Stock Ticker 2324

COMPAL ELECTRONICS, INC.

2023 Annual Report

FROM VISION TO REALITY

Innovation Empowered

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Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw
Company Website: http://www.compal.com
Printed on April 2, 2024

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Spokesperson: Ching-Hsiung Lu/Vice President

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

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II. Headquarters, Branches and Plant

Headquarters

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III. Share Administration Agency

Chinatrust Transfer Agent

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Tel: 886-2-6636-5566

Website: https://www.ctbcbank.com

IV. Auditors

CPA Firm: KPMG Taiwan

Auditors: Kuo,Kuan Ying and Chien, Szu Chuan

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

Tel.: 886-2-8101-6666

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

V. Overseas Securities Exchange

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

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

VI. Corporate Website

http://www.compal.com

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

I. Letter to Shareholders

Dear Shareholders,

We sincerely thank all shareholders for your long-term support of Compal. 2023 was still a year full of changes and there are many new risks and challenges in the industry, technology and even economy and politics. In terms of industry, as the pandemic receded, the pandemic dividend enjoyed by electronic products gradually disappeared and the industry experienced a drastic downward adjustment in demand in the past year. However, in terms of technology, we also see the rise of AI, which has brought many application opportunities in work, products and manufacturing, and has become an important trend for future development. In terms of economy, the world is still affected by inflation, which poses a great challenge to terminal consumer demand. In terms of politics, the competition between the United States and China is ongoing and even develops into a conflict between countries which brings many uncertainties to the future. In the face of rapid changes in the overall environment, Compal has adopted many strategies and countermeasures in recent years and gradually established our long-term competitiveness. We hereby present our financial and business results for 2023, as well as the business outlook for 2024 as follows:

Financial and Business Results

Compal's 2023 consolidated revenue was NT$946,715 million, a decline of 12% from last year. The total shipment of 5C products also decreased by 17% to 79 million units. Although the annual revenue declined due to a lower demand, under the Company's strategy of improving profitability and operational capabilities, product portfolio enhancement and automation efficiency improved, driving the annual gross profit margin to increase from 3.8% in the previous year to 4.5%, and the operating profit margin also increased from 0.9% in the previous year to 1.3%. The consolidated net operating profit for the year increased by 31% to NT$12,048 million from that of the previous year. Although interest rate hikes, exchange rate fluctuations and declining investment incomes form affiliates led to a decrease in non-operating income in 2023, the net profit before tax for the year was still NT$11,890 million, an increase of 11% from that of the previous year. The net profit after tax for the whole year which belongs to the parent company is NT$7,668 million, and the earnings per share are NT$1.76.

Business Development and Layout

Under the economic momentum slowdown and geopolitical development, the entire industry and even Compal are going through an important transformation period. It is necessary to differentiate through emerging applications and specific products, and promote regional development to sustain our growth momentum. Therefore, AI, Cloud Server, Auto Electronics, Communication and MedTech are the big Five important emerging industries that we define. Compal has invested resources, actively made deployments, and gradually seen results. In the future, we will make it our important development goal to gain a leading position in new business fields.

In terms of regional development, Taiwan, Mainland China and Vietnam have become the important operating bases of Compal in Asia. Over the past two years, we have been continuously expanding our operational capacity in North America in the United States and Mexico; to further meet customer needs and growth, we are currently evaluating the establishment of factories in Europe and hope to provide more complete operational support in various regions. In addition, in terms of regional development, we also leverage the resources of the Kinpo-Compal Group and work closely with our sister companies to make the investment and utilization of resources more efficient.

