	(36.0)%	Net 120 days from delivery	-	-	4,102,435	39.0%	(Note 2)	
	Arcadyan AU	Arcadyan's subsidiary	Sale	(1,135,329)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	281,293	3.0%	(Note 2)	
	CNC	Arcadyan's subsidiary	Purchase	11,854,935	16.0%	Net 120 days from delivery	According to markup pricing	-	(3,011,224)	(24.0)%	(Note 1 · 2)	
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	3,412,391	5.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	-	(Note 1 · 2)	
	Compal Electronic, Inc.	Parent company	Purchase	4,736,735	6.0%	Net 60 days from the end of the month of delivery	-	-	(1,451,984)	(12.0)%	(Note 2)	

(Continued)

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CNC	Arcadyan	With the same ultimate parent company	Sale	(11,854,935)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	3,011,224	98.0%	(Note 1 - 2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(3,412,391)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1 - 2)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	1,226,274	100.0%	Net 150 days from delivery	-	-	(597,274)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	16,685,476	100.0%	Net 120 days from delivery	-	-	(4,102,435)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,135,329	100.0%	Net 60 days from the end of the month of delivery	-	-	(281,293)	100.0%	(Note 2)
Ripal	GLB	With the same ultimate parent company	Sale	(134,361)	58.9%	Net 60 days from the end of the month	Similar to non-related parties	There is no significant difference.	19,726	50.0%	(Note 2)
GLB	Ripal	With the same ultimate parent company	Purchase	134,361	43.3%	Net 60 days from the end of the month	Similar to non-related parties	There is no significant difference.	(19,726)	37.7%	(Note 2)

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

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

Note 3: The amount of other receivables on December 31, 2022 is 1,000,854 thousand dollars.

(Continued)

Notes to Consolidated Financial Statements

Table 7 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(December 31, 2022)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CBN	The Company's subsidiary	258,313	1.10	-	-	188,346 (Note 1)	-
The Company	Arcadyan	The Company's subsidiary	1,451,984	6.52	-	-	1,390,870 (Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	1,433,533	1.66	-	-	1,433,533 (Note 1)	-
The Company	HSI and its subsidiaries	The Company's subsidiary	5,537,829 (Note 4)	(Note 4)	-	-	1,339,742 (Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	4,370,909 (Note 4)	(Note 4)	-	-	4,370,909 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	1,721,087	46.04	-	-	1,478,627 (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	47,687,191	2.35	-	-	45,630,291 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	124,747	2.44	-	-	37,150 (Note 1)	-
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	128,602	6.06	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	4,199,215	1.33	-	-	- (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	1,425,340	2.01	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	8,835,507	3.47	-	-	8,835,507 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,409,030	0.62	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	485,682	0.62	-	-	62,919 (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	180,177	2.67	-	-	160,837 (Note 1)	-
CEA	CEB	With the same ultimate parent company	415,662	4.09	-	-	- (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,242,604	4.80	-	-	391,222 (Note 1)	-
Etrade and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	117,120	3.44	-	-	- (Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	216,768	4.75	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	4,914,134	14.38	-	-	4,914,134 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	522,935	4.76	-	-	- (Note 1)	-
HSI and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	546,121	2.89	-	-	- (Note 1)	-
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	194,275	11.86	-	-	- (Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	4,102,435	5.45	-	-	2,632,307 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,000,854 (Note 4)	(Note 4)	-	-	- (Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	281,293	7.45	-	-	188,344 (Note 2)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	597,274	2.84	-	-	236,699 (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	3,011,224 (Note 5)	4.70	-	-	655,717 (Note 2)	-
CBN	HSI and its subsidiaries	With the same ultimate parent company	364,925 (Note 5)	(Note 5)	309,627	Strengthen collections	364,925 (Note 3)	-

Note 1 : Balance as of March 7, 2023.

Note 2 : Balance as of March 3, 2023.

Note 3 : Balance as of March 6, 2023.

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

Note 5 : Accounts receivables due to processing raw material.

(Continued)

Notes to Consolidated Financial Statements

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	UCGI	1	Sales Revenue	221,051	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	18,806	"	-
0	The Company	CBN	1	Sales Revenue	439,192	There is no significant difference of price to non-related parties. The credit period is net 90 days from delivery.	-
				Accounts Receivable	258,313	"	-
0	The Company	Arcadyan	1	Sales Revenue	4,736,735	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	0.4%
				Accounts Receivable	1,451,984	"	0.3%
0	The Company	JUST and its subsidiaries	1	Sales Revenue	1,190,095	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	1,433,533	"	0.3%
1	JUST and its subsidiaries	The Company	2	Sales Revenue	136,046,231	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.7%
				Accounts Receivable	1,721,087	"	0.4%
1	JUST and its subsidiaries	UCGI	3	Sale Revenue	118,656	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month of delivery.	-
				Accounts Receivable	38,621	"	-
2	CIH and its subsidiaries	The Company	2	Sales Revenue	129,322,840	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	12.0%
				Accounts Receivable	47,687,191	"	10.5%
2	CIH and its subsidiaries	CEA	3	Sales Revenue	405,697	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	124,747	"	-
2	CIH and its subsidiaries	CEB	3	Sales Revenue	219,877	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	72,382	"	-
2	CIH and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	389,981	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	128,602	"	-
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	3,026,857	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.3%
				Accounts Receivable	1,425,340	"	0.3%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	4,315,689	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.4%
				Accounts Receivable	4,199,215	"	0.9%
3	BCI and its subsidiaries	The Company	2	Sales Revenue	44,099,411	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	4.1%
				Accounts Receivable	8,835,507	"	1.9%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	770,541	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	32,896	"	-
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	1,365,373	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	2,409,030	"	0.5%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	543,836	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	485,682	"	0.1%
3	BCI and its subsidiaries	CEA	3	Sale Revenue	918,657	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	180,177	"	-
4	CEA	CEB	3	Sale Revenue	1,620,529	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.2%
				Accounts Receivable	415,662	"	0.1%

(Continued)

Notes to Consolidated Financial Statements

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
5	Etrade and its subsidiaries	The Company	2	Sales Revenue	11,706,241	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	1.1%
				Accounts Receivable	2,242,604	"	0.5%
5	Etrade and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	201,643	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	-
				Accounts Receivable	117,120	"	-
6	Forever and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	514,870	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	-
				Accounts Receivable	216,768	"	-
7	HSI and its subsidiaries	The Company	2	Sales Revenue	57,511,789	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	5.4%
				Accounts Receivable	4,914,134	"	1.1%
7	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	1,829,041	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.2%
				Accounts Receivable	522,935	"	0.1%
7	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	420,918	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	16,497	"	-
7	HSI and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	790,403	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.1%
				Accounts Receivable	546,121	"	0.1%
8	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	1,147,721	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
				Accounts Receivable	194,275	"	-
8	Rayonnant and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	282,287	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	27,686	"	-
9	HengHao	CIH and its subsidiaries	3	Sales Revenue	179,199	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	25,055	"	-
10	Arcadyan	Arcadyan Germany	3	Sales Revenue	1,226,274	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	597,274	"	-
10	Arcadyan	Arcadyan USA	3	Sales Revenue	16,685,476	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	1.6%
				Accounts Receivable	4,102,435	"	0.9%
10	Arcadyan	Arcadyan AU	3	Sales Revenue	1,135,329	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	0.1%
				Accounts Receivable	281,293	"	-
10	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,000,854	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.2%
11	CNC	Arcadyan	3	Processing Revenue	11,854,935	The price is based on the operating cost. The credit period is net 120 days from delivery and depended on funding demand.	1.1%
				Accounts Receivable	3,011,224	"	0.7%
12	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	3,412,391	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%
13	Ripal	GLB	3	Sales Revenue	134,361	There is no significant difference of price to non-related parties. The credit period is net 60 days from the end of the month.	-
				Accounts Receivable	19,726	"	-

Note 1: The numbers filled in as follows:

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

Note 2: Transactions labeled as follows:

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

(Continued)

Notes to Consolidated Financial Statements

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000	525,000	52,500	70%	505,547	52,500	70%	(27,910)	(19,538)	(Note 2)
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	452,361	100	100%	3,410	3,410	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,364,994	48,010	100%	(43,156)	(43,156)	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	42,565,956	53,001	100%	1,030,304	1,030,304	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,405,558 (Note 1)	0	0%	(313,956)	(377,252)	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,726,562 (Note 1)	0	0%	164,612	127,886	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,882	300	38%	284	106	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	122,458	6,000	100%	24,384	20,384	(Note 2)
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	84,482	20,000	100%	(17,399)	(17,399)	(Note 2)
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual	42,000	42,000	2,772	42%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,619,227	1	100%	-	#REF!	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	3,696	600	100%	2,056	576	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB	395,388	395,388	10,158	20%	438,793	10,158	20%	555,696	112,728	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	-	11,768	56%	324,768	11,768	56%	4,415	(1,196)	(Note 2)
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	44,330	100,000	52%	(24,930)	(12,973)	(Note 2)
	Lipo Holding Co., Ltd.	Cayman Islands	Investment	489,450	489,450	98	49%	398,723	98	49%	(664,683)	(325,694)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	864,057	6,427	100%	11,842	11,842	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	24,990	3,500	35%	(25,660)	(8,981)	(Note 2)
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	41,029	3,739	33%	(95,015)	(31,576)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,169,400	100,000	100%	97,275	97,275	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	374,428	29,500	100%	42,400	42,400	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	262,227	21,756	53%	44,823	26,334	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	149,561	3,000	100%	10,180	10,180	(Note 2)
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	2,668,147	41,305	21%	1,915,053	378,755	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,510,138	89,755	100%	(152,120)	(152,120)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	32,665	-	100%	16,505	-	100%	(65)	(65)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	233,699	42,700	54%	407,288	218,225	(Note 2)
	CEP	Poland	Maintenance and warranty	90,156	90,156	136	100%	(27,599)	136	100%	(23,440)	(23,440)	(Note 2)
	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	112,000	9,100	91%	34,975	9,100	91%	(26,246)	(23,883)	(Note 2)
	Infino Technology Corporation ("Infino")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	32,062	4,648	28%	(20,788)	(5,762)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(797,521)	20,015	100%	(231,377)	(231,377)	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	8,565,523	90,820	100%	582,505	582,505	(Note 2)
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	627,558	29,060	43%	(57,588)	(24,531)	(Note 2)
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	200,647	29,500	100%	27,157	32,532	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	287,734	12,500	100%	32,813	32,813	(Note 2)
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,405,430	31,253	35%	(46,382)	#REF!	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(364,333)	46,900	65%	87,088	(134,458)	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	763,229	100	100%	33,407	33,407	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note	
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership				
The Company	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,531,800	50	100%	84,921	84,921	(Note 2)	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	489,998	20,000	100%	162,613	20,000	100%	102	(83)	(Note 2)	
	Palcom Avalue	Taipei City New Taipei City	Selling of mobile phones Manufacturing, processing, and import and export business of industrial motherboards	100,000 547,595	100,000 547,595	10,000 14,924	100% 21%	112,687 727,787	10,000 14,924	100% 21%	3,547 556,099	3,547 118,990	(Note 2)	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,666,891	147,000	100%	301,896	301,896	(Note 2)	
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	100,000	-	10,000	100%	99,940	10,000	100%	(60)	(60)	(Note 2)	
	GLB	New Taipei City	Manufacturing and wholesale of	247,560	246,860	15,035	50%	371,580	15,035	50%	81,417	40,421	(Note 2)	
	CGSP	Poland	Maintenance and warranty	89,669	89,669	-	100%	92,429	-	100%	3,773	(3,816)	(Note 2)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	23,708	20,000	33%	(61,803)	(20,601)		
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	155,076	4,646	30%	186,922	4,646	30%	(37,927)	(11,348)		
									<u>97,080,580</u>					<u>#REF!</u>
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	573,951	8,192	4%	1,915,053	Investment gain (losses) recognized by Panpal	(Note 2)	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	126,442	2,927	6%	555,696	Investment gain (losses) recognized by Panpal		
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(514,643) 675,117	9,279	4%	1,915,053	Investment gain (losses) recognized by Gempal	(Note 2)	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	139,086	3,220	6%	555,696	Investment gain (losses) recognized by Gempal		
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(740) 675,117	9,279	4%	1,915,053	Investment gain (losses) recognized by Hong Ji	(Note 2) (Note 2)	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	31,888	851	2%	555,696	Investment gain (losses) recognized by Hong Ji		
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	320,345	4,609	2%	1,915,053	Investment gain (losses) recognized by Hong Jin	(Note 2)	
Just	CDH (HK)	Hong Kong	Investment	1,913,156	1,913,156	62,298	100%	7,842,940	62,298	100%	(77,396)	Investment gain (losses) recognized by Just	(Note 2)	
	CII	British Virgin Islands	Investment	283,914	283,914	9,245	100%	258,032	9,245	100%	(24)	Investment gain (losses) recognized by Just	(Note 2)	
	CPI	British Virgin Islands	Investment	15,355	15,355	500	100%	13,668	500	100%	11,067	Investment gain (losses) recognized by Just	(Note 2)	
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	381	1	100%	(7)	Investment gain (losses) recognized by CII	(Note 2)	
	AEI	U.S.A	Sales and maintenance of LCD TVs	30,710	30,710	1,000	100%	(483)	1,000	100%	(37)	Investment gain (losses) recognized by CII	(Note 2)	
	MEL	U.S.A	Investment	252,866	252,866	-	100%	209,588	-	100%	20	Investment gain (losses) recognized by CII	(Note 2)	
	MTL	U.S.A	Investment	31	31	-	100%	31	-	100%	-	Investment gain (losses) recognized by CII	(Note 2)	

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Notes to Consolidated Financial Statements

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
CIH	CIH (HK)	Hong Kong	Investment	2,297,185	2,297,185	74,803	100%	41,759,699	74,803	100%	1,485,718	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	225,719	225,719	7,350	100%	111,492	7,350	100%	1,931	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	31	31	1	100%	5,455	1	100%	25,570	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	457,579	457,579	14,900	100%	457,578	14,900	100%	(1)	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	156,621	156,621	5,100	51%	25,691	5,100	51%	(4,805)	Investment gain (losses) recognized by CIH	(Note 2)
HSI	IUE	British Virgin Islands	Investment	2,057,570	2,057,570	67,000	100%	664,327	67,000	100%	406,560	Investment gain (losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	390,017	390,017	12,700	100%	338,159	12,700	100%	728	Investment gain (losses) recognized by HSI	(Note 2)
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,057,570	2,057,570	67,000	100%	664,327	67,000	100%	406,560	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	390,017	390,017	12,700	100%	339,807	12,700	100%	728	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,481,982	2,481,982	80,820	100%	5,400,819	80,820	100%	392,369	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	307,100	307,100	10,000	100%	3,164,705	10,000	100%	190,136	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,514,370	4,514,370	147,000	100%	7,666,891	147,000	100%	301,896	Investment gain (losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	155,086	155,086	-	99%	140,305	-	99%	(3,242)	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,136,270	1,136,270	37,000	46%	768,787	37,000	46%	407,288	Investment gain (losses) recognized by BSH	(Note 2)
Forever	CIN	U.S.A	Manufacturing	249,672	249,672	1	100%	215,327	1	100%	4,015	Investment gain (losses) recognized by BSH	(Note 2)
	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	100%	-	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	61,420	61,420	-	100%	101,739	-	100%	79,661	Investment gain (losses) recognized by Forever	(Note 2)
	Etrade	British Virgin Islands	Investment	767,750	767,750	25,000	35%	7,446	25,000	35%	87,088	Investment gain (losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	40,692	-	0%	-	-	0%	-	Investment gain (losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,701,027	2,219,782	47,780	100%	1,804,421	64,780	100%	(45,949)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	79,312	1	100%	(63,692)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	1	100%	87,814	1	100%	7,152	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	24,216	20	100%	11,167	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	405,516	34,980	100%	(10,735)	Investment gain (losses) recognized by Arcadyan	(Note 2)
TTI	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	205,272	25,028	61%	(256,058)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	AcBel Telecom	Taipei City	Investment	-	23,000	-	0%	-	4,494	51%	3,365	Investment gain (losses) recognized by Arcadyan	(Note 2)

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Notes to Consolidated Financial Statements

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Arcadyan	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,759	50	100%	572	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	61,405	50	100%	18,089	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	4,964	-	100%	(1,713)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	11,898	533	1%	(57,588)	Investment gain (losses) recognized by Arcadyan	(Note 2)
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(41,645)	968	100%	(23,669)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan India	India	Sales of wireless network products	29,110	13,507	7,500	100%	23,337	7,500	100%	(4,001)	Investment gain (losses) recognized by Arcadyan	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	892,126	892,126	29,050	100%	1,223,179	29,050	100%	267,559	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	338,148	338,148	35	100%	827,635	35	100%	(323,027)	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	36,852	36,852	1,200	100%	(230,523)	1,200	100%	(142,972)	Investment gain (losses) recognized by TTI	(Note 2)
	TTIC	Japan	Sales of household digital electronic products	9,626	9,626	1	100%	3,297	1	100%	(499)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	35,931	35,931	1,170	100%	(232,168)	1,170	100%	(142,975)	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	890,590	890,590	-	100%	1,218,634	-	100%	267,530	Investment gain (losses) recognized by Sinoprime	(Note 2)
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	293,202	13,140	19%	(57,588)	Investment gain (losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	193,110	8,651	41%	59,449	Investment gain (losses) recognized by Rayonnant	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	1,820	21%	-	Investment gain (losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	383,875	383,875	12,500	59%	287,734	12,500	59%	59,449	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	96,767	96,767	3,151	100%	43,994	3,151	100%	456	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	552,780	552,780	18,000	100%	428,698	18,000	100%	58,993	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,091,269)	46,882	100%	(360,633)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,439,747	1,439,747	46,882	100%	(1,091,210)	46,882	100%	(360,633)	Investment gain (losses) recognized by HHA	(Note 2)
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,386	20	100%	(255)	Investment gain (losses) recognized by CBN	(Note 2)
	CBNN	The Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,168	20	100%	(118)	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	7,140	1,000	10%	(25,660)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,756,391	2,756,391	95,862	37%	4,580,629	95,862	37%	(377,622)	Investment gain (losses) recognized by FGH	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	17%	2,395	2,160	17%	(25,969)	Investment gain (losses) recognized by Mactech	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 9 The information on investees for the nine months ended September 30, 2022 (excluding information on investees in Mainland China):

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			The highest holdings in the period		Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 3)	100%	559	(Note 3)	100%	(61)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(7,792)	300	100%	(2,676)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	1,866	0.002	100%	(26,473)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 3)	100%	135	(Note 3)	100%	(61)	Investment gain (losses) recognized by Poindus Investment	(Note 2)

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.  
 Note 2: The transactions had been eliminated in the consolidated financial statements.  
 Note 3: A limited company, therefore no number of shares.

(Continued)

Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(December 31, 2022)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,136,270	(Note 1)	1,136,270	-	-	1,136,270	(301,556)	100%	(301,556)	2,597,603	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	614,200	(Note 2)	614,200	-	-	614,200	36,769	100%	36,769	123,413	-
CET	Manufacturing of notebook PCs	368,520	(Note 2)	368,520	-	-	368,520	(341,528)	100%	(341,528)	4,968,182	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	264,852	(Note 2)	(Note 3)	-	-	-	(178,620)	100%	(178,620)	133,487	-
Zheng Ying Electronics (Chongqing) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	69,639	(Note 2)	(Note 3)	-	-	-	-	51%	-	(43,757)	-
BT	Manufacturing of notebook PCs	30,710	(Note 2)	30,710	-	-	30,710	57,996	100%	57,996	(115,716)	-
CGS	Maintenance and warranty service of notebook PCs	8,828	(Note 2)	(Note 3)	-	-	-	7,260	100%	7,260	(38,545)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	982,720	(Note 1)	409,364	-	-	409,364	(568,185)	43%	(245,342)	300,436	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components( chip resistors, ceramic chip diode ; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	614,200	(Note 1)	45,144	-	-	45,144	(512,722)	48%	(244,056)	308,175	-
CIC	Manufacturing of notebook PCs	368,520	(Note 2)	368,520	-	-	368,520	739,180	100%	739,180	10,388,019	-
CPO	Manufacturing and sales of LCD TVs	371,591	(Note 1)	371,591	-	-	371,591	112,294	100%	112,294	3,047,731	-

(Continued)

Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(December 31, 2022)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CIT	Manufacturing of notebook PCs	737,040	(Note 2)	737,040	-	-	737,040	954,634	100%	954,634	25,750,770	-
CST	International trade and distribution of computers and electronic components	42,994	(Note 2)	42,994	-	-	42,994	(8,091)	100%	(8,091)	45,069	-
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	307,100	(Note 2)	156,621	-	-	156,621	(4,805)	51%	(2,450)	58,466	-
CIJ	Investment and consulting services	479,076	(Note 2)	479,076	-	-	479,076	158,621	100%	158,621	2,643,288	-
CDE	Manufacturing and sales of LCD TVs	460,650	(Note 2)	(Note 3)	-	-	-	160,011	100%	160,011	2,608,270	-
CIS	Outward investment and consulting services	2,481,982	(Note 1)	2,481,982	-	-	2,481,982	392,369	100%	392,369	5,400,819	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,456,800	(Note 2)	(Note 3)	-	-	-	392,329	100%	392,329	5,369,643	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,568	(Note 2)	(Note 3)	-	-	-	148	100%	148	24,729	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	307,100	(Note 1)	307,100	-	-	307,100	190,136	100%	190,136	3,164,705	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,898,200	(Note 2)	2,537,475	-	-	2,537,475	(1,093)	37%	(400)	5,538,329	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,842,600	(Note 2)	351,814	-	-	351,814	(218,529)	37%	(80,025)	655,762	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	552,780	(Note 2)	383,875	-	-	383,875	58,993	100%	58,993	429,298	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	829,170	(Note 1)	675,620	-	-	675,620	(64,917)	100%	(64,917)	(1,168,454)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	178,118	(Note 1)	178,118	-	-	178,118	1,490	100%	1,490	90,840	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,504,790	(Note 1)	583,490	-	-	583,490	155,008	100%	155,008	1,065,299	-
Hanhelt	R&D and manufacturing of electronic communication equipment	61,420	(Note 1)	61,420	-	-	61,420	(2,771)	100%	(2,771)	(369)	-
<b>Arcadyan</b>												
SVA Arcadyan	R&D and sales of wireless network products	248,751	(Note 1)	412,128 (Note 7)	-	-	412,128	6,199	100%	6,199	35,040	-
CNC	Manufacturing and wireless network products	382,340	(Note 1)	338,148 (Note 8)	-	-	338,148	(323,027)	100%	(323,027)	827,635	-
THAC	Manufacturing of household electronics products	102,879	(Note 1 - 9)	35,317	-	-	35,317	(142,975)	100%	(142,975)	(232,690)	-

(Continued)

Notes to Consolidated Financial Statements

Table 10 Information on investment in Mainland China:

(December 31, 2022)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
<b>HengHao</b>												
HengHao Kunshan	Production of touch panels and related components	1,228,400	(Note 1)	1,222,350	-	-	1,222,350	(361,185)	100%	(361,185)	(1,232,238)	-
Lucom	Manufacturing of notebook PCs and related modules	460,650	(Note 2)	199,585 (Note 12)	-	-	199,585	671	100%	671	140,778	-
<b>Poindus Systems</b>												
Qijie	Sales of PCs and peripherals	30,710	(Note 1)	30,710	-	-	30,710	(10,931)	100%	(10,931)	11,493	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	16,661,311 (US\$542,537) (Note 5)	23,598,055 (US\$768,416)	(Note 6)
Arcadyan	785,593 (US\$25,581)	785,593 (US\$25,581)	8,284,344
HengHao	1,439,439 (US\$46,872)	1,439,439 (US\$46,872)	(Note 12)
Poindus Systems	30,710 (US\$1,000)	30,710 (US\$1,000)	308,044

- Note 1: Indirectly investment in Mainland China through companies registered in the third region.
- Note 2: Indirectly investment in Mainland China through an existing company registered in the third region.
- Note 3: Investees held by Kunshan Botai Electronics Co., Ltd. (“BT”), Compal Investment (Jiansu) Co., Ltd. (“CIJ”) and Compal Electronics (China) Co., Ltd.
- Note 4: The investment income (loss) was determined based on the financial report reviewed by the CPAs.
- Note 5: Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount from merging with Compal Communication Co., Ltd.
- Note 6: As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.
- Note 7: Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Accton Asia through Arcadyan Holding in 2010.
- Note 8: Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
- Note 9: Arcadyan’s subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).
- Note 10: The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.
- Note 11: The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.
- Note 12: The net equity of HengHao is negative at December 31, 2022.

(iii) Significant transactions:

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships and significant intercompany transactions”.

# **Attachment II**

**COMPAL ELECTRONICS, INC.****Parent Company Only Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2022 and 2021****Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan**  
**Telephone: (02)8797-8588**

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## Independent Auditor's Report

To COMPAL ELECTRONICS, INC.:

### Opinion

We have audited the financial statements of COMPAL ELECTRONICS, INC. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Inventory valuation

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

#### Description of key audit matters:

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

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

In order to verify the rationality of assessment of inventory valuation estimated by the Company, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Company's inventory aging reports, analyzing the change of inventory aging, judgement of specific items, 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 Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023



**COMPAL ELECTRONICS, INC.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Net sales revenue</b> (notes (6)(s) and (7))	\$1,003,642,791	100.0	1,171,613,858	100.0
5000	<b>Cost of sales</b> (notes (6)(f), (6)(o), (7) and (12))	<u>975,074,956</u>	<u>97.2</u>	<u>1,143,709,503</u>	<u>97.6</u>
	<b>Gross profit</b>	<u>28,567,835</u>	<u>2.8</u>	<u>27,904,355</u>	<u>2.4</u>
	<b>Operating expenses:</b> (notes (6)(o) and (12))				
6100	Selling expenses	6,211,342	0.6	5,720,031	0.5
6200	Administrative expenses	2,831,405	0.3	2,677,154	0.3
6300	Research and development expenses	<u>12,263,065</u>	<u>1.2</u>	<u>11,928,778</u>	<u>1.0</u>
		<u>21,305,812</u>	<u>2.1</u>	<u>20,325,963</u>	<u>1.8</u>
	<b>Net operating income</b>	<u>7,262,023</u>	<u>0.7</u>	<u>7,578,392</u>	<u>0.6</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note (6)(u))	367,313	-	45,045	-
7020	Other gains and losses, net (note (6)(u))	790,769	0.1	591,365	0.1
7050	Finance costs (note (6)(n))	(2,546,827)	(0.3)	(692,890)	(0.1)
7190	Other income (note (6)(u))	334,311	-	347,999	-
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	<u>1,826,023</u>	<u>0.2</u>	<u>6,573,057</u>	<u>0.6</u>
	<b>Total non-operating income and expenses</b>	<u>771,589</u>	<u>-</u>	<u>6,864,576</u>	<u>0.6</u>
7900	<b>Profit from continuing operations before tax</b>	8,033,612	0.7	14,442,968	1.2
7950	<b>Less: Income tax expenses</b> (note (6)(p))	<u>745,320</u>	<u>0.1</u>	<u>1,810,301</u>	<u>0.1</u>
	<b>Profit</b>	<u>7,288,292</u>	<u>0.6</u>	<u>12,632,667</u>	<u>1.1</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	134,331	-	(46,186)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(610,977)	(0.1)	466,327	-
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	(434,424)	-	279,206	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>3,589</u>	<u>-</u>	<u>31,660</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss (note (6)(p))	<u>(914,659)</u>	<u>(0.1)</u>	<u>667,687</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	7,183,714	0.7	(1,791,462)	(0.1)
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	78,865	-	(63,362)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>7,262,579</u>	<u>0.7</u>	<u>(1,854,824)</u>	<u>(0.1)</u>
8300	<b>Other comprehensive income</b>	<u>6,347,920</u>	<u>0.6</u>	<u>(1,187,137)</u>	<u>(0.1)</u>
8500	<b>Total comprehensive income</b>	<u>\$ 13,636,212</u>	<u>1.2</u>	<u>11,445,530</u>	<u>1.0</u>
	<b>Earnings per share</b> (note (6)(r))				
9750	<b>Basic earnings per share</b>	<u>\$ 1.67</u>		<u>2.90</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 1.66</u>		<u>2.86</u>	

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Total other equity interest					Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest		
<b>Balance at January 1, 2021</b>	\$ 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	-	-
Balance at December 31, 2021	44,071,466	6,724,856	21,339,412	7,266,708	41,045,820	69,651,940	(8,744,705)	537,830	125	(8,206,750)	(881,247)	111,360,265
Profit for the year ended December 31, 2022	-	-	-	-	7,288,292	7,288,292	-	-	-	-	-	7,288,292
Other comprehensive income	-	-	-	-	118,035	118,035	7,274,994	(1,032,694)	(12,415)	6,229,885	-	6,347,920
Total comprehensive income	-	-	-	-	7,406,327	7,406,327	7,274,994	(1,032,694)	(12,415)	6,229,885	-	13,636,212
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	1,237,434	-	(1,237,434)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	940,042	(940,042)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(7,051,435)	(7,051,435)	-	-	-	-	-	(7,051,435)
Cash dividends from capital surplus	-	(1,762,859)	-	-	-	-	-	-	-	-	-	(1,762,859)
Changes in ownership interests in subsidiaries	-	33,397	-	-	(2,260)	(2,260)	-	-	-	-	-	31,137
Changes in equity of associates and joint ventures accounted for using equity method	-	(18,066)	-	-	(38,351)	(38,351)	-	36,599	-	36,599	-	(19,818)
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035
Others	-	1,217	-	-	-	-	-	-	-	-	-	1,217
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	2,838	2,838	-	(2,838)	-	(2,838)	-	-
<b>Balance at December 31, 2022</b>	\$ 44,071,466	5,078,580	22,576,846	8,206,750	39,185,463	69,969,059	(1,469,711)	(461,103)	(12,290)	(1,943,104)	(881,247)	116,294,754

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 8,033,612	14,442,968
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	1,292,481	1,351,021
Expected credit loss	10,092	(2,005)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	17,430	(8,535)
Finance cost	2,546,827	692,890
Interest income	(367,313)	(45,045)
Dividend income	(60,493)	(65,011)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(1,826,023)	(6,573,057)
Others	7,903	762
<b>Total adjustments to reconcile profit (loss)</b>	<u>1,620,904</u>	<u>(4,648,980)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in notes and accounts receivable	92,993,745	(46,645,753)
Decrease (increase) in other receivables	861,286	(456,496)
Decrease (increase) in inventories	7,894,260	(5,166,069)
(Increase) decrease in other current assets	(440,998)	367,618
<b>Total changes in operating assets</b>	<u>101,308,293</u>	<u>(51,900,700)</u>
<b>Changes in operating liabilities:</b>		
(Decrease) increase in notes and accounts payable	(56,853,309)	22,408,059
Increase in other payables	2,252,516	1,208,152
Increase in refund liabilities	456,262	302,077
(Decrease) increase in contract liabilities	(332,145)	203,213
Increase in other current liabilities	936,481	378,822
Others	(14,859)	(17,109)
<b>Total changes in operating liabilities</b>	<u>(53,555,054)</u>	<u>24,483,214</u>
<b>Total changes in operating assets and liabilities</b>	<u>47,753,239</u>	<u>(27,417,486)</u>
<b>Total adjustments</b>	<u>49,374,143</u>	<u>(32,066,466)</u>
Cash inflow (outflow) generated from operations	57,407,755	(17,623,498)
Interest received	363,622	43,724
Dividends received	762,393	720,292
Interest paid	(2,149,093)	(658,932)
Income taxes paid	(1,345,557)	(451,858)
<b>Net cash flows from (used in) operating activities</b>	<u>55,039,120</u>	<u>(17,970,272)</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	(293,452)	(224,151)
Proceeds from disposal of financial assets at fair value through other comprehensive income	10,028	-
Acquisition of investments accounted for using equity method	(723,290)	(1,226,820)
Proceeds from capital reduction and liquidation of investments	2,010	13,725
Acquisition of property, plant and equipment	(332,902)	(296,453)
(Increase) decrease in other receivables due from related parties	(1,417,334)	382,796
Acquisition of intangible assets	(558,111)	(480,815)
Others	(116,556)	(224,104)
<b>Net cash flows used in investing activities</b>	<u>(3,429,607)</u>	<u>(2,055,822)</u>
<b>Cash flows from (used in) financing activities:</b>		
(Decrease) increase in short-term borrowings	(25,899,341)	22,976,240
Proceeds from long-term borrowings	79,109,500	49,654,536
Repayments of long-term borrowings	(72,884,500)	(44,459,976)
Payment of lease liabilities	(439,591)	(479,608)
Cash dividends paid	(8,814,294)	(7,051,435)
Others	4,428	(50)
<b>Net cash flows (used in) from financing activities</b>	<u>(28,923,798)</u>	<u>20,639,707</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	22,685,715	613,613
<b>Cash and cash equivalents at beginning of period</b>	8,279,979	7,666,366
<b>Cash and cash equivalents at end of period</b>	<u>\$ 30,965,694</u>	<u>8,279,979</u>

See accompanying notes to financial statements.

**COMPAL ELECTRONICS, INC.**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

**(1) Company history**

Compal Electronics, Inc. (the “Company”) was incorporated in June 1984 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No.581 and No.581-1 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged its subsidiary, Compal Communications, Inc. (“CCI”) (the “Merger”), pursuant to the resolutions of the Board of Directors in November, 2013. The Company was the surviving company and CCI was the dissolved company. The effective date of the Merger was February 27, 2014. The Company is primarily involved in the manufacture and sale of notebook personal computers (“notebook PCs”), monitors, LCD TVs, mobile phones and various components and peripherals.

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

The accompanying parent-company-only financial statements were authorized for issuance by the Board of Directors and issued on March 15, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)



**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the parent-company-only financial statements have been prepared on the historical cost basis:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value;
- 2) Financial instruments measured at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liability (or asset) is recognized as plan assets less the present value of the defined benefit obligation and the effect of the asset ceiling mentioned in note (4)(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- 1) fair value through other comprehensive income financial assets;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not impact its classification.

(e) Cash and cash equivalents

Cash comprise cash on hand and demand deposits. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

The time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVTPL”).

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (“FVOCI”)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Company's right to receive payment is established, which in the case of quoted securities is normally the date the shareholders' meeting approved the earning distribution.

3) Fair value through profit or loss ("FVTPL")

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or tWA or higher per Taiwan Ratings".

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Interest and loss or gain related to financial liabilities are recognized as profit or loss and are reported under non-operating income and expenses. Financial liabilities are reclassified as equity when converted, and conversions do not generate profit or loss.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in non-operating income or expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, notes and accounts payable and other payable, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than significant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expenses.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset's host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the changes in ownership interests of its associate in capital surplus in proportion to its ownership.

Unrealized profits resulting from the transactions between the Company and an associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Company shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company shall continue to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, however, when the balance of the capital surplus arising from the investment was insufficient, the difference charged or credited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the amounts of net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement are equal to those in the consolidated financial statements.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- 1) Buildings: 35~50 years
- 2) Building improvement: 2~12 years
- 3) Research equipment: 3~5 years
- 4) Other equipment: 0.5~5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying assets, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Intangible assets

(i) Goodwill

1) Initial recognition

Goodwill arising from acquisition of subsidiaries is included in intangible assets. The measurement of initial recognition of goodwill, please refer to note (4)(t).

2) Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill related to an investment accounted for using equity method is included in the carrying amount of the investment, and not allocated to any asset, including goodwill, forms part of the carrying amount of the investment accounted for using the equity method.

**COMPAL ELECTRONICS, INC.**  
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(ii) Research & Development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditures arising from the development phase shall be recognized as an intangible asset if all the conditions described below can be demonstrated; otherwise, they will be recognized in profit or loss as incurred.

- 1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- 2) Its intention to complete the intangible asset and use or sell it.
- 3) Its ability to use or sell the intangible asset.
- 4) How the intangible asset will generate probable future economic benefits.
- 5) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- 6) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalized expenditure arising from the development phase is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Company are measured at cost, less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with all indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- 1) Patents: the shorter of contract period and estimated useful lives
- 2) Computer software: 1~6 years

The residual value, the amortization period, and the amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates.

(m) Impairment of non-derivative financial assets

Non-derivative financial assets except for inventories, deferred tax assets, and assets arising from employee benefits are assessed at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company shall estimate the recoverable amount of the asset. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The Company assesses goodwill and intangible assets, which have indefinite useful lives and are not available for use, on an annual basis and recognizes an impairment loss on excess of carrying value over the recoverable amount.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value, less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs), and net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company manufactures and sells electronic products to electronic products brand vendor. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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**COMPAL ELECTRONICS, INC.**  
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The Company assesses sales discounts based on historical experience, management's judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year. A refund liability is recognized for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of electronic products are made with a credit term which is consistent with the market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

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**COMPAL ELECTRONICS, INC.**  
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Re-measurement of net defined benefit liability (asset) (including actuarial gains, losses and the return on plan asset and changes in the effect of the asset ceiling, excluding any amounts included in net interest) is recognized in other comprehensive income (loss). The effect of re-measurement of the defined benefit plan is charged to retained earnings.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and change in the present value of defined benefit obligation.

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

- (i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:
  - 1) levied by the same taxing authority; or
  - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(t) **Business combination**

Goodwill is measured as an aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and as an amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Company shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

All the transaction costs incurred for the business combination are recognized immediately as the Company's expenses when incurred, except for the issuance of debt or equity instruments.

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

If the business combination is achieved in stages, the Company shall measure any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other non-controlling interest is measured (1) at fair value at the acquisition date or (2) by using other valuation techniques acceptable under the IFRS as endorsed by the FSC.

In a business combination achieved in stages, the Company shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount shall be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company shall retrospectively adjust the provisional amounts recognized at the acquisition date, or recognize additional assets or liabilities to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(u) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of Directors.

(v) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent-company-only financial statements.

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

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(a) Recognition and measurement of refund liabilities

Because of the sales returns and allowances, the Company records refund liabilities (sales returns and allowances provisions) for estimated returns and other allowances in the same period the related revenue is recorded. The estimate is made based on historical experience, market and economic conditions, and any other known factors using the expected value or the most likely amount, and it could be different from actual sales returns and allowances, therefore, the management periodically reviews the adequacy of the estimation used.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial changes, there may be significant differences in the net realizable value of inventories. Refer to note (6)(f) for further description of the valuation of inventories.

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

(a) Cash and cash equivalents

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash on hand	\$ 3,504	1,741
Checking accounts and demand deposits	27,183,895	8,210,472
Time deposits	652,991	67,766
Cash equivalents	<u>3,125,304</u>	<u>-</u>
	<b><u>\$ 30,965,694</u></b>	<b><u>8,279,979</u></b>

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Mandatorily measured at fair value through profit or loss:</b>		
Non-derivative financial assets		
Stock unlisted in domestic markets	\$ 117,150	137,540
Fund in foreign market	<u>132,417</u>	<u>84,763</u>
Total	<b><u>\$ 249,567</u></b>	<b><u>222,303</u></b>

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

For the market risk related to the financial instruments, please refer to note (6)(v).

As of December 31, 2022 and 2021, the Company did not provide any aforementioned financial assets as collaterals for its loans.

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	\$ 1,688,060	2,016,402
Stock listed in foreign markets	579,341	695,728
Stock unlisted in domestic markets	782,312	614,907
Stock unlisted in foreign markets	<u>84,127</u>	<u>181,060</u>
<b>Total</b>	<b><u>\$ 3,133,840</u></b>	<b><u>3,508,097</u></b>

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

The liquidation procedures of Horizon Ventures Fund I, LP, measured at fair value through other comprehensive income by the Company, had been completed in January 2021. Proceed from the liquidation amounted to \$104, resulting in a cumulative loss of \$142,441, which was reclassified from other comprehensive income to retained earnings.

For the year ended December 31, 2021, the Company has sold all of its shareholdings, measured at fair value through other comprehensive income, in GENKI SANGA HOLDINGS CO., LTD. The fair value of the shares upon disposal amounted to \$10,028, resulting in a cumulative loss of \$2,838, which was reclassified from other comprehensive income to retained earnings.