In terms of MedTech, Compal is gradually showing achievements in the field of advanced medical equipment, including: the investment in Aco Healthcare on its portable ultrasound solutions has obtained FDA certification in the United States and TFDA certification in Taiwan, the AI brainwave detection equipment of HippoScreen is helpful in the treatment and diagnosis of depression and is currently undergoing clinical trials, General Life Biotechnology which is a blood glucose cholesterol and uric acid reagent factory has achieved stable profitability and plans to establish a new factory in Indonesia, and Compal internal medical team has developed a radiofrequency ablation system to collaborate with National Taiwan University Hospital to jointly establish a treatment training center. In addition, Rueifang Hospital, a collaboration between Compal and New Taipei City, will begin construction this year. It combines daycare and long-term care services, and will become a practical application field for Compal's smart medical products in the future.

Progress of Corporate Sustainability

On the corporate sustainability, Compal continues to improve its various ESG work. In terms of the environment, we have introduced digital tools with upgraded the air conditioning and power systems in the factories, and introduced smart meter settings and energy intelligence monitoring platforms to further help achieving the carbon reduction goals. In the green supply chain project, we assist suppliers in establishing carbon management information platforms in a "big-leading-small" manner to help the quantification and integration of supply chain carbon information. In terms of the society, Compal has launched the DEI project, committed to establishing the workplace awareness of Diversity, Equity and Inclusion, and creating a diverse and happy workplace. As for social feedback, Compal has long collaborated with Hsu Chauing Social Welfare Charity Foundation to invest in cultural education and public welfare, which has been highly recognized by the outside world. In 2023, we were honored to receive the "Social Education Contribution Award" from the Ministry of Education and the "Social Service Award" from the Library Association of the Republic of China. In terms of corporate governance enhancement, Compal amended its Corporate Governance Best Practice Principles in 2023, added a diversity policy for the composition of the board of directors, and appointed external professional independent institutions to conduct external evaluations of board performance. We have comprehensively promoted the issue of corporate sustainability, allowing Compal to significantly improve its sustainability performance in the evaluations of external ESG organizations (such as S&P CSA, MSCI ESG, ISS ESG and Sustainalytics ESG Risk). In 2023, Compal was once again selected by the Taiwan Institute for Sustainable Energy as one of the "Top 100 Model Sustainable Enterprises in Taiwan", which is a recognition of Compal's continued investment in sustainability work.

Future Outlook and Plans

Looking ahead, although market research institutions are looking forward to a recovery of the industry in 2024, their estimates are relatively conservative. The expectation of an economic soft landing indicates that there are still significant challenges and uncertainties in the market development this year. In such an environment, Compal's business priority, in addition to continuing our profit-focused strategy, is to implement the following three plans.

On the operations side, we will continue to invest in digital projects on the basis of automation, carry out comprehensive intelligent transformation, and further strengthen Compal's operational resilience. On the technology side, especially the application of AI technology will have a revolutionary impact on the industry. Compal's deployment in AI is not only widespread in servers, laptops, mobile phones, wearable devices, medical products, etc., but also the application of AI capabilities into smart production and manufacturing. Our investment and layout in AI will definitely not fall behind. On the growth side, a solid foundation has been established for Compal's five emerging businesses in recent years. Looking ahead, in addition to organic growth, we will actively take external M&A opportunities to accelerate the growth momentum further. At the same time, we will effectively utilize external resources to combine with our core capabilities to create a synergistic effect and long-term value for the company.

Finally, we would like to once again thank all shareholders for your long-term support to Compal, and we wish you all peace and good health, and prosperity in everything!

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:**

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”.
- Ranked 420th on the Fortune Global 500.
- Ranked 1522th on the Forbes Global 2000.
- Ranked the Gold Award in the Technology R&D of 2023 Happiness Enterprise online voting by 1111.
- Selected to take part in the CDP climate change program for 10 consecutive years (2014-2023). In 2023, received a score of B in the CDP climate change and were rated at the management level for the water questionnaire.
- The Compal Sustainability report in 2023 won the Platinum Medal of Taiwan Corporate Sustainability Report Award of TCSA and Taiwan Top 100 Sustainability Award..
- Social Education Contribution Awards by Ministry of Education Republic of China (Taiwan) and Ministry of Education Kaohsiung respectively.
- Welfare Service Award by Library Association of the Republic of China (Taiwan) in 2023
- The Company’s share capital reached TWD 44.1 billion in 2023.
- The Company’s consolidated revenue reached TWD 9,467 billion in 2023.