If there is an increase (decrease) in the market price by 5% on the reporting date of the equity securities hold by the Company, the increase (decrease) in other comprehensive income (pre-tax) for the years ended December 31, 2022 and 2021, will be \$156,692 and \$175,405, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

For the Company's information of market risk, please refer to note (6)(v).

As of December 31, 2022 and 2021, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (d) Notes and accounts receivable

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts receivable – measured at amortized cost	\$ 170,615,775	247,202,299
Accounts receivable – fair value through other comprehensive income	<u>16,091,084</u>	<u>32,498,305</u>
	186,706,859	279,700,604
Less: allowance for uncollectible accounts	(3,642,881)	(3,632,789)
allowance for sales returns and discounts	<u>(27,599)</u>	<u>(3,097)</u>
	<b><u>\$ 183,036,379</u></b>	<b><u>276,064,718</u></b>
Notes and accounts receivable	<b><u>\$ 169,758,431</u></b>	<b><u>273,369,033</u></b>
Notes and accounts receivable – related parties	<b><u>\$ 13,277,948</u></b>	<b><u>2,695,685</u></b>

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

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

The loss allowance provision of the Company were determined as follows:

<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 176,980,832	0%	-	No
Level B	6,102,290	0.314%	19,144	No
Level C	<u>3,623,737</u>	100%	<u>3,623,737</u>	Yes
	<b><u>\$ 186,706,859</u></b>		<b><u>3,642,881</u></b>	

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

December 31, 2021				
Credit rating	Carrying amount of notes and accounts receivable	Weighted- average ECL rate	Lifetime ECLs	Credit- impaired
Level A	\$ 269,018,050	0%	-	No
Level B	7,058,817	0.128%	9,052	No
Level C	<u>3,623,737</u>	100%	<u>3,623,737</u>	Yes
	<u>\$ 279,700,604</u>		<u>3,632,789</u>	

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

	December 31, 2022	December 31, 2021
Overdue 1 to 180 days	<u>\$ 1,306,052</u>	<u>264,733</u>

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

	2022	2021
Balance at January 1	\$ 3,632,789	3,634,794
Impairment losses recognized (reversed)	<u>10,092</u>	<u>(2,005)</u>
Balance at December 31	<u>\$ 3,642,881</u>	<u>3,632,789</u>

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

The Company entered into accounts receivable factoring agreements with banks. As of December 31, 2022 and 2021, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks were USD 1,600,000 thousands. Based on the agreements, the Company is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Company derecognized the above account receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Company can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of December 31, 2022 and 2021, accounts receivable factored were recovered.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company, customers, and banks signed the three-party contracts in which the banks purchase accounts receivable from the Company. The total amount of the accounts receivable should not exceed the facility limit provided by the banks to the Company's customers. Based on the contracts, the banks have no right to request the Company to repurchase the accounts receivable. Thus, this is a non-recourse accounts receivable transfer. As of December 31, 2022 and 2021, accounts receivable factored were recovered.

The details of the factored accounts receivable at the reporting date were as follows:

<b>December 31, 2022</b>							
<b>Purchaser</b>	<b>Accounts receivable factored (gross)</b>	<b>Amount advanced</b>		<b>Amount recognized in other receivables</b>	<b>Collateral</b>	<b>Amount derecognized</b>	<b>Interest rate</b>
		<b>Unpaid</b>	<b>Paid</b>				
Financial Institution	<b>\$ <u>30,110,005</u></b>	<u>-</u>	<u>30,110,005</u>	<u>-</u>	-	<u>30,110,005</u>	4.74%~5.61%
<b>December 31, 2021</b>							
<b>Purchaser</b>	<b>Accounts receivable factored (gross)</b>	<b>Amount advanced</b>		<b>Amount recognized in other receivables</b>	<b>Collateral</b>	<b>Amount derecognized</b>	<b>Interest rate</b>
		<b>Unpaid</b>	<b>Paid</b>				
Financial Institution	<b>\$ <u>33,585,262</u></b>	<u>-</u>	<u>33,585,262</u>	<u>-</u>	-	<u>33,585,262</u>	0.47%~0.86%

As of December 31, 2022 and 2021, the Company did not provide any aforementioned notes and accounts receivable as collaterals.

(e) Other receivables

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Other receivables - loans to subsidiaries	\$ 2,979,700	1,608,560
Other receivables - related parties	221,214	137,717
Others	<u>661,570</u>	<u>1,519,165</u>
	<b>\$ <u>3,862,484</u></b>	<b><u>3,265,442</u></b>

As of December 31, 2022 and 2021, none of other receivables were past due.

(f) Inventories

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Finished goods	\$ 15,471,653	7,535,072
Work in progress	1,276,477	1,188,814
Raw materials	<u>36,316,027</u>	<u>52,234,531</u>
	<b>\$ <u>53,064,157</u></b>	<b><u>60,958,417</u></b>

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- (i) During the years ended December 31, 2022 and 2021, inventory cost recognized as cost of sales amounted to \$975,074,956 and \$1,143,709,503, respectively.
- (ii) The loss due to the write-down of inventories to net realizable value amounted \$937,684 and \$1,795,897 for the years ended December 31, 2022 and 2021, respectively.
- (iii) As of December 31, 2022 and 2021, the Company did not provide any inventories as collaterals for its loans.
- (g) Investments accounted for using equity method

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Subsidiaries	\$ 93,821,244	84,948,309
Associates	<u>3,259,336</u>	<u>3,345,350</u>
	97,080,580	88,293,659
Plus: Accounts receivable and other receivables-related parties	227,599	240,400
Credit balance of investment in equity method (other non-current liability)	961,854	468,948
Less: unrealized profits or losses	<u>(10,157)</u>	<u>(10,157)</u>
	<b><u>\$ 98,259,876</u></b>	<b><u>88,992,850</u></b>

- (i) Subsidiaries

Please refer to the consolidated financial statement for the year ended December 31, 2022.

- (ii) Associates

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 1,031,010	1,686,183
Avalue Technology Inc. ("Avalue")	<u>1,214,819</u>	<u>849,180</u>
	<b><u>\$ 2,245,829</u></b>	<b><u>2,535,363</u></b>

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

	<b>2022</b>	<b>2021</b>
The Company's share of the gain of associates	<u>\$ (179,262)</u>	<u>471,621</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Carrying amount of individually immaterial associates	<u><u>\$ 3,259,336</u></u>	<u><u>3,345,350</u></u>
	<b>2022</b>	<b>2021</b>
The Company's share of the net income (loss) of associates:		
Profit from continuing operations	\$ (179,262)	471,621
Other comprehensive income (loss)	<u>149,704</u>	<u>160,378</u>
Total comprehensive income (loss)	<u><u>\$ (29,558)</u></u>	<u><u>631,999</u></u>

- (iii) As of December 31, 2022 and 2021, the Company did not provide any investments accounted for using equity method as collaterals for its loans.

- (h) Corporate combination

In order to accelerate the deployment in the industrial PCs market, the Company made a tender offer for 56% ownership of Poindus Systems Corp, Ltd. ("Poindus Systems") at a total price of \$353,046. The aforementioned price was paid, and the settlement had been completed.

Goodwill arising from the acquisition of 56% ownership is as follows:

Consideration transferred	\$ 353,046
Non-controlling interests	247,882
Less: fair value of identifiable net assets	<u>(563,868)</u>
	<u><u>\$ 37,060</u></u>

Goodwill is mainly derived from the business value of Poindus Systems in the industrial PCs market. It is expected that the business of Poindus System and the Company business will be integrated to generate synergy.

- (i) Changes in subsidiaries' equity

- (i) Changes in subsidiaries' equity did not result in the Company's loss of control

- 1) Subsidiaries' employee stock options exercised

Compal Broadband Network Inc. ("CBN") issued 38 thousand new shares because of its employees' exercised stock options in 2021, resulting in a decrease in the ownership of the Company and its subsidiaries in CBN by 0.02%.

(Continued)

**COMPAL ELECTRONICS, INC.**  
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2) Issuance of new shares for cash of subsidiaries

The Company purchased newly issued shares of HippoScreen amounting to \$70,000 at a percentage different from its existing ownership percentage in January, 2021, resulting in an increase in the ownership of the Company in HippoScreen by 21%.

3) Issuance of subsidiaries' restricted shares

CBN issued 1,500 thousand restricted shares in 2021, resulting in a decrease of the ownership of the Company and its subsidiaries in CBN by 0.95%.

4) Cancellation of subsidiaries' restricted shares and conversion of convertible bonds

Arcadyan canceled 30 thousand and 53 thousand restricted shares in the years ended December 31, 2022 and 2021. Whereas, Arcadyan issued 3,892 thousand and 8,136 thousand new shares due to the conversion of convertible bonds during 2022 and 2021. These two events, respectively, resulted in a decrease of 0.59% and 1.30% the ownership of the Company and its subsidiaries in Arcadyan in the years ended December 31, 2022 and 2021.

CBN canceled 469 thousand restricted shares in the year ended December 31, 2022. This event resulted in an increase of 0.43% the ownership of the Company and its subsidiaries in CBN in the year ended December 31, 2022.

5) The acquisition of additional equity in the subsidiary

In June 2022, the Company acquired 0.12% of equity interest in GLB from minority shareholders with \$700 in cash, increasing equity from 50.00% to 50.12%.

In August 2021, the Company acquired 49% of equity interest in Raycore Biotech from minority shareholders with \$15,129 in cash, increasing the equity from 51% to 100%.

6) The following summarizes the effect of changes in equity of the Company due to changes in the ownership interest of subsidiaries:

	<u>2022</u>	<u>2021</u>
Capital surplus – changes in ownership interest in subsidiaries	33,397	61,825
Retained earnings	<u>(2,260)</u>	<u>(11,237)</u>
	<u>\$ 31,137</u>	<u>50,588</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021, were as follows:

	Land	Buildings and building improvement	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:					
Balance on January 1, 2022	\$ 1,047,797	2,556,398	2,790,052	27,476	6,421,723
Additions	-	36,218	198,484	98,200	332,902
Disposals and derecognitions	-	(100,195)	(91,188)	-	(191,383)
Reclassifications	-	(42,487)	144,906	(102,419)	-
Balance on December 31, 2022	<u>\$ 1,047,797</u>	<u>2,449,934</u>	<u>3,042,254</u>	<u>23,257</u>	<u>6,563,242</u>
Balance on January 1, 2021	\$ 1,047,797	2,518,500	2,725,560	9,556	6,301,413
Additions	-	37,898	205,451	53,104	296,453
Disposals and derecognitions	-	-	(176,143)	-	(176,143)
Effect of movements in exchange rates	-	-	35,184	(35,184)	-
Balance on December 31, 2021	<u>\$ 1,047,797</u>	<u>2,556,398</u>	<u>2,790,052</u>	<u>27,476</u>	<u>6,421,723</u>
Depreciation and impairments loss:					
Balance on January 1, 2022	\$ -	1,682,354	2,254,406	-	3,936,760
Depreciation for the period	-	110,767	275,322	-	386,089
Disposals and derecognitions	-	(99,968)	(76,948)	-	(176,916)
Reclassifications	-	(42,487)	42,487	-	-
Balance on December 31, 2022	<u>\$ -</u>	<u>1,650,666</u>	<u>2,495,267</u>	<u>-</u>	<u>4,145,933</u>
Balance on January 1, 2021	\$ -	1,554,775	2,141,745	-	3,696,520
Depreciation for the period	-	127,579	265,151	-	392,730
Disposals and derecognitions	-	-	(152,490)	-	(152,490)
Balance on December 31, 2021	<u>\$ -</u>	<u>1,682,354</u>	<u>2,254,406</u>	<u>-</u>	<u>3,936,760</u>
Carrying amounts:					
Balance on December 31, 2022	<u>\$ 1,047,797</u>	<u>799,268</u>	<u>546,987</u>	<u>23,257</u>	<u>2,417,309</u>
Balance on January 1, 2021	<u>\$ 1,047,797</u>	<u>963,725</u>	<u>583,815</u>	<u>9,556</u>	<u>2,604,893</u>
Balance on December 31, 2021	<u>\$ 1,047,797</u>	<u>874,044</u>	<u>535,646</u>	<u>27,476</u>	<u>2,484,963</u>

As of December 31, 2022 and 2021, the Company did not provide property, plant and equipment as collateral for its borrowing.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (k) Right-of-use assets

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

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance on January 1, 2022	\$ 2,263,891	28,374	2,292,265
Additions	151,796	532	152,328
Deductions	<u>(347,237)</u>	<u>(183)</u>	<u>(347,420)</u>
Balance on December 31, 2022	<u>\$ 2,068,450</u>	<u>28,723</u>	<u>2,097,173</u>
Balance on January 1, 2021	\$ 1,983,275	45,174	2,028,449
Additional	529,032	2,365	531,397
Deductions	<u>(248,416)</u>	<u>(19,165)</u>	<u>(267,581)</u>
Balance on December 31, 2021	<u>\$ 2,263,891</u>	<u>28,374</u>	<u>2,292,265</u>
Depreciation:			
Balance on January 1, 2022	\$ 927,542	17,464	945,006
Depreciation for the period	440,095	6,156	446,251
Deductions	<u>(327,450)</u>	<u>-</u>	<u>(327,450)</u>
Balance on December 31, 2022	<u>\$ 1,040,187</u>	<u>23,620</u>	<u>1,063,807</u>
Balance on January 1, 2021	\$ 711,010	27,314	738,324
Depreciation for the period	463,549	9,315	472,864
Deductions	<u>(247,017)</u>	<u>(19,165)</u>	<u>(266,182)</u>
Balance on December 31, 2021	<u>\$ 927,542</u>	<u>17,464</u>	<u>945,006</u>
Carrying amount:			
Balance on December 31, 2022	<u>\$ 1,028,263</u>	<u>5,103</u>	<u>1,033,366</u>
Balance on January 1, 2021	<u>1,272,265</u>	<u>17,860</u>	<u>1,290,125</u>
Balance on December 31, 2021	<u>1,336,349</u>	<u>10,910</u>	<u>1,347,259</u>

## (l) Short-term borrowings

The details of short-term borrowings were as following:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank loans	<u>\$ 53,068,579</u>	<u>78,967,920</u>
Unused credit line for short-term borrowings	<u>\$ 94,657,000</u>	<u>48,648,000</u>
Range of interest rates	<u>1.45%~5.38%</u>	<u>0.42%~0.78%</u>

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

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**COMPAL ELECTRONICS, INC.**  
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## (m) Long-term borrowings

The details of long-term borrowings were as follows:

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of annual interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	1.48%~2.06%	2023~2026	\$ 30,525,000
Less: current portion				(19,300,000)
Total				<b>\$ 11,225,000</b>
Unused credit line for long-term borrowings				<b>\$ 12,969,000</b>
<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Range of annual interest rates</b>	<b>Maturity year</b>	<b>Amount</b>
Unsecured bank loans	TWD	0.62%~0.98%	2022~2024	\$ 24,300,000
Less: current portion				(15,675,000)
Total				<b>\$ 8,625,000</b>
Unused credit line for long-term borrowings				<b>\$ 11,803,000</b>

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

## (n) Lease liabilities

The details of lease liabilities were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current	<b>\$ 249,553</b>	<b>357,794</b>
Non-current	<b>\$ 791,427</b>	<b>991,342</b>

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

The amounts recognized in profit or loss was as follows:

	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	<b>\$ 15,115</b>	<b>16,915</b>
Expenses relating to leases of low-value assets or short-term leases	<b>\$ 9,113</b>	<b>9,221</b>

(Continued)



**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The amounts recognized in the statement of cash flows for the Company was as follows:

	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	<u>\$ 463,819</u>	<u>505,744</u>

(i) Building leases

The Company leases buildings for its office and factory space, typically run for a period of 1~10 years.

(ii) Other leases

The Company leases vehicles with lease terms of 3~5 years.

The Company also leases some machinery and office equipment with contract terms of 1~5 years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	<b>December</b>	<b>December</b>
	<b>31, 2022</b>	<b>31, 2021</b>
Present value of defined benefit obligations	<u>\$ (1,185,366)</u>	<u>(1,318,160)</u>
Fair value of plan assets	<u>618,425</u>	<u>602,029</u>
Net defined benefit liabilities	<u>\$ (566,941)</u>	<u>(716,131)</u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The balance of the Company's labor pension reserve account in the Bank of Taiwan amounted to \$612,388 (excluding the ending balance of interest receivable) as of December 31, 2022. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in the present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Company were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations on January 1	\$ (1,318,160)	(1,286,459)
Current service costs and interest	(13,894)	(10,148)
Remeasurements of net benefit liabilities	87,865	(54,331)
Benefit paid by the plan	<u>58,823</u>	<u>32,778</u>
Defined benefit obligations on December 31	<u>\$ (1,185,366)</u>	<u>(1,318,160)</u>

3) Movements of the fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets on January 1	\$ 602,029	599,405
Expected return on plan assets	4,317	2,857
Remeasurements of net benefit plan assets	46,466	8,145
Contributions paid by the employer	24,436	24,400
Benefits paid by the plan	<u>(58,823)</u>	<u>(32,778)</u>
Fair value of plan assets on December 31	<u>\$ 618,425</u>	<u>602,029</u>

4) Expenses recognized in profit or loss

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

	<u>2022</u>	<u>2021</u>
Current service cost	\$ 3,952	3,920
Net interest on the net defined benefit liability (asset)	<u>5,625</u>	<u>3,371</u>
	<u>\$ 9,577</u>	<u>7,291</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	<u>2022</u>	<u>2021</u>
Cost of sales	\$ 351	257
Selling expenses	456	352
Administrative expenses	2,394	1,831
Research and development expenses	<u>6,376</u>	<u>4,851</u>
	<u>\$ 9,577</u>	<u>7,291</u>

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting date:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.70%	0.80%
Future salary increase rate	3.00%	3.00%

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date is \$24,383.

The weighted-average lifetime of the defined benefit plan is 8.1 years.

6) Sensitivity analysis

If the main actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Effects to the defined benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2022		
Discount rate	(23,229)	23,998
Future salary increasing rate	23,643	(23,005)
December 31, 2021		
Discount rate	(28,902)	29,922
Future salary increasing rate	29,212	(28,374)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation on the net defined benefit liabilities in the balance sheets.

The method and assumption used in the sensitivity analysis is consistent with prior period.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(ii) Defined contribution plans

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

The Company recognized the pension costs under the defined contribution method amounting to \$421,223 and \$391,223 for the years ended December 31, 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(p) Income taxes

(i) Income tax expenses

- 1) The amount of income tax for the years ended December 31, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Recognized during the period	\$ 1,627,923	2,262,124
Undistributed earnings additional tax	157,833	-
Tax credit of investment	<u>(638,549)</u>	<u>(525,167)</u>
	1,147,207	1,736,957
Deferred tax expense		
Recognition and reversal of temporary differences	<u>(401,887)</u>	<u>73,344</u>
	<u>(401,887)</u>	<u>73,344</u>
Income tax expense	<u>\$ 745,320</u>	<u>1,810,301</u>

- 2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	\$ 26,866	(9,237)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>(23,277)</u>	<u>40,897</u>
	<u>\$ 3,589</u>	<u>31,660</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- 3) The income tax expense that was reconciled between the actual income tax expense and profit before tax for the years ended December 31, 2022 and 2021, was as follows:

	<u>2022</u>	<u>2021</u>
Profit before tax	\$ <u>8,033,612</u>	<u>14,442,968</u>
Income tax calculated based on tax rate	\$ 1,606,722	2,888,594
Undistributed earnings additional tax	157,833	-
Estimated tax effect of tax exemption on investment income, net	(372,094)	(84,031)
Realized investment loss	(98,000)	(65,440)
Investment tax credit	(638,549)	(525,167)
Changes in temporary differences	362,434	(915,638)
Adjustment of estimated difference and other	<u>(273,026)</u>	<u>511,983</u>
Income tax expense	<u>\$ 745,320</u>	<u>1,810,301</u>

- (ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	<u>Exchange differences on translation</u>	<u>Refund liabilities</u>	<u>Contract liabilities</u>	<u>Unrealized exchange losses, net</u>	<u>Others</u>	<u>Total</u>
Deferred tax assets:						
Balance on January 1, 2022	\$ 164,573	195,296	89,998	394,836	273,517	1,118,220
Recognized in profit or loss	47,663	91,252	(68,036)	580,646	730	652,255
Recognized in other comprehensive income	-	-	-	-	(26,866)	(26,866)
Balance on December 31, 2022	<u>\$ 212,236</u>	<u>286,548</u>	<u>21,962</u>	<u>975,482</u>	<u>247,381</u>	<u>1,743,609</u>
Balance on January 1, 2021	\$ 68,560	134,880	49,536	588,025	261,653	1,102,654
Recognized in profit or loss	96,013	60,416	40,462	(193,189)	2,627	6,329
Recognized in other comprehensive income	-	-	-	-	9,237	9,237
Balance on December 31, 2021	<u>\$ 164,573</u>	<u>195,296</u>	<u>89,998</u>	<u>394,836</u>	<u>273,517</u>	<u>1,118,220</u>
Deferred tax liabilities:						
Balance on January 1, 2022			\$ (504,663)	(445,664)		(950,327)
Recognized in profit or loss			(250,368)	-		(250,368)
Recognized in other comprehensive income			-	23,277		23,277
Balance on December 31, 2022			<u>\$ (755,031)</u>	<u>(422,387)</u>		<u>(1,177,418)</u>
Balance on January 1, 2021			\$ (424,990)	(404,767)		(829,757)
Recognized in profit or loss			(79,673)	-		(79,673)
Recognized in other comprehensive income			-	(40,897)		(40,897)
Balance on December 31, 2021			<u>\$ (504,663)</u>	<u>(445,664)</u>		<u>(950,327)</u>

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Tax effect of deductible temporary differences	<b>\$ 738,878</b>	<b>599,004</b>

The Company assesses and considers that some of the income tax reduction items may be unrealized, hence they are not recognized as deferred tax assets.