2024

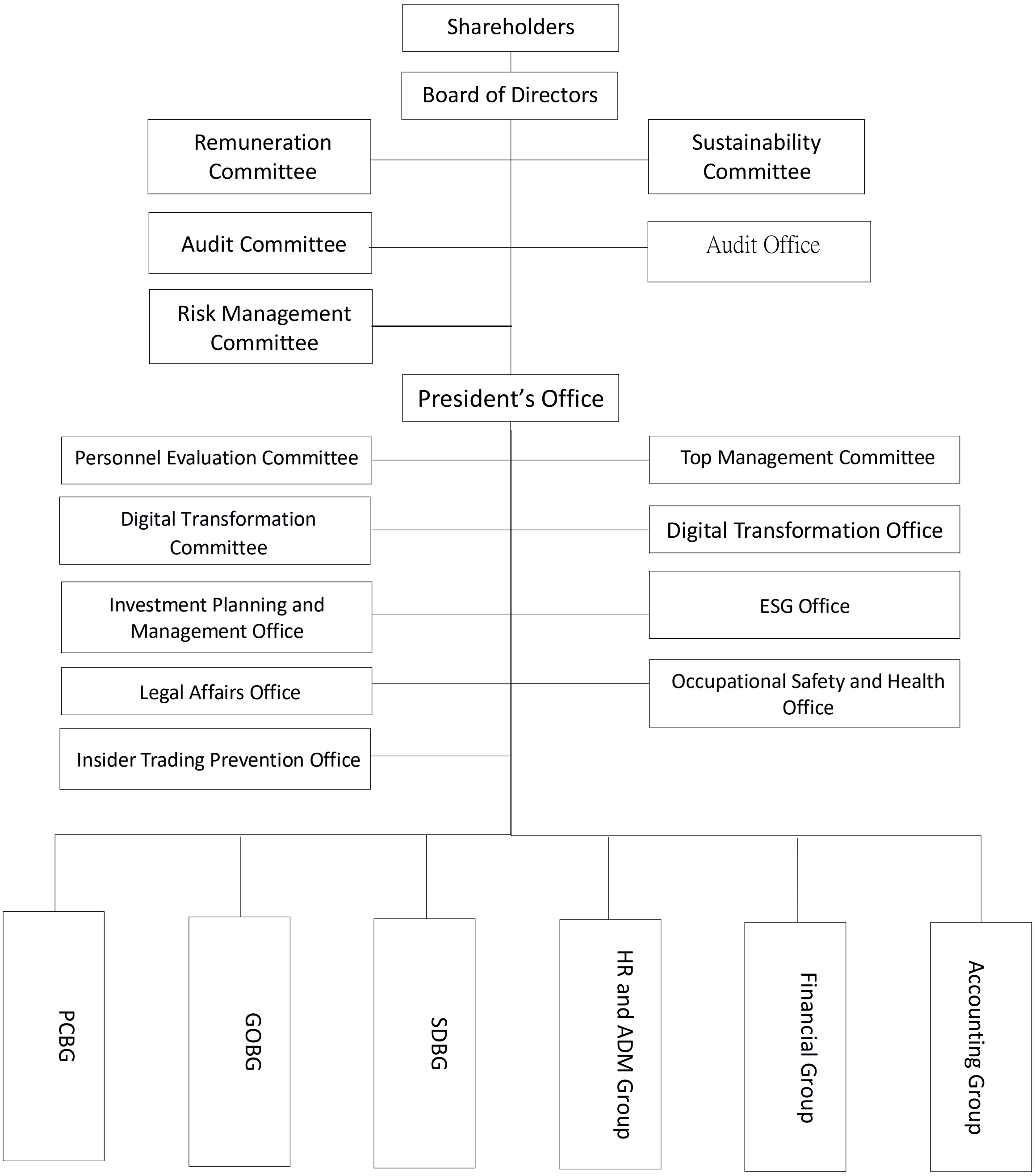
- Won 20 awards at the 2024 “iF Design Awards”.
- Selected into the FTSE4GOOD Index and the FTSE4GOOD TIP Taiwan ESG Index.
- Selected as a constituent stock of “Taiwan High Salary 100 Index” and “Taiwan Employment 99 Index”.
- Selected into the“Taiwan Tech High Dividend Index”.