(iv) Unrecognized deferred tax assets and liabilities related to investments in subsidiaries

The temporary differences associated with investment in subsidiaries were not recognized as deferred income tax assets and liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

As of December 31, 2022 and 2021, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to \$2,618,241 and \$2,335,023, respectively.

As of December 31, 2022 and 2021, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to \$68,285,943 and \$58,601,692, respectively.

(v) Examination and approval

The Company's tax returns for the year through 2020 were assessed by the tax authorities.

(q) Capital and other equities

(i) Ordinary shares

As of December 31, 2022 and 2021, the Company's authorized common stock consisting of 6,000,000 thousand shares with a par value of 10 New Taiwan dollar per share amounted to \$60,000,000 of which 4,407,147 thousand shares were issued. All issued shares were paid up upon issuance.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Additional paid-in capital	\$ 1,898,477	3,660,119
Treasury share transactions	2,721,968	2,621,933
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	156,072	122,675
Changes in equity of associates and joint ventures accounted for using equity method	<u>265,297</u>	<u>283,363</u>
	<b><u>\$ 5,078,580</u></b>	<b><u>6,724,856</u></b>

In accordance with the ROC Company Act, realized capital reserves can only be used to increase the common stock or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

The Company's Board of Directors' meeting respectively held on March 15, 2022 and March 26, 2021, approved to distribute cash of \$1,762,859 and \$1,762,859 (representing 0.4 and 0.4 New Taiwan dollars per share), by using capital surplus.

The Company's Board of Directors' meeting held on March 15, 2023, approved to distribute cash of \$881,429 (representing 0.2 New Taiwan dollars per share), by using capital surplus. The related information can be accessed through the Market Observation Post System website.

(iii) Retained earnings

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated by the Board of Directors. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the General shareholders' meeting.

The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be

(Continued)

**COMPAL ELECTRONICS, INC.**  
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less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

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

1) Legal reverse

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reverse

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. For the year 2019 earnings distribution in 2020, the amount to be reclassified to special reserve shall be a portion of current-period earnings and undistributed prior-period earnings. As for the year 2020 earnings distribution in 2021, the amount to be reclassified to special reserve shall be a portion of current-period earnings plus other line items in the retained earnings movements and undistributed prior-period earnings. A portion of previous unappropriated earnings shall be set aside as a special reserve, which should not be distributed, to account for cumulative changes to other equity interests pertaining to prior periods. The special reserve shall be made available for appropriation when the net deductions of other equity interests are reversed in the subsequent periods.

3) Earnings distribution

Distribution for the earnings of 2021 and 2020 were approved in the meeting of the Board of Directors held on March 15, 2022 and March 26, 2021, respectively. The relevant information was as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders	\$ 1.6	<u>7,051,435</u>	1.2	<u>5,288,576</u>

Distribution for the earnings of 2022 was approved in the meeting of the Board of Directors held on March 15, 2023. The relevant information was as follows:

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	<b>2022</b>	
	<b>Amount per share</b>	<b>Total amount</b>
Cash dividends distributed to common shareholders from the unappropriated earnings	\$ 1.0	<b>4,407,147</b>

The related information of the earnings distribution for the year ended December 31, 2022, can be accessed through the Market Observation Post System website after the related meeting.

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2022 and 2021. As of December 31, 2022, Panpal and Gempal, subsidiaries of the Company, held 50,017 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of 17.6 New Taiwan dollars per share. The total cost was \$881,247. The fair value of the ordinary shares of the Company was 23.05 and 24.20 New Taiwan dollars per share as of December 31, 2022 and 2021, respectively.

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

(v) Other equity interests (net-of-taxes)

	<b>Exchange differences on transaction of foreign operation financial statements</b>	<b>Unrealized gain (loss) from financial assets at fair value through other comprehensive income</b>	<b>Unearned compensation for restricted employee shares and others</b>	<b>Total</b>
Balance on January 1, 2022	\$ (8,744,705)	537,830	125	(8,206,750)
The Company	7,183,714	(590,539)	-	6,593,175
Subsidiaries	9,700	(420,019)	(12,415)	(422,734)
Associates	81,580	11,625	-	93,205
Balance on December 31, 2022	<b>\$ (1,469,711)</b>	<b>(461,103)</b>	<b>(12,290)</b>	<b>(1,943,104)</b>
Balance on January 1, 2021	\$ (6,888,977)	(376,952)	(779)	(7,266,708)
The Company	(1,791,462)	567,871	-	(1,223,591)
Subsidiaries	(38,894)	160,972	904	122,982
Associates	(25,372)	185,939	-	160,567
Balance on December 31, 2021	<b>\$ (8,744,705)</b>	<b>537,830</b>	<b>125</b>	<b>(8,206,750)</b>

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**COMPAL ELECTRONICS, INC.**  
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## (r) Earnings per share

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

	<u>2022</u>	<u>2021</u>
<b>Basic earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company	\$ <u>7,288,292</u>	<u>12,632,667</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>
<b>Diluted earnings per share:</b>		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>7,288,292</u>	<u>12,632,667</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares		
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Effect of potential diluted common stock		
Employee compensation (in thousands)	<u>43,369</u>	<u>65,517</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,400,499</u>	<u>4,422,647</u>

## (s) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
	<u>IT Product Segment</u>	<u>IT Product Segment</u>
United States	\$ 422,138,779	475,525,614
China	128,937,847	152,490,382
Netherlands	67,399,114	86,279,648
United Kingdom	40,249,464	49,815,031
Others	<u>344,917,587</u>	<u>407,503,183</u>
	<u>\$ 1,003,642,791</u>	<u>1,171,613,858</u>
Major products :		
5C related electronic products	\$ 1,002,242,692	1,170,311,198
Others	<u>1,400,099</u>	<u>1,302,660</u>
	<u>\$ 1,003,642,791</u>	<u>1,171,613,858</u>

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**COMPAL ELECTRONICS, INC.**  
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## (ii) Contract balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes and accounts receivable (including related parties)	\$ 186,706,859	279,700,604	233,054,851
Less: allowance for impairment	(3,642,881)	(3,632,789)	(3,634,794)
Less: credit balances of investments in equity method	<u>(27,599)</u>	<u>(3,097)</u>	<u>-</u>
Total	<u>\$ 183,036,379</u>	<u>276,064,718</u>	<u>229,420,057</u>
Contract liabilities	<u>\$ 700,046</u>	<u>1,032,191</u>	<u>828,978</u>

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

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the balances of contract liability at the beginning of the period were \$1,032,191 and \$828,978, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

## (t) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$750,945 and \$1,350,062, respectively, and directors' compensation of \$39,709 and \$71,370 for the years ended December 31, 2022 and 2021, respectively. The estimated amounts mentioned above are based on the net profit before tax without the compensations to employees and directors of each respective ending period, multiplied by the percentage of the compensation to employees and directors, which was approved by the management. The estimations are recorded under operating expenses and cost. The differences between the amounts estimated and recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year. If the Board of Directors approve to distribute employee compensation in the form of stock, the number of the shares of the employee compensation is based on the closing price of the day before the Board of Directors' meeting, the related information can be accessed through the Market Observation Post System website. There is no difference between the amount approved in the Board of Directors' meeting and those recognized in the financial statements in 2022 and 2021.

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**COMPAL ELECTRONICS, INC.**  
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There is no differences between the amount estimated and recognized in the financial statements in 2021. The related information can be accessed through the Market observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The interest income for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 283,350	18,611
Interest income from financial assets measured at amortized cost	<u>83,963</u>	<u>26,434</u>
	<u>\$ 367,313</u>	<u>45,045</u>

(ii) Other income

The other income for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Dividend revenue	\$ 60,493	65,011
Government grants	107,861	73,055
Rental revenue	16,993	11,278
Other revenue	<u>148,964</u>	<u>198,655</u>
	<u>\$ 334,311</u>	<u>347,999</u>

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ (17,430)	14,212
Foreign currency exchange gains (losses), net	818,212	577,882
Others	<u>(10,013)</u>	<u>(729)</u>
	<u>\$ 790,769</u>	<u>591,365</u>

(v) Financial instruments

(i) Credit risk

- 1) The carrying amount of financial assets represents the maximum amount exposed to credit risk.

The Company's customers are mainly from the high-tech industry. The Company does not concentrate on a specific customer and the sales regions are widely spread, thus there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Company constantly assesses the financial status of the customers.

(Continued)

**COMPAL ELECTRONICS, INC.**  
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2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f)). Due to the counter parties and the performing parties of the Company's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 83,593,579	(83,593,579)	(72,368,579)	(5,400,000)	(5,825,000)
Notes and accounts payable	154,182,423	(154,182,423)	(154,182,423)	-	-
Other payables	13,119,799	(13,119,799)	(13,119,799)	-	-
Lease liabilities—current and non-current	<u>1,040,980</u>	<u>(1,072,067)</u>	<u>(262,093)</u>	<u>(297,430)</u>	<u>(512,544)</u>
	<b><u>\$ 251,936,781</u></b>	<b><u>(251,967,868)</u></b>	<b><u>(239,932,894)</u></b>	<b><u>(5,697,430)</u></b>	<b><u>(6,337,544)</u></b>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Unsecured borrowings	\$ 103,267,920	(103,267,920)	(94,642,920)	(6,125,000)	(2,500,000)
Notes and accounts payable	211,035,732	(211,035,732)	(211,035,732)	-	-
Other payables	10,470,766	(10,470,766)	(10,470,766)	-	-
Lease liabilities—current and non-current	<u>1,349,136</u>	<u>(1,389,967)</u>	<u>(372,578)</u>	<u>(337,572)</u>	<u>(679,817)</u>
	<b><u>\$ 326,123,554</u></b>	<b><u>(326,164,385)</u></b>	<b><u>(316,521,996)</u></b>	<b><u>(6,462,572)</u></b>	<b><u>(3,179,817)</u></b>

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

## (iii) Currency risk

## 1) Exposure to foreign currency risk

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

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	\$ 7,083,219	30.71	217,525,655	10,410,005	27.68	288,148,938
THB to TWD	652,264	0.8882	579,341	842,184	0.8261	695,728
Financial liabilities						
Monetary items						
USD to TWD	6,429,305	30.71	197,443,957	10,373,943	27.68	287,150,742

## 2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against the Company's functional currency as of December 31, 2022 and 2021, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2022	December 31, 2021
USD (against the TWD)		
Strengthening 5%	\$ 1,004,085	49,910
Weakening 5%	(1,004,085)	(49,910)

## 3) Exchange gains and losses of monetary items

As the Company deals with diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2022 and 2021, the foreign exchange gains, including both realized and unrealized, amounted to \$818,212 and \$577,882, respectively.

## (iv) Interest rate analysis

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2022 and 2021, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<b>2022</b>	<b>2021</b>
Interest increased by 0.25%	\$ 28,128	(18,994)
Interest decreased by 0.25%	(28,128)	18,994

(v) Fair value information

1) The categories and fair value of financial instruments

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

	<b>December 31, 2022</b>				
	<b>Book value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 249,567	-	-	249,567	249,567
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	1,688,060	1,688,060	-	-	1,688,060
Stocks listed on foreign markets	579,341	579,341	-	-	579,341
Stocks unlisted on domestic markets	782,312	-	-	782,312	782,312
Stocks unlisted on foreign markets	84,127	-	-	84,127	84,127
Accounts receivable	<u>16,091,084</u>	-	16,091,084	-	16,091,084
Subtotal	<u>19,224,924</u>				

(Continued)





**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	December 31, 2021				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	8,279,979	-	-	-	-
Notes and accounts receivable, net	240,870,728	-	-	-	-
Notes and accounts receivable due from related parties, net	2,695,685	-	-	-	-
Other receivables	3,265,442	-	-	-	-
Refundable deposits -current and non-current	<u>383,843</u>	-	-	-	-
Subtotal	<u>255,495,677</u>				
Total	<u><b>\$ 291,724,382</b></u>				
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	\$ 78,967,920	-	-	-	-
Notes and accounts payable	119,540,795	-	-	-	-
Notes and accounts payable to related parties	91,494,937	-	-	-	-
Other payables	10,470,766	-	-	-	-
Lease liabilities—current and non-current	1,349,136	-	-	-	-
Long-term borrowings current portion	15,675,000	-	-	-	-
Long-term borrowings	8,625,000	-	-	-	-
Deposits received	<u>170</u>	-	-	-	-
Total	<u><b>\$ 326,123,724</b></u>				

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

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

a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

a) Non-derivative financial instruments

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

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

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

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

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

b) Derivative financial instruments

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

4) Transfer from one level to another

There was no transfer from one level to another in the year ended December 31, 2022 and 2021.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

5) Changes in level 3

The change in level 3 at fair value in the years ended December 31, 2022 and 2021, were as follow:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2022	\$ 222,303	795,967	1,018,270
Total gains and losses recognized:			
In profit or loss	(17,430)	-	(17,430)
In other comprehensive income	-	(166,248)	(166,248)
Purchased	44,694	248,758	293,452
Disposal	-	(10,028)	(10,028)
Proceeds of capital reduction of investment	-	(2,010)	(2,010)
Balance on December 31, 2022	<u>\$ 249,567</u>	<u>866,439</u>	<u>1,116,006</u>
Balance on January 1, 2021	\$ 158,769	869,099	1,027,868
Total gains and losses recognized:			
In profit or loss	8,535	-	8,535
In other comprehensive income	-	(233,782)	(233,782)
Purchased	54,999	169,152	224,151
Proceeds of capital reduction of investment	-	(8,502)	(8,502)
Balance on December 31, 2021	<u>\$ 222,303</u>	<u>795,967</u>	<u>1,018,270</u>

For the years ended December 31, 2022 and 2021, total gains and losses that were included in “other gains and losses, net” and “unrealized gains and losses from equity instruments at fair value through other comprehensive income”, respectively were as follows:

	<u>2022</u>	<u>2021</u>
Total gains and losses recognized:		
In profit or loss (as “other gains and losses, net”)	<u>\$ (17,430)</u>	<u>8,535</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	<u>\$ (169,524)</u>	<u>(233,651)</u>

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

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

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

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

The quantified information for significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income — equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (2.04~2.89 and 3.56~11.62, respectively, on December 31, 2022 and 2021) Multiples of earnings (17.25 on December 31, 2022) Lack-of-Marketability discount rate (40%~65% and 40%~85%, respectively, on December 31, 2022 and 2021)	The higher the multiple is, the higher the fair value will be. The higher the multiple is, the higher the fair value will be. The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

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

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

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
<b>December 31, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	<u>\$ 6,617</u>	<u>6,433</u>
	Multiples of earnings	5%	<u>\$ 2,787</u>	<u>2,771</u>
	Lack-of-Marketability discount rate	5%	<u>\$ 3,428</u>	<u>3,628</u>
<b>December 31, 2021</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	<u>\$ 14,252</u>	<u>12,651</u>
	Lack-of-Marketability discount rate	5%	<u>\$ 750</u>	<u>909</u>

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

(w) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Company. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk.

3) Guarantees

Pursuant to the Company's policies, it is only permissible to provide financial guarantees to subsidiaries and companies that the Company has business with. As of December 31, 2022 and 2021, the guarantees provide to the subsidiaries amounted to \$149,014 and \$413,781, respectively.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Company manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(l) and (6)(m) for unused credit lines of short-term and long-term borrowings as of December 31, 2022 and 2021.

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily USD.

As for other monetary assets and liabilities denominated in other foreign currencies, when short-term imbalance takes place, the Company buys or sells foreign currencies at spot rate to ensure that the net exposure is kept on an acceptable level.

2) Interest rate risk

The Company borrows funds on fixed and variable interest rates, which has a risk exposure to changes in fair value and cash flow. Therefore, the Company manages the interest rates risk by maintaining an adequate combination of fixed and variable interest rates.

3) Other price risk

The Company is exposed to equity price risk arising from investments in listed equity securities.

(x) Capital management

The policy of capital management made by the Board of Directors is to maintain a strong capital base so as to stabilize the confidence of the investors, creditors and the public market and to sustain future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2022 and 2021, the debt ratio was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	<u>\$ 263,238,657</u>	<u>335,987,949</u>
Total assets	<u>\$ 379,533,411</u>	<u>447,348,214</u>
Debt ratio	<u>69%</u>	<u>75%</u>

The Company could purchase its own shares in the public market in accordance with the corresponding rules and regulations. The timing of the purchases depends on market prices.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

As of December 31, 2022, there were no changes in the Company's approach of capital management.

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2022 and 2021 were acquisition of right-of-use assets by leasing, please refer to note (6)(k).

Reconciliation of liabilities arising from financial activities was as follows:

	<b>January 1, 2022</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>December 31, 2022</b>
Short-term borrowings	\$ 78,967,920	(25,899,341)	-	53,068,579
Long-term borrowings	24,300,000	6,225,000	-	30,525,000
Lease liabilities	1,349,136	(439,591)	131,435	1,040,980
Deposits received	<u>170</u>	<u>4,428</u>	<u>-</u>	<u>4,598</u>
Total liabilities from financing activities	<u><b>\$ 104,617,226</b></u>	<u><b>(20,109,504)</b></u>	<u><b>131,435</b></u>	<u><b>84,639,157</b></u>
	<b>January 1, 2021</b>	<b>Cash flow</b>	<b>Other non- cash changes</b>	<b>December 31, 2021</b>
Short-term borrowings	\$ 55,991,680	22,976,240	-	78,967,920
Long-term borrowings	19,105,440	5,194,560	-	24,300,000
Lease liabilities	1,298,528	(479,608)	530,216	1,349,136
Deposits received	<u>220</u>	<u>(50)</u>	<u>-</u>	<u>170</u>
Total liabilities from financing activities	<u><b>\$ 76,395,868</b></u>	<u><b>27,691,142</b></u>	<u><b>530,216</b></u>	<u><b>104,617,226</b></u>

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

(a) Name and relationship with related parties

The following are entities that had transactions with related party during the periods covered in the parent-company-only financial statements.

<b>Name of related party</b>	<b>Relationship with the Company</b>
Panpal Technology Corp. ("Panpal")	The Company's subsidiary
Gempal Technology Corp. ("Gempal")	The Company's subsidiary
Hong Ji Capital Co., Ltd. ("Hong Ji")	The Company's subsidiary
Hong Jin Investment Co., Ltd. ("Hong Jin")	The Company's subsidiary
Arcadyan	The Company's subsidiary
Rayonnant Technology Co., Ltd. ("Rayonnant Technology")	The Company's subsidiary

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**COMPAL ELECTRONICS, INC.**  
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<b>Name of related party</b>	<b>Relationship with the Company</b>
HengHao Technology Co., Ltd. (“HengHao”)	The Company’s subsidiary
Ripal Optortronics Co., Ltd. (“Ripal”)	The Company’s subsidiary
Auscom Engineering Inc. (“Auscom”)	The Company’s subsidiary
Just International Ltd. (“Just”)	The Company’s subsidiary
Compal International Holding Co., Ltd. (“CIH”)	The Company’s subsidiary
Compal Electronics (Holding) Ltd. (“CEH”)	The Company’s subsidiary
Bizcom Electronics, Inc. (“Bizcom”)	The Company’s subsidiary
Flight Global Holding Inc. (“FGH”)	The Company’s subsidiary
High Shine Industrial Corp. (“HSI”)	The Company’s subsidiary
Compal Europe (Poland) Sp. z o.o. (“CEP”)	The Company’s subsidiary
Big Chance International Co., Ltd. (“BCI”)	The Company’s subsidiary
Compal Rayonnant Holdings Limited (“CRH”)	The Company’s subsidiary
Core Profit Holdings Limited (“CORE”)	The Company’s subsidiary
Compalead Electronics B.V. (“CPE”)	The Company’s subsidiary
Compalead Eletronica do Brasil Industria e Comercio Ltda. (“CEB”)	The Company’s subsidiary
Compal Display Holding (HK) Limited (“CDH (HK)”)	The Company’s subsidiary
Compal Electronics International Ltd. (“CII”)	The Company’s subsidiary
Compal International Ltd. (“CPI”)	The Company’s subsidiary
Compal Electronics (China) Co., Ltd. (“CPC”)	The Company’s subsidiary
Compal Optoelectronics (Kunshan) Co., Ltd. (“CPO”)	The Company’s subsidiary
Compal System Trading (Kunshan) Co., Ltd. (“CST”)	The Company’s subsidiary
Smart International Trading Ltd. (“Smart”)	The Company’s subsidiary
Amexcom Electronics Inc. (“AEI”)	The Company’s subsidiary
Mexcom Electronics, LLC (“MEL”)	The Company’s subsidiary
Mexcom Technologies, LLC (“MTL”)	The Company’s subsidiary
Compal International Holding (HK) Limited (“CIH (HK)”)	The Company’s subsidiary
Jenpal International Ltd. (“Jenpal”)	The Company’s subsidiary
Prospect Fortune Group Ltd. (“PFG”)	The Company’s subsidiary
Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	The Company’s subsidiary
Compal Information (Kunshan) Co., Ltd. (“CIC”)	The Company’s subsidiary
Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	The Company’s subsidiary
Kunshan Botai Electronics Co., Ltd. (“BT”)	The Company’s subsidiary
Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	The Company’s subsidiary
Compower Global Service Co., Ltd. (“CGS”)	The Company’s subsidiary
Compal Investment (Jiansu) Co., Ltd. (“CIJ”)	The Company’s subsidiary

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**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Company</b>
Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	The Company’s subsidiary
Etrade Management Co., Ltd. (“Etrade”)	The Company’s subsidiary
Webtek Technology Co., Ltd. (“Webtek”)	The Company’s subsidiary
Forever Young Technology Inc. (“Forever”)	The Company’s subsidiary
Unicom Global, Inc. (“UCGI”)	The Company’s subsidiary
Palcom International Corporation (“Palcom”)	The Company’s subsidiary
Compal Communication (Nanjing) Co., Ltd. (“CCI Nanjing”)	The Company’s subsidiary
Compal Digital Communication (Nanjing) Co., Ltd. (“CDCN”)	The Company’s subsidiary
Compal Wireless Communication (Nanjing) Co., Ltd. (“CWCN”)	The Company’s subsidiary
Hanhelt Communication (Nanjing) Co., Ltd. (“Hanhelt”)	The Company’s subsidiary
Giant Rank Trading Ltd. (“GIA”)	The Company’s subsidiary
Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	The Company’s subsidiary
Arcadyan Germany Technology GmbH (“Arcadyan Germany”)	The Company’s subsidiary
Arcadyan Technology Corporation Korea (“Arcadyan Korea”)	The Company’s subsidiary
Arcadyan India Private Limited (“Arcadyan India”)	The Company’s subsidiary
Arcadyan Holding (BVI) Corp. (“Arcadyan Holding”)	The Company’s subsidiary
Arcadyan do Brasil Ltda. (“Arcadyan Brasil”)	The Company’s subsidiary
Arcadyan Technology Limited (“Arcadyan UK”)	The Company’s subsidiary
Arcadyan Technology Australia Pty Ltd. (“Arcadyan AU”)	The Company’s subsidiary
Arcadyan Technology Corporation (Russia), LLC. (“Arcadyan RU”)	The Company’s subsidiary
Zhi-Bao Technology Inc. (“Zhi-Bao”)	The Company’s subsidiary
Tatung Technology Inc. (“TTI”)	The Company’s subsidiary
CBN	The Company’s subsidiary
Compal Broadband Networks Belgium BVBA (“CBNB”)	The Company’s subsidiary
Compal Broadband Networks Netherlands B.V. (“CBNN”)	The Company’s subsidiary
Sinoprime Global Inc. (“Sinoprime”)	The Company’s subsidiary
Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	The Company’s subsidiary
Arcadyan Technology (Shanghai) corp. (“SVA Arcadyan”)	The Company’s subsidiary
Arch Holding (BVI) Corp. (“Arch Holding”)	The Company’s subsidiary
Compal Networking (Kunshan) Co., Ltd. (“CNC”)	The Company’s subsidiary
Quest International Group Co., Ltd. (“Quest”)	The Company’s subsidiary
Exquisite Electronic Co., Ltd. (“Exquisite”)	The Company’s subsidiary
Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	The Company’s subsidiary
Tatung Technology of Japan Co., Ltd. (“TTJC”)	The Company’s subsidiary
Intelligent Universal Enterprise Ltd. (“IUE”)	The Company’s subsidiary

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**COMPAL ELECTRONICS, INC.**  
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<b>Name of related party</b>	<b>Relationship with the Company</b>
Goal Reach Enterprises Ltd. (“Goal”)	The Company’s subsidiary
Compal (Vietnam) Co., Ltd. (“CVC”)	The Company’s subsidiary
Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	The Company’s subsidiary
Allied Power Holding Corp. (“APH”)	The Company’s subsidiary
Primetek Enterprises Limited (“PEL”)	The Company’s subsidiary
Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	The Company’s subsidiary
Rayonnant Technology (Taicang) Co., Ltd. (“Rayonnant Technology (Taicang)”)	The Company’s subsidiary
HengHao Holdings A Co., Ltd. (“HHA”)	The Company’s subsidiary
HengHao Holdings B Co., Ltd. (“HHB”)	The Company’s subsidiary
HengHao Optoelectronics Technology (Kunshan) Co., Ltd.	The Company’s subsidiary
LUCOM Display Technology (Kunshan) Limited (“Lucom”)	The Company’s subsidiary
Center Mind International Co., Ltd. (“CMI”)	The Company’s subsidiary
Prisco International Co., Ltd. (“PRI”)	The Company’s subsidiary
Compal Electronic (Sichuan) Co., Ltd. (“CIS”)	The Company’s subsidiary
Compal Electronic (Chongqing) Co., Ltd. (“CEQ”)	The Company’s subsidiary
Compal Electronic (Chengdu) Co., Ltd. (“CEC”)	The Company’s subsidiary
Compal Management (Chengdu) Co., Ltd. (“CMC”)	The Company’s subsidiary
Compal Smart Device (Chongqing) Co., Ltd. (“CSD”)	The Company’s subsidiary
Billion Sea Holdings Limited (“BSH”)	The Company’s subsidiary
Mithera Capital Io LP (“Mithera”)	The Company’s subsidiary
Fortune Way Technology Corp. (“FWT”)	The Company’s subsidiary
General Life Biotechnology Co., Ltd. (“GLB”)	The Company’s subsidiary
Mactech Co., Ltd. (“Mactech”)	The Company’s subsidiary
Compal Electronics India Private Limited (“CEIN”)	The Company’s subsidiary
Shennona Corporation (“Shennona”)	The Company’s subsidiary
Unicore BioMedical Co., Ltd. (“Unicore”)	The Company’s subsidiary
Raycore Biotech Co., Ltd. (“Raycore”)	The Company’s subsidiary
Hippo Screen Neurotech Co., Ltd. (“Hippo Screen”)	The Company’s subsidiary
Shennona Co., Ltd. (“Shennona TW”)	The Company’s subsidiary
Aco Smartcare Co., Ltd. (“Aco Smartcare”)	The Company’s subsidiary
Starmems Semiconductor Corp. (“Starmems Semiconductor”)	The Company’s subsidiary
Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Assets Development”)	The Company’s subsidiary
Compal Electronica DA Amazonia LTDA (“CEA”)	The Company’s subsidiary
Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	The Company’s subsidiary
CGS Technology (Poland) Sp. z o.o. (“CGSP”)	The Company’s subsidiary

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
Compal USA (Indiana), Inc. (“CIN”)	The Company’s subsidiary
Compal Ruifang Health Assets Development Corporation (“Compal Ruifang”)	The Company’s subsidiary
Poindus Systems Corp, Ltd. (“Poindus Systems”)	The Company’s subsidiary
Poindus Investment Co., Ltd. (“Poindus Investment”)	The Company’s subsidiary
QiJie Electronics (ShenZhen) Co., Ltd. (“QiJie”)	The Company’s subsidiary
Poindus Systems UK Limited (Poindus UK)	The Company’s subsidiary
Adasys GmbH Elektronische Komponenten (Adasys)	The Company’s subsidiary
Poindus Systems GmbH GroBhandel mit EDV. Oberursel (Poindus GmbH)	The Company’s subsidiary
Compal Connector Manufacture Ltd. (“CCM”)	A joint venture company
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd. (“LIZK”)	An associate
LIZ Electronics (Nantong) Co., Ltd. (“LIZN”)	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Hong Ya Technology Corporation (“Hong Ya Technology”)	An associate
Kinpo Group Management Consultant Company (“Kinpo Group Management”)	An associate
AcBel Polytech Inc. (AcBel) and its subsidiaries (“AcBel”)	The Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (Thailand) Public Company Limited (“Cal-Comp”)	The same Chairman of the Board with the Company
Kinpo Electronics, Inc. (“Kinpo”)	The same Chairman of the Board with the Company

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 478,681	598,395
Post-employment benefits	5,925	5,643
	<u>\$ 484,606</u>	<u>604,038</u>

There are no termination benefits and other long-term benefits.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 6,778,358	1,777,777
Associates	171	190
Other related parties	<u>-</u>	<u>30,429</u>
	<u>\$ 6,778,529</u>	<u>1,808,396</u>

Sales prices for related parties were similar to those of the third-party customers. The collection period was 45~180 days for related parties.

(ii) Purchase of goods from related parties

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

	<u>2022</u>	<u>2021</u>
Subsidiaries		
CSD	\$ 129,409,933	175,003,681
Others	<u>249,433,436</u>	<u>241,832,462</u>
	378,843,369	416,836,143
Associates	633	1,309
Other related parties	<u>31,370,385</u>	<u>568,440</u>
	<u>\$ 410,214,387</u>	<u>417,405,892</u>

Purchase prices and payment period from related parties were similar to those from third-party suppliers. The payment period was 60~120 days for related parties.

(iii) Product warranty service expenses

The product warranty service expenses paid to subsidiaries for the years ended December 31, 2022 and 2021, amounted to \$316,155 and \$265,455, respectively. As of December 31, 2022 and 2021, the unpaid warranty service expenses were record as other payables.

(iv) Technical service expense

The Company engaged its subsidiaries to research and develop of notebooks, and the related technical service expenses for the years ended December 31, 2022 and 2021, amounted to \$203,283 and \$199,811, respectively. As of December 31, 2022 and 2021, the unpaid technical service expenses were recorded as other payables.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(v) Receivables due from relate parties

The receivables arising from the transactions mentioned above, the sale of machinery and equipment to related parties, and the purchasing of equipment, mold and others on behalf of the related parties as of December 31, 2022 and 2021, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts receivable	Subsidiaries	\$ 8,934,638	1,001,098
Notes and accounts receivable	Other related parties	4,370,909	1,697,684
Other receivables	Subsidiaries - UCGI	195,183	161,863
Other receivables	Subsidiaries - Others	24,710	10,649
Other receivables	Associates	1,321	2,463
Other receivables	Other related parties	<u>-</u>	<u>45</u>
		13,526,761	2,873,802
Less: Credit balance of investments accounted for using the equity method		<u>(27,599)</u>	<u>(40,400)</u>
		<u>\$ 13,499,162</u>	<u>2,833,402</u>

As of December 31, 2022 and 2021, the Company's investment accounted for using the equity method in subsidiaries was a credit balance, recorded as a deduction from account receivables and other receivables (other receivables) – related party. Please refer to note (6)(g).

(vi) Payables to related parties

The payables to related parties as of December 31, 2022 and 2021, were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes and accounts payable	Subsidiaries - CIT	\$ 32,506,355	38,910,233
Notes and accounts payable	Subsidiaries - Others	35,192,564	52,043,163
Notes and accounts payable	Associates	493	315
Notes and accounts payable	Other related parties	8,482,267	541,226
Other payables	Subsidiaries	206,212	167,250
Other payables	Other related parties	<u>20,327</u>	<u>-</u>
		<u>\$ 76,408,218</u>	<u>91,662,187</u>

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

(vii) Loans to related parties

The interest rate of unsecured loans to subsidiaries was 1.85%~5.00%, and the Company had assessed that no bad debt expenses should be recognized. As of December 31, 2022 and 2021, the loans due to related parties were recorded as other receivables.

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables	Subsidiaries - CEB	\$ 767,750	553,600
Other receivables	Subsidiaries - CEA	1,381,950	830,400
Other receivables	Subsidiaries - HengHao	200,000	200,000
Other receivables	Subsidiaries - UCGI	230,000	224,560
Other receivables	Subsidiaries - Kimpo & Compal Assets Development	600,000	-
Less: Credit balance of investments accounted for using the equity method		<u>(200,000)</u>	<u>(200,000)</u>
		<u>\$ 2,979,700</u>	<u>1,608,560</u>

As of December 31, 2022 and 2021, the Company's investment accounted for using the equity method in some subsidiaries was a credit balance, recorded as a deduction from other receivables – related parties (classified as other receivables). Please refer to note (6)(g).

(viii) Guarantees

As of December 31, 2022 and 2021, the guarantees provided to subsidiaries were \$149,014 and \$413,781, respectively.

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) Huawei Technologies Co., Ltd. filed an infringement litigation against the Group on October 28, 2022. The Group will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of the Company from any damage.
- (b) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutors Office against the Company concerning its former employees who joined the Company. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Company engaged lawyers to defend its right on this matter. Currently, the case is still in progress in Taipei District Court; therefore, the Company cannot make any reasonable estimation regarding the possible impact on its business operation.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

- (c) The Company entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

**(12) Other:**

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

By function By item	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,171,256	10,508,656	11,679,912	980,082	9,893,755	10,873,837
Labor and health insurance	87,235	705,361	792,596	93,355	674,677	768,032
Pension	32,961	397,839	430,800	33,341	365,173	398,514
Remuneration of directors	-	49,668	49,668	-	81,349	81,349
Others	145,492	456,164	601,656	158,665	437,831	596,496
Depreciation	158,378	673,962	832,340	181,888	683,706	865,594
Amortization	10,331	449,810	460,141	6,235	479,192	485,427

For the years ended December 31, 2022 and 2021, the information on the number of employees and employee benefit expense of the Company is as follows:

	2022	2021
Number of employees (Average salaries)	<u>9,066</u>	<u>8,965</u>
Number of directors (non-employees)	<u>11</u>	<u>11</u>
Average benefit expense of employees	<u>\$ 1,491</u>	<u>1,411</u>
Average salary expense of employees	<u>\$ 1,290</u>	<u>1,214</u>
Percentage of change in average salary expense of employees	<u>6.26 %</u>	<u>3.32 %</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

Information about salary and compensation policies (including directors, managers and employees) of the Company is as follows:

Directors' remuneration is allocated according to the terms of the Articles of the Incorporation, and no more than 2% of the Company's pre-tax profit in the fiscal year, excluding employees' and directors' compensations, shall be paid to directors as remuneration along with reasonable compensation based on other factors to be taken into consideration, such as the Company's operational performance and the individual directors' contribution to the Company's performance.

Remuneration of the independent directors' of the Company is allocated according to the terms of the Articles of the Incorporation, as well as the involvement level in the corporate operation, contribution value, responsibility that is taken, risk that is borne by the independent directors and reference of competitors from the same industry. The remuneration is proposed by the Remuneration Committee and resolved by the Board of Directors.

(Continued)



**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

The Company's remuneration policy for managers has been established based on various factors including the Company's wage policy, the average wage offered by competitors for the same position, the duties and responsibilities for the position in question, and the manager's actual contribution to the Company's operational objectives.

The Company's procedure for determining remuneration takes into account the Company's overall operational performance as well as includes employee's personal performance and their contribution to the Company's performance in order to determine a reasonable compensation. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will frequently examine the latest developments in the global economy, international financial environment, and change of the industry condition in order to predict its operational development, profit status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby reach a balance between the Company's sustainable operation and relevant risk control.

**(13) Other disclosures:**

(a) Information on significant transactions

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

- (i) Loans to other parties: Please refer to Table 1
  - (ii) Guarantees and endorsements for other parties: Please refer to Table 2
  - (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3
  - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 4
  - (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: Please refer to Table 5
  - (vi) Disposals of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
  - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 7
  - (ix) Trading in derivative instruments: None.
- (b) Information on investees: Please refer to Table 8
- (c) Information on investment in mainland China: Please refer to Table 9

(Continued)

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

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF		269,519,000	6.11 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information:**

Please refer to the consolidated financial report of 2022.