■ **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.**

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart (As of March 1st, 2024)



3.1.2 Major Corporate Functions

Department	Functions
President's Office	Responsible for the Company's operations
Risk Management Committee	Implements risk management related affairs
Sustainability Committee	Promotes and executes sustainability-related plans
Auditing Office	Conducts internal audits
Investment Planning and Management Office	Responsible for investment-related activities
Legal Affairs Office	Handles the Company's legal affairs
Insider Trading Prevention Office	Implements preventive measures against insider trading
Digital Transformation Office	Promotes and executes digital transformation projects
ESG Office	Promotes and executes ESG-related affairs
Occupational Safety and Health Office	Implementing a comprehensive occupational health and safety program
PCBG	Responsible for the R&D, production, quality control and sale of PCs and other related 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
Accounting Group	Handles accounting, share administration, and funding affairs
Financial Group	Responsible for the Company's financial planning, capital scheduling, and payment controlling.
HR and Administration Group	Responsible for human resources, training, education, employee relations, general affairs, and building management

3.2 Directors and Management Team

3.2.1 Directors

April 2, 2024

Title/ Name/ Nationality (Note 1, 2)	Gender/ Age	Elected Date	Term	First Elected Date	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current 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 81-90	2021.8.27	3 years	1984.04.16	8,975,401	0.20%	8,975,401	0.20%	17,107,025	0.39%	0	0.00%	Co-Founder of Compal Electronics, Inc. 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%	1,069,405	0.02%	0	0.00%	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%	0	0.00%	0	0.00%	Co-Founder of Compal Electronics, Inc. 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%	5,000,000	0.11%	0	0.00%	0	0.00%					
Director Kinpo Electronics, Inc.	-	2021.8.27	3 years	1990.06.22	151,628,692	3.44%	151,628,692	3.44%	0	0.00%	0	0.00%	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%	631	0.00%	0	0.00%					
Director Charng-Chyi Ko	Male 81-90	2021.8.27	3 years	1984.04.16	7,896,867	0.18%	7,896,867	0.18%	30,645	0.00%	0	0.00%	Co-Founder of Compal Electronics, Inc. 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

Title/ Name/ Nationality (Note 1, 2)	Gender/ Age	Elected Date	Term	First Elected Date	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current 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 Sheng-Chieh Hsu	Male 66-80	2021.8.27	3 years	1997.05.29	9,204,201	0.21%	9,204,201	0.21%	8,152,928	0.18%	(Note 4)	(Note 4)	Bachelor of Architectural Dept., Tam- Kang University Director of Kinpo Electronics Inc.	(Note 5)	Chairman	Sheng-Hsiung Hsu	Brothers
Director Yen-Chia Chou	Male 66-80	2021.8.27	3 years	1987.06.13	8,022,874	0.18%	8,022,874	0.18%	2,502,768	0.06%	0	0.00%	Bachelor of Geology Dept. National Taiwan University Director of Kinpo Electronics Inc.	(Note 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%	1,398	0.00%	0	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%	30,000	0.00%	0	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%	0	0.00%	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%	0	0.00%	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

Title/ Name/ Nationality (Note 1, 2)	Gender/ Age	Elected Date	Term	First Elected Date	Shareholding at the election date		Current shareholding		Shares held by spouse and underage children Current shareholding		Shares held by proxy		Major career/academic achievements	Selected Current 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
Independent Director Duei Tsai	Male 66-80	2021.8.27	3 years	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ph.D., Electrical Engineering, National Taiwan University Independent Director of Taiwan High Speed Rail Corporation	(Note 5)	N/A	N/A	N/A
Independent Director Wen-Chung Shen	Male 66-80	2021.8.27	3 years	1998.4.8	2,836,000	0.06%	2,836,000	0.06%	2,315,000	0.05%	0	0.00%	Bachelor of Electrical Engineering Dept., National Taiwan University Director of Compal Electronics, Inc.	(Note 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 2,578,000 shares (0.06%) through proxies.

5. Selected Current Positions as below:

Title	Name	Selected Current Positions
Chairman	Sheng-Hsiung Hsu	**Chairman:** 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., Cal-Comp Semiconductor, Ltd. **Managing Director:** Taiwan Biotech Co., Ltd. **Director:** Crownpo Technology Inc., Compal System Trading (Kunshan) Co., Ltd., Cal-Comp Optical Electronics (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 Mexico Electromex, S.A. de C.V., 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.,

Title	Name	Selected Current Positions
		Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Kinpo Electronics (Philippines), Inc., Kinpo International (Singapore) Pte. Ltd., Kinpo International Ltd., Lipo Holding Co., Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Ranashe International Ltd., Smart International Trading Ltd. **Group CEO:** Kinpo Electronics, Inc. **President:** Kinpo Group Management Consultant Company, Cal-Comp Precision Holding Co., Ltd. **Other:** Honorary Chair of Chinese National Federation of Industries, Honorary Chair of Importers and Exporters Association of Taipei, Honorary Chair of The Third Wednesday Club, Policy Consultant of Taiwan Electrical and Electronic Manufacturers' Association., Chair of China Productivity Center, Vice Chair of Straits Exchange Foundation, Vice-Chair of Sinocon Industrial Standards Foundation
Vice Chairman	Jui-Tsung Chen	**Chairman:** Arcadyan Technology Corporation, Ripal Optotronics Co., Ltd., Palcom International Corporation, General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., River Regeneration and Rejuvenation Biotechnology Co. Ltd., Kinpo&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., Compal Smart Device India Private Limited. **Director:** 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 & 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 Electronics (Vietnam) Co., 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. **Independent Director:** Powertech Technology Inc. **Audit Committee Member:** Powertech Technology Inc. **Chief Strategy Officer:** Compal Electronics, Inc. **Other:** Director of Chengdian Culture and Education Foundation
Director	Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	**Chairman:** Binpal Investment Co., Ltd.**,** Yuanbao Investment Co., Ltd. **Director:** Liu Pao Trading Co., Ltd.