**COMPAL ELECTRONICS, INC.**

**Statement of cash and cash equivalents**

**December 31, 2022**

**(Expressed in thousands of New Taiwan Dollars;  
in dollars of Foreign Currency)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash on hand		\$ 3,504
Checking account and demand deposits	TWD	690,284
	Foreign currency (US\$861,866,942 and others)	<u>26,493,611</u>
		<u>27,183,895</u>
Time deposits	Foreign currency (USD\$20,000,000, Maturity date: 2023.1.9, Rate: 4.35%)	614,200
	Foreign currency (CNY\$8,800,000, Maturity date: 2023.1.6~2022.3.15, Rate: 1.40%~2.28%)	<u>38,791</u>
		<u>652,991</u>
Cash equivalents:		
Bonds purchased under resale agreements	TWD (Maturity date: 2023.1.3~2023.1.9, Rate: 0.80%~0.88%)	1,896,442
	Foreign currency (US\$40,015,055.68, Maturity date: 2023.1.3~2023.1.4, Rate: 4.60%~4.70%)	<u>1,228,862</u>
		<u>3,125,304</u>
Total		<u>\$ 30,965,694</u>

Note: The exchange rate is 30.71 New Taiwan dollars for 1 US Dollar; 4.408 New Taiwan Dollars for 1 CNY.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of notes and accounts receivable**

**December 31, 2022**

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>
D Company	Sales of non-related parties	\$ 114,331,296
E Company	//	19,777,943
B Company	//	9,591,155
Others (Note)	//	<u>29,700,918</u>
		173,401,312
Less: allowance for uncollectible accounts		<u>(3,642,881)</u>
Notes and accounts receivable, net		<u><u>\$ 169,758,431</u></u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

**Statement of inventories**

<u>Item</u>	<u>Cost</u>	<u>Net Realizable Value</u>
Finished goods	\$ 15,471,653	15,813,564
Work in progress	1,276,477	1,276,477
Raw materials	<u>36,316,027</u>	<u>36,316,027</u>
Total	<u><u>\$ 53,064,157</u></u>	<u><u>53,406,068</u></u>

(Continued)

## COMPAL ELECTRONICS, INC.

## Statement of changes in accumulated impairment of investments accounted for using the equity method

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

Investee Company	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Ending Balance (including impairment loss)					
	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Number of shares	Amount	Number of shares	Amount	Share of profit recognized	Number of shares	Amount (not including exchange differences on transaction of foreign financial statements)	Exchange differences on transaction of foreign financial statements	Ending Balance (including exchange differences on transaction of foreign statements)	Market Price / Net Value
Auscom	3,000	\$ 148,218	-	-	-	-	10,180	3,000	158,398	(8,837)	149,561	149,561
Panpal	500,000	6,395,013	-	66,218	-	395,750	(377,252)	500,000	5,688,229	(722,859)	4,965,370	5,114,685
Just	48,010	10,504,421	-	-	-	-	(43,156)	48,010	10,461,265	(96,271)	10,364,994	10,364,994
CIH	53,001	41,651,641	-	-	-	-	1,030,304	53,001	42,681,945	(115,989)	42,565,956	42,553,108
CEH	1	3,906,656	-	-	-	-	-	1	3,906,656	(287,429)	3,619,227	3,619,227
Gempal	90,000	2,064,952	-	38,173	-	167,924	127,886	90,000	2,063,087	(15,090)	2,047,997	2,137,738
Hong Ji	100,000	1,148,085	-	5,096	-	81,671	97,275	100,000	1,168,785	615	1,169,400	1,169,400
Hong Jin	29,500	365,036	-	3,031	-	36,138	42,400	29,500	374,329	99	374,428	374,428
Compal Ruifang	-	-	-	100,000	-	-	(60)	-	99,940	-	99,940	99,940
Poindus Systems	-	-	11,768	353,046	-	27,067	(1,196)	11,768	324,783	(15)	324,768	287,708
Allied Circuit	10,158	399,105	-	805	-	73,748	112,728	10,158	438,890	(97)	438,793	1,031,010 (Note 4)
Bizcom	100	464,104	-	-	-	-	3,410	100	467,514	(15,153)	452,361	452,361
LIPO	98	751,341	-	-	-	-	(325,694)	98	425,647	(26,924)	398,723	398,723
Crownpo	3,739	74,488	-	-	-	-	(31,576)	3,739	42,912	(1,883)	41,029	41,029
Arcadyan	41,305	2,541,390	-	27,158	-	284,476	378,755	41,305	2,662,827	5,320	2,668,147	3,952,841 (Note 3)
FGH	89,755	5,109,123	-	1,346	-	-	(152,120)	89,755	4,958,349	(448,211)	4,510,138	4,510,138
HSI	42,700	94,838	-	-	-	-	218,225	42,700	313,063	(79,364)	233,699	233,699
Lead-Honor Optronics Co., Ltd.	2,772	(3)	-	-	-	-	-	2,772	(3)	3	-	-
CBN	29,060	682,970	-	-	-	30,636	(24,531)	29,060	627,803	(245)	627,558	746,847 (Note 3)
Kinpo Group Management	300	4,776	-	-	-	-	106	300	4,882	-	4,882	6,042
Rayonnant Technology	29,500	165,153	-	-	-	-	32,532	29,500	197,685	2,962	200,647	200,647
CRH	12,500	244,802	-	-	-	-	32,813	12,500	277,615	10,119	287,734	287,734
HengHao	20,015	(486,703)	-	-	-	-	(231,377)	20,015	(718,080)	(79,441)	(797,521)	(797,521)
Infinno Technology Corp.	4,648	37,824	-	-	-	-	(5,762)	4,648	32,062	-	32,062	32,062
CEP	136	6,409	-	-	-	-	(23,440)	136	(17,031)	(10,568)	(27,599)	(27,599)
BCI	90,820	7,675,491	-	-	-	-	582,505	90,820	8,257,996	-	8,565,523	8,565,523
APE	31,253	1,422,211	-	11,625	-	36,599	(16,105)	31,253	1,381,132	24,298	1,405,430	1,405,430
CORE	147,000	7,132,354	-	-	-	-	301,896	147,000	7,434,250	232,641	7,666,891	7,666,891
Unicore	20,000	101,881	-	-	-	-	(17,399)	20,000	84,482	-	84,482	84,482
Ripal	6,000	102,074	-	-	-	-	20,384	6,000	122,458	-	122,458	122,458
CPE	6,427	864,112	-	-	-	-	11,842	6,427	875,954	(11,897)	864,057	864,057
Avalue	14,924	647,647	-	2,748	-	38,513	118,990	14,924	730,872	(3,085)	727,787	1,214,819 (Note 4)
Etrade	46,900	(127,360)	-	-	-	-	(134,458)	46,900	(261,818)	(102,515)	(364,333)	(364,333)
Webtek	100	817,392	-	-	-	-	33,407	100	850,799	(87,570)	763,229	763,229
Forever	50	1,527,945	-	-	-	-	84,921	50	1,612,866	(81,066)	1,531,800	1,531,800
UCGI	10,000	(37,303)	20,000	199,999	29,000	-	(83)	1,000	162,613	-	162,613	162,613
Palcom	10,000	113,123	-	-	-	-	3,983	10,000	112,687	-	112,687	112,687
Mactech	21,756	252,821	-	1,174	-	-	18,102	21,756	262,227	-	262,227	262,227
GLB	15,000	330,604	35	700	-	145	40,421	15,035	371,580	-	371,580	261,192
Shennona	-	519	-	15,545	-	-	(65)	-	15,999	506	16,505	16,505
Hippo Screen	9,100	58,858	-	-	-	-	(23,883)	9,100	34,975	-	34,975	22,501
Shennona TW	600	3,120	-	-	-	-	576	600	3,696	-	3,696	3,696
Aco Smartcare	100,000	57,303	-	-	-	-	(12,973)	100,000	44,330	-	44,330	16,517
ARCE	20,000	44,309	-	-	-	-	(20,601)	20,000	23,708	-	23,708	14,836
CGSP	-	87,891	-	-	-	-	(3,816)	-	84,075	8,354	92,429	92,429
Starmems Semiconductor	3,500	33,971	-	-	-	-	(8,981)	3,500	24,990	-	24,990	24,990
Kinpo & Compal Assets Development	52,500	525,085	-	-	-	-	(19,538)	52,500	505,547	-	505,547	505,547
Raypal	3,446	144,270	1,200	54,000	-	-	(11,348)	4,646	186,922	-	186,922	71,343
Subtotal		98,051,957		880,664			1,194,752		99,563,892	(1,602,065)	97,961,827	
Exchange differences on transaction of foreign financial statements		(8,877,051)		-		-	(7,274,986)		(1,602,065)		-	
Less: Treasury shares held by subsidiaries		(881,247)		-		-	-		(881,247)		(881,247)	
Unrealized profits or losses		(10,157)		-		-	-		(10,157)		(10,157)	
Subtotal		88,283,502		880,664			(6,080,234)		97,070,423		97,070,423	
Plus: Deduction of accounts receivable and other receivable-- related parties		240,400		-		-	-		227,599		227,599	
Plus: Credit balance of investment in equity method		468,948		-		-	-		961,854		961,854	
Total		\$ 88,992,850		880,664			(6,080,234)		97,070,423		98,259,876	

Note 1 : Increase in current period included purchasing long-term investments, adjusting by using equity method of capital surplus, unrealized gains from financial assets measured at fair value through other comprehensive income, and subsidiaries received cash dividends from the parent company.

Note 2 : Decrease in current period included cash dividends distributed from long-term investments for using the equity method, adjustment by equity method of capital surplus and retained earnings, remeasurement of defined benefit plans, and unrealized loss from financial assets measured at fair value through other comprehensive income.

Note 3 : The unit price is calculated by the closing price of the Taiwan Stock Exchange as of December 31, 2022.

Note 4 : The unit price is calculated by the closing price of Taipei Exchange as of December 31, 2022.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of financial assets measured at fair value through other  
comprehensive income - non-current**

**For the year ended December 31, 2022**

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

<u>Investee Company</u>	<u>Beginning Balance</u>		<u>Increase (Note 1)</u>		<u>Decrease (Note 2)</u>		<u>Ending Balance</u>		<u>Collaterals or Pledged Assets</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	
Kinpo	124,044	\$ 2,003,307	-	-	-	328,716	124,044	1,674,591	None
Cal-Comp Electronics (Thailand) Public Co., Ltd.	259,600	695,728	21,633	-	-	116,387	281,233	579,341	None
Taiwan Star	98,046	441,993	-	-	-	23,335	98,046	418,658	None
Others	-	<u>367,069</u>	-	<u>258,174</u>	-	<u>163,993</u>	-	<u>461,250</u>	None
Total		<u>\$ 3,508,097</u>		<u>258,174</u>		<u>632,431</u>		<u>3,133,840</u>	

Note 1: Increase included transfer of the invested company's surplus to capital, purchasing financial assets at fair value through other comprehensive income, and unrealized gains on financial instruments at fair value.

Note 2: Decrease included disposal of financial assets at fair value through other comprehensive income, the adjustment of the unrealized loss of financial assets according to fair value, deferred tax for unrealized losses, and the reduction of capital and the return from liquidation.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of property, plant and equipment**  
**For the year ended December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note (6)(j).

**Statement of short-term borrowings**  
**December 31, 2022**

<u>Creditor</u>	<u>Description</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Loan Commitments</u>	<u>Collaterals or Pledged Assets</u>	<u>Ending balance</u>
China Construction Bank Corporation	Credit Loans	2022.10~2023.01	Note	\$ 6,142,000	None	6,142,000
Citibank	"	2022.10~2023.01	"	9,059,450	None	3,685,200
Bank of Communications Co., Ltd.	"	2022.10~2023.01	"	6,142,000	None	4,742,300
The bank of Tokyo-Mitsubishi UFJ	"	2022.10~2023.04	"	6,142,000	None	6,074,250
United Overseas Bank	"	2022.11~2023.01	"	4,606,500	None	4,606,500
Sumitomo Mitsui Banking Corporation	"	2022.11~2023.02	"	7,677,500	None	2,453,729
Cathay United Bank	"	2022.12~2023.02	"	5,527,800	None	3,721,000
Land Bank of Taiwan	"	2022.12~2023.01	"	6,000,000	None	3,071,000
Taishin Internation Bank	"	2022.10~2023.01	"	5,000,000	None	1,842,600
BNP Paribas Bank	"	2022.09~2023.03	"	3,071,000	None	1,800,000
HSBC Bank (Taiwan) Limited	"	2022.11~2023.02	"	1,842,600	None	1,830,000
The Hongkong and Shanghai Banking Corporation Limited	"	2022.12~2023.02	"	4,760,050	None	1,300,000
Bank of China	"	2022.11~2023.02	"	6,756,200	None	4,000,000
Shin Kong Bank	"	2022.11~2023.02	"	1,500,000	None	1,500,000
Banco Bilbao Vizcaya Argentaria Bank	"	2022.09~2023.03	"	6,449,100	None	6,300,000
				<b>\$ 80,676,200</b>		<b>53,068,579</b>

Note: The range of interest rates of aforementioned loans were 1.45%~5.38%.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Statement of notes and accounts payable**  
**December 31, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Suppliers</u>	<u>Amount</u>
E Company	\$ 25,027,877
J Company	10,462,714
A Company	7,208,570
I Company	6,129,776
D Company	5,003,108
B Company	4,375,011
Others (Note)	<u>19,793,688</u>
Total	<u>\$ 78,000,744</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

(Continued)



**COMPAL ELECTRONICS, INC.**

**Statement of long-term borrowings**

**December 31, 2022**

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

<u>Creditor</u>	<u>Loan Commitments</u>	<u>Amount</u>		<u>Contract Period</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Collaterals or Pledged Assets</u>
		<u>Loan within 1 year</u>	<u>Loan more than 1 year</u>				
Bank of Taiwan	\$ 5,000,000	1,000,000	3,500,000	2022.11~2024.12	註	4,500,000	None
Yuan Ta Commercial Bank	3,000,000	3,000,000	-	2022.11~2023.02	Note	3,000,000	None
Mizuho Bank, Ltd.	9,827,200	9,000,000	-	2022.12~2023.03	〃	9,000,000	None
E.SUN Commercial Bank	2,000,000	-	1,900,000	2021.11~2024.11	〃	1,900,000	None
Shanghai Commercial and Savings Bank	2,300,000	2,300,000	-	2020.06~2023.06	〃	2,300,000	None
Far Eastern International Bank Co., Ltd.	1,000,000	-	1,000,000	2022.11~2025.09	〃	1,000,000	None
CTBC Bank Co., Ltd.	2,000,000	2,000,000	-	2020.11~2023.11	〃	2,000,000	None
Taiwan Corporative Bank	1,000,000	-	1,000,000	2022.05~2025.05	〃	1,000,000	None
Chang Hwa Bank	3,000,000	-	3,000,000	2022.05~2026.05	〃	3,000,000	None
Bank of America	5,067,150	2,000,000	-	2022.09~2023.09	〃	2,000,000	None
Bank SinoPac Co., Ltd.	3,300,000	-	825,000	2022.12~2026.12	〃	825,000	None
	<u>\$ 37,494,350</u>	<u>19,300,000</u>	<u>11,225,000</u>			<u>30,525,000</u>	

Note: The range of interest rates of aforementioned loans were 1.48%~2.06%.

**Statement of lease liabilities**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount rate</u>	<u>Ending balance</u>
Buildings	For office and factory space	1~10 years	1.20%~1.60%	\$ 1,035,781
Vehicles	For operating activities	3~5 years	1.20%~1.60%	5,199
				1,040,980
Less : Current portion				(249,553)
Lease liabilities–Non-Current				<u>\$ 791,427</u>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of other payables**

**December 31, 2022**

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

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Payroll payables and year-end bonuses payable	Payroll for December 2022, estimated year-end bonuses for 2022, and employees and directors' compensations	\$ 4,416,138
Import and export fee payables		1,213,982
Technical service fee payables		1,289,536
Others (Note)		<u>6,200,143</u>
Total		<u>\$ 13,119,799</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

**Statement of operating revenue**

**For the year ended December 31, 2022**

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>
Sales revenue:		
5C electronic products	Note	\$ 1,004,056,566
Others		607,561
Less: Sales return		(1,066,520)
Sales allowance		<u>(1,354,915)</u>
Net sales		1,002,242,692
Other operating revenue:		
Service and processing revenue		<u>1,400,099</u>
Net sales revenue		<u>\$ 1,003,642,791</u>

Note: Due to multi-categories, it's hard to be classified in categories.

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating costs**

**For the year ended December 31, 2022**

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

Item	Amount
Raw materials	
Raw materials, beginning of the year	\$ 55,216,445
Add: Purchases	565,105,897
Less: Raw materials, end of the year	(40,296,164)
Transferred to operating expense	(38,882)
Cost of material sold	(4,776,463)
Scraps	(786,169)
Others	<u>(1,766)</u>
Raw materials used	574,422,898
Direct labor	605,349
Manufacturing expenses	<u>1,249,803</u>
Total Manufacturing costs	576,278,050
Add: Work-in-process, beginning of the year	1,189,112
Others	33
Less: Work-in-process, end of the year	(1,276,477)
Scraps	<u>(50,981)</u>
Cost of finished goods	576,139,737
Add: Finished goods, beginning of the year	7,603,013
Purchases	394,536,527
Others	1,619,273
Less: Finished goods, end of the year	(15,479,353)
Scraps	(2,723)
Transferred to operating expense	<u>(528,474)</u>
Costs of sales of finished goods and processing costs	963,888,000
Maintenance costs	4,632,936
Cost of material sold	4,776,463
Allowance for obsolescence loss and inventory valuation	937,684
Scrap loss of inventory	<u>839,873</u>
Cost of sales	<u><u>\$ 975,074,956</u></u>

(Continued)

**COMPAL ELECTRONICS, INC.**

**Statement of operating expenses**

**For the year ended December 31, 2022**

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

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Payroll expenses	\$ 364,618	1,664,466	8,479,572
Export expenses	314,281	-	-
Research expenses	-	-	1,558,147
Shipping expenses	4,745,014	37,378	2,133
Sample expenses	434,551	-	649
Others (Note)	<u>352,878</u>	<u>1,129,561</u>	<u>2,222,564</u>
Total	<u>\$ 6,211,342</u>	<u>2,831,405</u>	<u>12,263,065</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 1 Loans to other parties:**  
(December 31, 2022)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	UCGI	Other receivables	Y	466,958	230,000	230,000	1.67%~3.5%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	1.85%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
0	The Company	CEB	Other receivables	Y	1,399,775	767,750	767,750	1.02%~5%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	1.85%	Short-term financing	-	Operating demand	-	-	-	600,044	46,517,901	(Note 1)
0	The Company	CEA	Other receivables	Y	2,347,875	1,381,950	1,381,950	1.02%~5%	Short-term financing	-	Operating demand	-	-	-	23,258,950	46,517,901	(Note 1)
1	CIH	CEP	Other receivables	Y	64,430	61,420	61,420	5.05%	Short-term financing	-	Operating demand	-	-	-	42,553,108	42,553,108	(Note 2)
2	CPC	CIC	Other receivables	Y	450,600	440,800	440,800	2.20%	Short-term financing	-	Operating demand	-	-	-	2,589,107	2,589,107	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	4,510,100	2,149,700	1,781,180	3.5%~5.05%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	80,538	76,775	-	5.05%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	966,450	921,300	921,300	5.05%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
4	CPO	HengHao Kunshan	Other receivables	Y	1,047,900	-	-	3.50%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
4	CPO	CIT	Other receivables	Y	675,900	661,200	661,200	2.20%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
5	CET	BT	Other receivables	Y	270,360	264,480	176,320	2.00%	Short-term financing	-	Operating demand	-	-	-	4,960,064	4,960,064	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,200,000	600,000	600,000	1.67%~1.85%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	1.53%~1.85%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	Ray-Kwong Medical	Other receivables	Y	10,000	-	-	1.53%	Short-term financing	-	Operating demand	-	-	-	18,190	2,045,874	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	2,406,825	1,689,050	1,689,050	3.5%~5.05%	Short-term financing	-	Operating demand	-	-	-	10,388,018	10,388,018	(Note 8)
8	BSH	CIN	Other receivables	Y	579,870	552,780	337,810	5.05%	Short-term financing	-	Operating demand	-	-	-	8,034,374	8,034,374	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,000,000	600,000	600,000	1.67%~1.85%	Short-term financing	-	Operating demand	-	-	-	855,095	855,095	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	20,000	10,000	10,000	1.85%	Short-term financing	-	Operating demand	-	-	-	18,190	855,095	(Note 10)
10	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	200,000	-	-	1.67%	Short-term financing	-	Operating demand	-	-	-	467,760	467,760	(Note 11)
11	CGSP	CEP	Other receivables	Y	64,430	61,420	-	5.05%	Short-term financing	-	Operating demand	-	-	-	92,429	92,429	(Note 12)
12	Arcadyan	Arcadyan Brasil	Other receivables	Y	35,867	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Arcadyan Brasil	Other receivables	Y	59,880	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Arcadyan Brasil	Other receivables	Y	64,300	61,420	42,994	5.00%	Short-term financing	-	Operating financing	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	280,250	-	-	1.00%	Transaction for business between two parties	4,821,470	-	-	-	-	2,761,448	5,522,896	(Note 13)
12	Arcadyan	Arcadyan Vietnam	Other receivables	Y	321,500	307,100	-	1.00%	Transaction for business between two parties	14,679,380	-	-	-	-	2,761,448	5,522,896	(Note 13)

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 1 Loans to other parties:**  
(December 31, 2022)

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
12	Arcadyan	Arcadyan RU	Other receivables	Y	32,150	-	-	1.00%	Transaction for business between two parties	418,792	-	-	-	-	335,034	5,522,896	(Note 13)
13	Arcadyan Holding	CNC	Other receivables	Y	546,550	-	-	1.00%	Short-term financing	-	Operating financing	-	-	-	2,108,499	2,108,499	(Note 14)
14	Poindus Systems	Adasys	Other receivables	Y	21,268	21,268	21,268	2.00%	Transaction for business between two parties	80,428	-	-	-	-	51,752	208,682	(Note 15)
14	Poindus Systems	Poindus UK	Other receivables	Y	26,093	-	-	1.00%	Transaction for business between two parties	58,395	-	-	-	-	39,102	208,682	(Note 15)
14	Poindus Systems	Poindus UK	Other receivables	Y	24,506	24,109	24,109	1.00%	Transaction for business between two parties	58,395	-	-	-	-	51,752	208,682	(Note 15)

Note 1: According to the Company's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of the Company. When a short-term financing facility with the Company is necessary, the total amount for lending to any company shall not exceed 80% of the borrower's net worth, nor shall it be more than 50% of the Company's lendable amount limit, and shall be combined with the company's endorsements/guarantees for calculation. In addition, the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company is unrestricted by the aforesaid restriction of 80%, but the maximum amount shall not exceed 50% of the Company's lendable limit, and shall be combined with the company's amount of loans to others when calculating.

Note 2: According to CIH's Procedures for Lending Funds to Other Parties, the total amount of loans to others shall not exceed 40% of the net worth of CIH. When a short-term financing facility with CIH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 3: According to CPC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPC. When a short-term financing facility with CPC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPC's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 4: According to CIT's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIT. When a short-term financing facility with CIT is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIT's total amount of capital lent, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIT, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 5: According to CPO's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CPO. When a short-term financing facility with CPO is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CPO's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CPO, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 6: According to CET's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CET. When a short-term financing facility with CET is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CET's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CET, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 7: According to Panpal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Panpal. When a short-term financing facility with Panpal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the total amount lendable to 100% directly or indirectly owned subsidiaries by the Company, or the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions of 80%, but the maximum amount shall not exceed Panpal's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 8: According to CIC's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CIC. When a short-term financing facility with CIC is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CIC's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CIC, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 9: According to BSH's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of BSH. When a short-term financing facility with BSH is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of BSH's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of BSH, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 10: According to Gempal's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Gempal. When a short-term financing facility with Gempal is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Gempal's total amount of lendable capital, and shall be combined with the Gempal's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Gempal, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 11: According to Hong Ji's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Hong Ji. When a short-term financing facility with Hong Ji is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of Hong Ji's total amount of lendable capital, and shall be combined with the Hong Ji's endorsements/guarantees for calculation. In addition, when lending to indirectly owned overseas subsidiaries or the ultimate parent company's 100% directly, the total amount of loans is not limited by 80% of two aforesaid restrictions, but the maximum amount shall not exceed the total amount of lendable capital of Hong Ji, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 12: According to CGSP's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of CGSP. When a short-term financing facility with CGSP is necessary, the total amount for lending the borrower shall not exceed 80% of the borrower's net worth, nor shall it exceed 50% of CGSP's total amount of lendable capital, and shall be combined with the company's endorsements/guarantees for calculation. In addition, when lending to the ultimate parent company's 100% directly or indirectly owned overseas subsidiaries, the total amount of loans is not limited by the two aforesaid restrictions, but the maximum amount shall not exceed the net worth of CGSP, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 13: According to Arcadyan's Procedures for Lending Funds to Other parties, the total amount of loans to others shall not exceed 40% of the net worth of Arcadyan. To borrowers having business relationship with Arcadyan, the total amount for lending the borrower shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount for the current year, nor shall it exceed 20% of the net worth of Arcadyan. Also, the amount shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating. When a short-term financing facility is necessary, the borrower should be Arcadyan's investee. The total amount for lending the borrower shall not exceed 80% of the net worth of the borrower, nor shall it exceed 20% of the net worth of Arcadyan, and shall be combined with the Arcadyan's endorsements/guarantees for the borrower when calculating.

Note 14: According to Arcadyan Holding's Procedures of Lending Funds to Other Parties, the total amount of loans to others shall not exceed the net worth of Arcadyan Holding. When a short-term financing facility is necessary, the borrower should be Arcadyan Holding's investee. The total amount for lending the borrower shall not exceed the net worth of Arcadyan Holding, and shall be combined with the Arcadyan Holding's endorsements/guarantees for the borrower when calculating.

Note 15: According to Poindus Systems' Procedures for Lending Funds to Other parties, the total amount of loans for individual is the lower of the amount of transaction for business between the two parties during the previous twelve months and 10% of the net worth of the company's latest financial statements, with the total limit of 40% of the net worth of the company's latest financial statements.

Note 16: The transactions had been eliminated in the consolidated financial statements.

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 2 Guarantees and endorsements for other parties:**  
(December 31, 2022)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1 + 2)	Parent company endorsements/guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	CEP	(Note 4)	29,073,688	95,386	61,146	61,146	-	0.05%	58,147,377	Y	-	-
0	The Company	CEB	(Note 5)	29,073,688	132,082	61,420	61,420	-	0.05%	58,147,377	Y	-	-
0	The Company	CEA	(Note 5)	29,073,688	193,973	-	-	-	0.00%	58,147,377	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	29,073,688	27,036	26,448	26,448	-	0.02%	58,147,377	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,840,965	241,125	230,325	-	-	1.67%	5,522,896	Y	-	-
2	Poindus Systems	Qijie	(Note 5)	104,341	32,325	30,710	-	-	5.98%	260,852	Y	-	Y

Note 1: According to the Company's Procedures for Endorsement and Guarantee, the total amount of endorsements/ guarantees the Company or the Group is permitted to make shall not exceed 50% of the Company's net worth. Endorsements/ guarantees the Company and the Group are permitted to make for a single company shall not exceed 25% of the Company's net worth. For entities having business relationship with the Company, the amount of endorsements/ guarantees for a single company shall not exceed 80% of the transaction amount in the last fiscal year or the expecting amount of the current year, and shall be combined with the amount lend to others when calculating. The amount of endorsements/ guarantees permitted to make between subsidiaries whose over 90% of its voting shares are owned, directly or indirectly, by the Company shall be no more than 10% of the net worth of the Company. The amount of endorsements/ guarantees permitted to make between directly or indirectly wholly owned subsidiaries is not limited by the aforementioned restriction, only the maximum amount shall be no more than 25% of the net worth of the Company.

Note 2: According to Arcadyan's Procedures for Endorsement and Guarantee, the total amount of endorsements/guarantees Arcadyan and its subsidiaries are permitted to make shall not exceed 40% of the Arcadyan's net worth. Endorsements/guarantees Arcadyan and its subsidiaries are permitted to make for a single company shall not exceed 1/3 of the aforementioned total amount.

Note 3: According to Poindus Systems' Procedures for Endorsement and Guarantee, Poindus Systems only endorses and guarantees to subsidiaries wherein it holds 100% of their voting shares. Poindus Systems' endorsement and guarantee for a subsidiary shall not exceed 20% of its net worth; and the total amount of endorsements/guarantees shall not exceed 50% of its net worth.

Note 4: Subsidiary whose over 50% common stock is directly owned.

Note 5: Subsidiary whose over 50% common stock is indirectly owned.

(Continued)

## COMPAL ELECTRONICS, INC.

## Notes to Parent-Company-Only Financial Statements

Table 3 Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):  
(December 31, 2022)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	418,658	2%	418,658	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,674,591	8%	1,674,591	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	281,233	579,341	5%	579,341	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	290	22,571	10%	22,571	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	11,112	11%	11,112	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	13,040	3%	13,040	
	Chen Feng Optoelectronics	-	Financial assets at fair value through other comprehensive income-non-current	6,685	101,676	7%	101,676	
	PrimeSensor Technology Inc.	-	Financial assets at fair value through other comprehensive income-non-current	868	19,638	1%	19,638	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	7%	36,000	
	Genovior Biotech Crop.	-	Financial assets at fair value through other comprehensive income-non-current	3,846	9,000	2%	9,000	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	114,137	-	114,137	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	132,417	2%	132,417	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	54,150	8%	54,150	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	63,000	19%	63,000	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		134,076		134,076	
	Total				<u>3,383,407</u>			
	Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	729,488	1%	729,488
Kinpo		The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	936,490	5%	936,490	
CDIB Partners Investment Holding Corp.		-	Financial assets at fair value through other comprehensive income-non-current	54,000	694,440	5%	694,440	
AcBel		The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	169,449	1%	169,449	
Lian Hong Art. Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	2,225	67,470	6%	67,470	
Taiwan Biotech Co., Ltd.		-	Financial assets at fair value through other comprehensive income-non-current	7,845	141,204	3%	141,204	
Others			Financial assets at fair value through other comprehensive income-non-current		14,215		14,215	
Total					<u>2,752,756</u>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	423,413	-	423,413	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,225	67,450	6%	67,450	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		1,371		1,371	
	Total				<u>492,234</u>			

(Continued)



**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 3 Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):**  
(December 31, 2022)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance			Note	
				Shares/Units (thousands)	Carrying value	Holding percentage (%)		Fair value
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	(Note 1)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	(Note 1)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non-current	200	-	4%	-	(Note 1)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	(Note 1)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	(Note 1)
	IOT Eye, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	(Note 1)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	46,379	7%	46,379	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	46,150	5%	46,150	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	6%	-	(Note 1)
	Total				<u>92,529</u>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>11,220</u>	-	11,220	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through other comprehensive income-non-current	-	-	19%	-	(Note 1)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<u>138,195</u>	-	138,195	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>4,414</u>	17%	4,414	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>252,667</u>	-	252,667	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through other comprehensive income-non-current	-	<u>10,296</u>	-	10,296	

Note 1: The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS\$300 million or 20% of the capital stock:**  
(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	Stock : Poindus Systems	Investments accounted for using equity method	Public buyouts and purchases from the open market	-	-	11,768	353,046	-	-	-	-	-	-	(28,278) (Note 1)	11,768	324,768
CPC	Structured deposits : Structured deposits-- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	442,622	-	450,371	442,622	7,749 (Note 2)	-	-	-	-	-
CIT	Structured deposits-- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	1,106,555	-	1,125,927	1,106,555	19,372 (Note 2)	-	-	-	-	-
CIT	Bank of Communications Yuntong Wealth Time-type structured deposit products	Financial assets at fair value through profit or loss-current	Bank of Communications Co., Ltd.	-	-	-	442,622	-	450,043	442,622	7,421 (Note 2)	-	-	-	-	-
CIC	Structured deposits-- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	663,933	-	675,556	663,933	11,623 (Note 2)	-	-	-	-	-
CET	Structured deposits-- Bank of China RMB Structured Deposit	Financial assets at fair value through profit or loss-current	Bank of China	-	-	-	442,622	-	450,371	442,622	7,749 (Note 2)	-	-	-	-	-

Note 1: Others were valuation gains and losses and foreign exchange gains and losses.

Note 2: Including gains and losses on disposal and foreign exchange gains and losses.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 5 Acquisition of individual real estate with amount exceeding the lower of NTS300 million or 20% of the capital stock:**  
(December 31, 2022)

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Arcadyan Vietnam	Plant, mechanical and electrical equipment	May 5, 2022 (Note 1)	1,437,610	657,737	Donghui Co., Ltd. and Chengyuande Construction and Trade Co., Ltd.	None	Not applicable	Not applicable	Not applicable	Not applicable	price comparison and negotiation	operational use	None
Kinpo & Compal Group Assets Development Corporation	Buildings and building improvements	November 11, 2022 (Note 2)	In the maximum limit of 22,200 thousands	-	-	-	-	-	-	-	-	-	-
Compal Electronics (Vietnam) Co., Ltd (Note 3)	Land use rights	December 16, 2022	921,300	184,260	GREEN i-PARK CORPORATION	None	Not applicable	Not applicable	Not applicable	Not applicable	Refer to the real estate appraisal report issued by a professional appraiser	operational use	None

Note 1: In order to meet the operational needs, the Board of Directors of Arcadyan Vietnam resolved on May 5, 2022, to authorize the chairman of the Board to expand the plant in the maximum limit of USD48,000. The total contract amount is expected to be 1,437,610 (VND 1,118,763 million).

Note 2: In order to meet the operation planning of the group headquarter and corporate sustainable development needs, the Board of Directors of Kinpo & Compal Group Assets Development Corporation resolved on November 11, 2022, to authorize the chairman of the Board to build a new group operation headquarters building in the maximum limit of 22.2 billion.

Note 3: Compal Electronics (Vietnam) Co., Ltd (tentative name) is a newly established subsidiary of BSH 100% owned.

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
The Company	UCGI	Subsidiaries wholly owned by the Company	Sale	(221,051)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference	18,806	0.0%	
	CBN	The Company's subsidiaries	Sale	(439,192)	(0.0)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference	258,313	0.1%	
	Arcadyan	The Company's subsidiaries	Sale	(4,736,735)	(0.5)%	Net 60 days from the end of the month of delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,451,984	0.8%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Sale	(1,190,095)	(0.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,433,533	0.8%	
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	129,322,840	13.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(47,687,191)	(30.9)%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	136,046,231	14.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,721,087)	(1.1)%	
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	57,511,789	6.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,914,134)	(3.2)%	
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	44,099,411	4.6%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(8,835,507)	(5.7)%	
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	11,706,241	1.2%	Net 60 days from delivery	Markup based on Etrade and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,242,604)	(1.5)%	
Just and its subsidiaries	Kinpo	The same chairman of the Company	Purchase	31,343,280	2.8%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(8,476,775)	(5.5)%	
	Compal Electronic, Inc.	Parent company	Sale	(136,046,231)	(99.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,721,087	97.4%	
	UCGI	With the same ultimate parent company	Sale	(118,656)	(0.1)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	38,621	2.2%	
	Compal Electronic, Inc.	Parent company	Purchase	1,190,095	0.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(1,433,533)	(4.1)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	389,981	0.3%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(128,602)	(0.4)%	
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	201,643	0.2%	Net 60 days from delivery	According Etrade and its subsidiaries to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(117,120)	(0.3)%	
	CIH and its subsidiaries	Parent company	Sale	(129,322,840)	(92.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	47,687,191	87.4%	
CIH and its subsidiaries	CEA	With the same ultimate parent company	Sale	(405,697)	(0.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	124,747	0.1%	

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CIH and its subsidiaries	CEB	With the same ultimate parent company	Sale	(219,877)	(0.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	72,382	0.1%	
	Just and its subsidiaries	With the same ultimate parent company	Sale	(389,981)	(0.3)%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	128,602	0.1%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(3,026,857)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	1,425,340	1.4%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(4,315,689)	(3.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,199,215	4.2%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	770,541	0.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(32,896)	(0.0)%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	420,918	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(16,497)	(0.0)%	
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	1,147,721	1.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(194,275)	(0.2)%	
	HengHao	With the same ultimate parent company	Purchase	179,199	0.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(25,055)	(0.0)%	(Note 1)
	CPM	An associate	Purchase	2,571,306	2.8%	120 days	Similar to non-related parties	There is no significant difference.	(541,816)	(0.7)%	
	Changbao	An associate	Purchase	944,245	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(176,997)	(0.2)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	806,342	0.9%	120 days	Similar to non-related parties	There is no significant difference.	(294,099)	(0.4)%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	439,192	19.0%	Net 90 days from delivery	-	There is no significant difference.	(258,313)	(31.0)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(44,099,411)	(89.2)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	8,835,507	27.7%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(770,541)	(1.6)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	32,896	0.1%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(1,365,373)	(2.8)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	2,409,030	7.6%	(Note 1)
	CEB	With the same ultimate parent company	Sale	(543,836)	(1.1)%	120 days	According to markup pricing	There is no significant difference.	485,682	1.5%	
	CEA	With the same ultimate parent company	Sale	(918,657)	(1.9)%	120 days	According to markup pricing	There is no significant difference.	180,177	0.6%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	3,026,857	7.2%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(1,425,340)	(4.7)%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	790,403	1.9%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(546,121)	(1.8)%	
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	282,287	0.7%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(27,686)	(0.1)%	
	CPM	An associate	Purchase	446,632	1.1%	120 days	Similar to non-related parties	There is no significant difference.	(24,880)	(0.1)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	410,565	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(121,992)	(0.4)%	

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
CEB	BCI and its subsidiaries	With the same ultimate parent	Purchase	543,836	14.3%	120 days	According to markup pricing	There is no significant difference.	(485,682)	(31.2)%	
	CEA	With the same ultimate parent	Purchase	1,620,529	42.7%	45 days	Similar to non-related parties	There is no significant difference.	(415,662)	(26.7)%	
CEA	CIH and its subsidiaries	With the same ultimate parent	Purchase	219,877	5.8%	120 days	Similar to non-related parties	There is no significant difference.	(72,382)	(4.6)%	
	CEB	With the same ultimate parent	Sale	(1,620,529)	(17.3)%	45 days	Similar to non-related parties	There is no significant difference.	415,662	17.3%	
	CIH and its subsidiaries	With the same ultimate parent	Purchase	405,697	5.3%	120 days	Similar to non-related parties	There is no significant difference.	(124,747)	(16.2)%	
	BCI and its subsidiaries	With the same ultimate parent	Purchase	918,657	12.0%	120 days	According to markup pricing	There is no significant difference.	(180,177)	(23.4)%	
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(11,706,241)	(98.2)%	Net 60 days from delivery	According to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	2,242,604	101.3%	
	Just and its subsidiaries	With the same ultimate parent company	Sale	(201,643)	(1.7)%	Net 60 days from delivery	According to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	117,120	5.3%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,829,041	16.9%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(522,935)	(24.5)%	
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(514,870)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	216,768	100.0%	(Note 1)
UCGI	Avalue	An associate	Sale	(177,383)	(31.6)%	75 days	Similar to non-related parties	There is no significant difference.	38,397	21.4%	
	Compal Electronic, Inc.	Parent company	Purchase	221,051	45.9%	120 days	Similar to non-related parties	There is no significant difference.	(18,806)	(29.7)%	
	Just and its subsidiaries	With the same ultimate parent company	Purchase	118,656	24.6%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(38,621)	(61.1)%	
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(57,511,789)	(95.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	4,914,134	26.1%	
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(1,829,041)	(3.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	522,935	2.8%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(420,918)	(0.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	16,497	0.1%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(790,403)	(1.3)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	546,121	2.9%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	4,315,689	6.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(4,199,215)	(11.1)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	1,365,373	2.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(2,409,030)	(6.3)%	(Note 1)
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	514,870	0.8%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	(216,768)	(0.6)%	(Note 1)
	Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,147,721)	(80.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	194,275	87.4%

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:**

(For the year ended December 31, 2022)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note	
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment Terms	Ending Balance		Percentage of total notes/accounts receivable (payable)
Rayonnant and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Sale	(282,287)	(19.7)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	27,686	12.5%	
HengHao	CIH and its subsidiaries	With the same ultimate parent company	Sale	(179,199)	(1.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	25,055	1.3%	(Note 1)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(1,226,274)	(3.0)%	Net 150 days from delivery	-	-	597,274	6.0%	
	Arcadyan USA	Arcadyan's subsidiary	Sale	(16,685,476)	(36.0)%	Net 120 days from delivery	-	-	4,102,435	39.0%	
	Arcadyan AU	Arcadyan's subsidiary	Sale	(1,135,329)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	281,293	3.0%	
Arcadyan	CNC	Arcadyan's subsidiary	Purchase	11,854,935	16.0%	Net 120 days from delivery	According to markup pricing	-	(3,011,224)	(24.0)%	(Note 1)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	3,412,391	5.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	-	(Note 1)
	Compal Electronic, Inc.	Parent company	Purchase	4,736,735	6.0%	Net 60 days from the end of the month of delivery	-	-	(1,451,984)	(12.0)%	
CNC	Arcadyan	With the same ultimate parent company	Sale	(11,854,935)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	3,011,224	98.0%	(Note 1)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(3,412,391)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	-	(Note 1)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	1,226,274	100.0%	Net 150 days from delivery	-	-	(597,274)	(100.0)%	
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	16,685,476	100.0%	Net 120 days from delivery	-	-	(4,102,435)	(100.0)%	
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,135,329	100.0%	Net 60 days from the end of the month of delivery	-	-	(281,293)	100.0%	
Ripal	GLB	With the same ultimate parent company	Sale	(134,361)	58.9%	Net 60 days from the end of the month	Similar to non-related parties	There is no significant difference.	19,726	50.0%	
GLB	Ripal	With the same ultimate parent company	Purchase	134,361	43.3%	Net 60 days from the end of the month	Similar to non-related parties	There is no significant difference.	(19,726)	37.7%	

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

Note 2: The amount of other receivables on December 31, 2022 is 1,000,854 thousand dollars.

(Continued)

**COMPAL ELECTRONICS, INC.**  
**Notes to Parent-Company-Only Financial Statements**

**Table 7 Receivables from related parties with amounts exceeding the lower of NTS100 million or 20% of the capital stock:**  
(December 31, 2022)

(In Thousands of New Taiwan Dollars)

Name of Company	Counter-party	Nature of relationship	Ending Balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CBN	The Company's subsidiary	258,313	1.10	-	-	188,346 (Note 1)	-
The Company	Arcadyan	The Company's subsidiary	1,451,984	6.52	-	-	1,390,870 (Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	1,433,533	1.66	-	-	1,433,533 (Note 1)	-
The Company	HSI and its subsidiaries	The Company's subsidiary	5,537,829 (Note 4)	(Note 4)	-	-	1,339,742 (Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	4,370,909 (Note 4)	(Note 4)	-	-	4,370,909 (Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	1,721,087	46.04	-	-	1,478,627 (Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	47,687,191	2.35	-	-	45,630,291 (Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	124,747	2.44	-	-	37,150 (Note 1)	-
CIH and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	128,602	6.06	-	-	- (Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	4,199,215	1.33	-	-	- (Note 1)	-
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	1,425,340	2.01	-	-	- (Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	8,835,507	3.47	-	-	8,835,507 (Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	2,409,030	0.62	-	-	- (Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	485,682	0.62	-	-	62,919 (Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	180,177	2.67	-	-	160,837 (Note 1)	-
CEA	CEB	With the same ultimate parent company	415,662	4.09	-	-	- (Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	2,242,604	4.80	-	-	391,222 (Note 1)	-
Etrade and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	117,120	3.44	-	-	- (Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	216,768	4.75	-	-	- (Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	4,914,134	14.38	-	-	4,914,134 (Note 1)	-
HSI and its subsidiaries	Etrade and its subsidiaries	With the same ultimate parent company	522,935	4.76	-	-	- (Note 1)	-
HSI and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	546,121	2.89	-	-	- (Note 1)	-
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	194,275	11.86	-	-	- (Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	4,102,435	5.45	-	-	2,632,307 (Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,000,854 (Note 4)	(Note 4)	-	-	- (Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	281,293	7.45	-	-	188,344 (Note 2)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	597,274	2.84	-	-	236,699 (Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	3,011,224 (Note 5)	4.70	-	-	655,717 (Note 2)	-
CBN	HSI and its subsidiaries	With the same ultimate parent company	364,925 (Note 5)	(Note 5)	309,627	Strengthen collections	364,925 (Note 3)	-

Note 1: Balance as of March 7, 2023.

Note 2: Balance as of March 3, 2023.

Note 3: Balance as of March 6, 2023.

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

Note 5: Accounts receivables due to processing raw material.

(Continued)



## COMPAL ELECTRONICS, INC.

## Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	Kinpo&Compal Group Assets Development	Taipei City	Real estate development leasing and related management business	525,000	525,000	52,500	70%	505,547	(27,910)	(19,538)	
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	452,361	3,410	3,410	
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,364,994	(43,156)	(43,156)	
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	42,565,956	1,030,304	1,030,304	
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,405,558	(313,956)	(377,252)	
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,726,562	164,612	127,886	
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	4,882	284	106	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	122,458	24,384	20,384	
	Unicore	Taipei City	Management&Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	84,482	(17,399)	(17,399)	
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,619,227	-	-	
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	3,696	2,056	576	
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	438,793	555,696	112,728	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	-	11,768	56%	324,768	4,415	(1,196)	
	Aco Smartcare	Hsinchu County	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	44,330	(24,930)	(12,973)	
	Lipo Holding Co., Ltd.	Cayman	Investment	489,450	489,450	98	49%	398,723	(664,683)	(325,694)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	864,057	11,842	11,842	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	24,990	(25,660)	(8,981)	
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	41,029	(95,015)	(31,576)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,169,400	97,275	97,275	
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	374,428	42,400	42,400	
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	262,227	44,823	26,334	
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	149,561	10,180	10,180	
	Arcadyan	Hsinchu City	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	1,325,132	1,325,132	41,305	19%	2,668,147	1,915,053	378,755	
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,510,138	(152,120)	(152,120)	
	Shennona	Delaware, USA	Medical care IOT business	48,210	32,665	-	100%	16,505	(65)	(65)	
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	233,699	407,288	218,225	
	CEP	Poland	Maintenance and warranty	90,156	90,156	136	100%	(27,599)	(23,440)	(23,440)	
	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	112,000	9,100	91%	34,975	(26,246)	(23,883)	
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	32,062	(20,788)	(5,762)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(797,521)	(231,377)	(231,377)	
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	8,565,523	582,505	582,505	

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 8** The information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):  
(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	627,558	(57,588)	(24,531)	
	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	200,647	27,157	32,532	
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	287,734	32,813	32,813	
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,405,430	(46,382)	(16,105)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(364,333)	87,088	(134,458)	
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	763,229	33,407	33,407	
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,531,800	84,921	84,921	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	489,998	20,000	100%	162,613	102	(83)	
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	112,687	3,547	3,547	
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	727,787	556,099	118,990	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,666,891	301,896	301,896	
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	100,000	-	10,000	100%	99,940	(60)	(60)	
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	246,860	15,035	50%	371,580	81,417	40,421	
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	92,429	3,773	(3,816)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	60,000	60,000	20,000	33%	23,708	(61,803)	(20,601)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	155,076	4,646	30%	186,922	(37,927)	(11,348)	
									<u>97,080,580</u>		<u>1,826,023</u>
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	573,951	1,915,053	Investment gain(losses) recognized by Panpal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	126,442	555,696	Investment gain(losses) recognized by Panpal	
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(514,643) 675,117	1,915,053	Investment gain(losses) recognized by Gempal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	139,086	555,696	Investment gain(losses) recognized by Gempal	
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(740) 675,117	1,915,053	Investment gain(losses) recognized by Hong Ji	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	31,888	555,696	Investment gain(losses) recognized by Hong Ji	
Hong Jin	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	131,942	131,942	4,609	2%	320,345	1,915,053	Investment gain(losses) recognized by Hong Jin	

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 8** The information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):  
(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Just	CDH (HK)	Hong Kong	Investment	1,913,156	1,913,156	62,298	100%	7,842,940	(77,396)	Investment gain(losses) recognized by Just	
	CII	British Virgin Islands	Investment	283,914	283,914	9,245	100%	258,032	(24)	Investment gain(losses) recognized by Just	
	CPI	British Virgin Islands	Investment	15,355	15,355	500	100%	13,668	11,067	Investment gain(losses) recognized by Just	
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	381	(7)	Investment gain(losses) recognized by CII	
	AEI	U.S.A	Sales and maintenance of LCD TVs	30,710	30,710	1,000	100%	(483)	(37)	Investment gain(losses) recognized by CII	
	MEL	U.S.A	Investment	252,866	252,866	-	100%	209,588	20	Investment gain(losses) recognized by CII	
	MTL	U.S.A	Investment	31	31	-	100%	31	-	Investment gain(losses) recognized by CII	
CIH	CIH (HK)	Hong Kong	Investment	2,297,185	2,297,185	74,803	100%	41,759,699	1,485,718	Investment gain(losses) recognized by CIH	
	Jenpal	British Virgin Islands	Investment	225,719	225,719	7,350	100%	111,492	1,931	Investment gain(losses) recognized by CIH	
	PFG	British Virgin Islands	Investment	31	31	1	100%	5,455	25,570	Investment gain(losses) recognized by CIH	
	FWT	British Virgin Islands	Investment	457,579	457,579	14,900	100%	457,578	(1)	Investment gain(losses) recognized by CIH	
	CCM	British Virgin Islands	Investment	156,621	156,621	5,100	51%	25,691	(4,805)	Investment gain(losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	2,057,570	2,057,570	67,000	100%	664,327	406,560	Investment gain(losses) recognized by HSI	
	Goal	British Virgin Islands	Investment	390,017	390,017	12,700	100%	338,159	728	Investment gain(losses) recognized by HSI	
IUE	CVC	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	2,057,570	2,057,570	67,000	100%	664,327	406,560	Investment gain(losses) recognized by IUE	
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	390,017	390,017	12,700	100%	339,807	728	Investment gain(losses) recognized by Goal	
BCI	CMI	British Virgin Islands	Investment	2,481,982	2,481,982	80,820	100%	5,400,819	392,369	Investment gain(losses) recognized by BCI	
	PRI	British Virgin Islands	Investment	307,100	307,100	10,000	100%	3,164,705	190,136	Investment gain(losses) recognized by BCI	
CORE	BSH	British Virgin Islands	Investment	4,514,370	4,514,370	147,000	100%	7,666,891	301,896	Investment gain(losses) recognized by CORE	
BSH	Mithera	Cayman Islands	Investment	155,086	155,086	-	99%	140,305	(3,242)	Investment gain(losses) recognized by BSH	
	HSI	British Virgin Islands	Investment	1,136,270	1,136,270	37,000	46%	768,787	407,288	Investment gain(losses) recognized by BSH	
	CIN	U.S.A	Manufacturing	249,672	249,672	1	100%	215,327	4,015	Investment gain(losses) recognized by BSH	
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain(losses) recognized by Forever	

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 8** The information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):  
(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Forever	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	61,420	61,420	-	100%	101,739	79,661	Investment gain(losses) recognized by Forever	
Webtek	Etrade	British Virgin Islands	Investment	767,750	767,750	25,000	35%	7,446	87,088	Investment gain(losses) recognized by Webtek	
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	40,692	-	0%	-	-	Investment gain(losses) recognized by Unicore	
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,701,027	2,219,782	47,780	100%	1,804,421	(45,949)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	79,312	(63,692)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	1	100%	87,814	7,152	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	24,216	11,167	Investment gain(losses) recognized by Arcadyan	
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	405,516	(10,735)	Investment gain(losses) recognized by Arcadyan	
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	205,272	(256,058)	Investment gain(losses) recognized by Arcadyan	
	AcBel Telecom	Taipei City	Investment	-	23,000	-	0%	-	3,365	Investment gain(losses) recognized by Arcadyan	
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	4,759	572	Investment gain(losses) recognized by Arcadyan	
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	61,405	18,089	Investment gain(losses) recognized by Arcadyan	
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	4,964	(1,713)	Investment gain(losses) recognized by Arcadyan	
Arcadyan and Zhi-Bao	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	11,898	(57,588)	Investment gain(losses) recognized by Arcadyan	
	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(41,645)	(23,669)	Investment gain(losses) recognized by Arcadyan	
Arcadyan Holding	Arcadyan India	India	Sales of wireless network products	29,110	13,507	7,500	100%	23,337	(4,001)	Investment gain(losses) recognized by Arcadyan	
	Sinoprime	British Virgin Islands	Investment	892,126	892,126	29,050	100%	1,223,179	267,559	Investment gain(losses) recognized by Arcadyan	
TTI	Arch Holding	British Virgin Islands	Investment	338,148	338,148	35	100%	827,635	(323,027)	Investment gain(losses) recognized by Arcadyan	
	Quest	Samoa	Investment	36,852	36,852	1,200	100%	(230,523)	(142,972)	Investment gain(losses) recognized by TTI	
Quest	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	1	100%	3,297	(499)	Investment gain(losses) recognized by TTI	
	Exquisite	Samoa	Investment	35,931	35,931	1,170	100%	(232,168)	(142,975)	Investment gain(losses) recognized by Quest	
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	890,590	890,590	-	100%	1,218,634	267,530	Investment gain(losses) recognized by Sinoprime	
Zhi-Bao	CBN	Hsinchu County	Produces and sales of communication and electronic components	36,272	36,272	13,140	19%	293,202	(57,588)	Investment gain(losses) recognized by Zhi-Bao	

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

**Table 8** The information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):  
(December 31, 2022)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	193,110	59,449	Investment gain(losses) recognized by Rayonnant	
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain(losses) recognized by Rayonnant	
CRH	APH	British Virgin Islands	Investment	383,875	383,875	12,500	59%	287,734	59,449	Investment gain(losses) recognized by CRH	
APH	PEL	British Virgin Islands	Investment	96,767	96,767	3,151	100%	43,994	456	Investment gain(losses) recognized by APH	
	Rayonnant(HK)	Hong Kong	Investment	552,780	552,780	18,000	100%	428,698	58,993	Investment gain(losses) recognized by APH	
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,091,269)	(360,633)	Investment gain(losses) recognized by HHT	
HHA	HHB	British Virgin Islands	Investment	1,439,747	1,439,747	46,882	100%	(1,091,210)	(360,633)	Investment gain(losses) recognized by HHA	
CBN	CBNB	Belgium	The import and export business of broad band network products and related components, as well as technical support and advisory services	6,842	6,842	20	100%	5,386	(255)	Investment gain(losses) recognized by CBN	
	CBNN	Netherlands	The import and export business of broad band network products and related components, as well as technical support and advisory services	7,016	7,016	20	100%	6,168	(118)	Investment gain(losses) recognized by CBN	
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	7,140	(25,660)	Investment gain(losses) recognized by CBN	
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,756,391	2,756,391	95,862	37%	4,580,629	(377,622)	Investment gain(losses) recognized by FGH	
Mactech	Taiwan Intelligent Robotics Company, LTD.	Taipei City	Manufacturing of equipment	43,200	43,200	2,160	17%	2,395	(25,969)	Investment gain(losses) recognized by Mactech	
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 2)	100%	559	(61)	Investment gain (losses) recognized by Poindus Systems	
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(7,792)	(2,676)	Investment gain (losses) recognized by Poindus Systems	
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	1,866	(26,473)	Investment gain (losses) recognized by Poindus Systems	
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 2)	100%	135	(61)	Investment gain (losses) recognized by Poindus Investment	

Note 1: The carrying value had been deducted \$559,812 and \$321,435 of the Company's stock held by Panpal and Gempal, respectively.

Note 2: A limited company, therefore no number of shares.

(Continued)

## COMPAL ELECTRONICS, INC.

## Notes to Parent-Company-Only Financial Statements

Table 9 Information on investment in Mainland China:

(December 31, 2022)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CPC	Manufacturing and sales of monitors	1,136,270	(Note 1)	1,136,270	-	-	1,136,270	(301,556)	100%	(301,556)	2,597,603	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	614,200	(Note 2)	614,200	-	-	614,200	36,769	100%	36,769	123,413	-
CET	Manufacturing of notebook PCs	368,520	(Note 2)	368,520	-	-	368,520	(341,528)	100%	(341,528)	4,968,182	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	264,852	(Note 2)	(Note 3)	-	-	-	(178,620)	100%	(178,620)	133,487	-
Zheng Ying Electronics (Chongqing) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	69,639	(Note 2)	(Note 3)	-	-	-	-	51%	-	(43,757)	-
BT	Manufacturing of notebook PCs	30,710	(Note 2)	30,710	-	-	30,710	57,996	100%	57,996	(115,716)	-
CGS	Maintenance and warranty service of notebook PCs	8,828	(Note 2)	(Note 3)	-	-	-	7,260	100%	7,260	(38,545)	-
LIZ Electronics (Kunshan) Co., Ltd.	Production and processing chip resistors, ceramic capacitors, diodes, and other latest electronic components and related precision electronic equipment; selling self-produced products	982,720	(Note 1)	409,364	-	-	409,364	(568,185)	43%	(245,342)	300,436	-
LIZ Electronics (Nantong) Co., Ltd.	Research & development, and manufacturing chip components( chip resistors, ceramic chip diode ; selling self-produced products and providing after-sales service. Performing wholesale and trading business of electronic components, semiconductors, special materials for electronic components, and spare parts	614,200	(Note 1)	45,144	-	-	45,144	(512,722)	48%	(244,056)	308,175	-
CIC	Manufacturing of notebook PCs	368,520	(Note 2)	368,520	-	-	368,520	739,180	100%	739,180	10,388,019	-
CPO	Manufacturing and sales of LCD TVs	371,591	(Note 1)	371,591	-	-	371,591	112,294	100%	112,294	3,047,731	-
CIT	Manufacturing of notebook PCs	737,040	(Note 2)	737,040	-	-	737,040	954,634	100%	954,634	25,750,770	-
CST	International trade and distribution of computers and electronic components	42,994	(Note 2)	42,994	-	-	42,994	(8,091)	100%	(8,091)	45,069	-
Sheng Bao Precision Electronics (Taicang) Co., Ltd.	Research & development, and manufacturing latest electronic components, precision cavity mold, design and manufacturing for standard parts for molds, and selling self-produced products	307,100	(Note 2)	156,621	-	-	156,621	(4,805)	51%	(2,450)	58,466	-
CIJ	Investment and consulting services	479,076	(Note 2)	479,076	-	-	479,076	158,621	100%	158,621	2,643,288	-
CDE	Manufacturing and sales of LCD TVs	460,650	(Note 2)	(Note 3)	-	-	-	160,011	100%	160,011	2,608,270	-
CIS	Outward investment and consulting services	2,481,982	(Note 1)	2,481,982	-	-	2,481,982	392,369	100%	392,369	5,400,819	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,456,800	(Note 2)	(Note 3)	-	-	-	392,329	100%	392,329	5,369,643	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,568	(Note 2)	(Note 3)	-	-	-	148	100%	148	24,729	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	307,100	(Note 1)	307,100	-	-	307,100	190,136	100%	190,136	3,164,705	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,898,200	(Note 2)	2,537,475	-	-	2,537,475	(1,093)	37%	(400)	5,538,329	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,842,600	(Note 2)	351,814	-	-	351,814	(218,529)	37%	(80,025)	655,762	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	552,780	(Note 2)	383,875	-	-	383,875	58,993	100%	58,993	429,298	-

(Continued)

## COMPAL ELECTRONICS, INC.

### Notes to Parent-Company-Only Financial Statements

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

(December 31, 2022)

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars/ shares)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	829,170	(Note 1)	675,620	-	-	675,620	(64,917)	100%	(64,917)	(1,168,454)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	178,118	(Note 1)	178,118	-	-	178,118	1,490	100%	1,490	90,840	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,504,790	(Note 1)	583,490	-	-	583,490	155,008	100%	155,008	1,065,299	-
Hanhelt	R&D and manufacturing of electronic communication equipment	61,420	(Note 1)	61,420	-	-	61,420	(2,771)	100%	(2,771)	(369)	-
<b>Arcadyan</b>												
SVA Arcadyan	R&D and sales of wireless network products	248,751	(Note 1)	412,128	-	-	412,128	6,199	100%	6,199	35,040	-
CNC	Manufacturing and wireless network products	382,340	(Note 1)	338,148	-	-	338,148	(323,027)	100%	(323,027)	827,635	-
THAC	Manufacturing of household electronics products	102,879	(Note 1 - 9)	35,317	-	-	35,317	(142,975)	100%	(142,975)	(232,690)	-
<b>HengHao</b>												
HengHao Kunshan	Production of touch panels and related components	1,228,400	(Note 1)	1,222,350	-	-	1,222,350	(361,185)	100%	(361,185)	(1,232,238)	-
Lucom	Manufacturing of notebook PCs and related modules	460,650	(Note 2)	199,585	-	-	199,585	671	100%	671	140,778	-
<b>Poindus Systems</b>												
Qijie	Sales of PCs and peripherals	30,710	(Note 1)	30,710	-	-	30,710	(10,931)	100%	(10,931)	11,493	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
The Company	16,661,311 (US\$542,537) (Note 5)	23,598,055 (US\$768,416)	(Note 6)
Arcadyan	785,593 (US\$25,581)	785,593 (US\$25,581)	8,284,344
HengHao	1,439,439 (US\$46,872)	1,439,439 (US\$46,872)	(Note 12)
Poindus Systems	30,710 (US\$1,000)	30,710 (US\$1,000)	308,044

Note 1 : Indirectly investment in Mainland China through companies registered in the third region.

Note 2 : Indirectly investment in Mainland China through an existing company registered in the third region.

Note 3 : Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIJ"), Compal Electronic (Sichuan) Co., Ltd. ("CIS"), and Compal Electronics (China) Co., Ltd. ("CPC") through their own funds.

Note 4 : The basis for recognition of investment profit and loss is based on the financial statements that verified by CPA

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

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

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

Note 8 : Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.

Note 9 : Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).

Note 10 : The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 11 : The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 12 : The net equity of HengHao is negative at December 31, 2022.

(iii) Significant transactions:

For the year ended December 31, 2022, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".