Title	Name	Selected Current Positions
Director	Kinpo Electronics, Inc.	**Director:** 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., NTNU Innovation Investment Holding Company
	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu	**Chairman:** AcBel Polytech Inc., AcSacca Solar Energy Co., Ltd., AcTel Power Co., Ltd., AcGile EV Power Inc., KangYang New Energy Co., Ltd., AcSun Energy Inc., AcRay Energy Co., Ltd., AcTek Energy Co., Ltd., AcRise Power Inc., AcLeap Power Inc., Sumray Power Company, AcBel Electronic (XIANTAO) Co., Ltd., AcBel Electronic (Dong Guan) Co., Ltd., AcBel Electronic (Wuhan) Co., Ltd., Shanghai Sino Hardware Electronics (Wujiang) Co., Ltd., AcAmple Power Pte. Ltd., Acbel Polytech Philippines, Inc., OmniOn Power (China) Co., Ltd., OmniOn Power Holdings Inc., OmniOn Power Overseas LLC, OmniOn Power Shanghai Co., Ltd. **Vice-Chairman:** Cal-Comp Electronics (Thailand) Public Company Limited **Executive Director:** Chongqing Tongliang District Shanghai Sino Hardware Electronics Co., Ltd., Chongqing Kanghua Metal Product Co., Ltd. **Director:** CastleNet Technology Inc., ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd., VesCir Ltd., XYZprinting, Inc., Kinpo&Compal Group Assets Development Corporation, Compal Ruifang Health Assets Development Corporation, Ray-Kwong Medical Management Consulting Co., Ltd., Melvita Taiwan Ltd., Shangbao Enterprise Inc., Ginza Sakoh Taiwan Co., Ltd., NKG Advanced Intelligence and Technology Development (Yue Yang) Co., Ltd., LIZ Electronics (Nantong) Co., Ltd., Cal-Comp Precision Holding Co., Ltd., ABB Lineage Power Mexico, S. de R.L. de C.V., 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., Lineage Power Matamoros, S.A. de C.V., OmniOn Power (Singapore) Pte. Ltd., OmniOn Power Inc., Power Station Holdings Ltd., Cal-Comp Semiconductor, Ltd., Target Gain Corporation **Supervisor:** Teleport Access Services, Inc., Kinpo Group Management Consultant Company, Full Power Investment Co., Ltd **Chief Strategy Officer:** Cal-Comp Electronics and Communications Co., Ltd. **President:** AcBel Polytech Inc., Kinpo&Compal Group Assets Development Corporation, AcGile EV Power Inc., AcBel Electronic (XIANTAO) Co., Ltd., AcBel Electronic(Dong Guan) Co., Ltd., AcBel Electronic (Wuhan) Co., Ltd., Acbel (USA) Polytech Inc., Acbel Polytech Philippines, Inc. **Other:** Vice-Chair of Taiwan Electrical and Electronic Manufacturers' Association, Director of Chinese National Federation of Industries, Managing Director of Japan-Taiwan Exchange Association, Managing Director of Importers and Exporters Association of Taipei, Managing Director of Monte Jade Science and Technology Association (Taiwan), Director of The Third Wednesday Club, Director of Epoch Foundation. **Branch Manager:** AcSacca Solar Energy Co. Ltd. Changhua Branch.

Title	Name	Selected Current Positions
Director	Charng-Chyi Ko	**Chairman:** Taiwan Biotech Co., Ltd., All For Health Biotech Co., Ltd., Evergene Biotech Industrial Co., Ltd., T.B.C. Development and Construction Co., Ltd., Weck Tech Biotech Co., Ltd., Global BioParma Ltd., Taiwan Veterans Pharmaceutical Co., Ltd., Aseptic Innovative Medicine Co., Ltd., Young & 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. **Vice-Chairman:** OmniHealth Group, Inc. **Director:** Kinpo Electronics, Inc., Chang Yao Technology Inc., Genhealth Pharma Co., Ltd., All Information Inc., Taiwan Carefor Home Pharmacy Co., Ltd., Gold Precision Ltd., KKXC Integrated Management Holding (CYPRUS) Ltd., Optics Lab Inc., Synpharm, Inc. **Supervisor:** Teleport Access Services, Inc., Sunny Special Dyeing & Finishing Co., Ltd. **Other:** Chair of Yang Bi Li Education Foundation of Management, Director of Health, Welfare & Environment Foundation, Managing Supervisor of Cross-Strait Health Care and Leisure Activities Association
Director	Sheng-Chieh Hsu	**Chairman:** Integrate Investment Corp. **Director:** Cal-Comp Electronics (Thailand) Public Company Limited, Cal-Comp Electronics and communications Co., Ltd., Kinpo&Compal Group Assets Development Corporation, Kinpo Electronics (China) Co., Ltd., Kinpo International Ltd. **Supervisor:** Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd. **Chairman of Development Executive Committee:** Kinpo&Compal Group Assets Development Corporation
Director	Yen-Chia Chou	**Chairman:** Sceptre Industry Co., Ltd. **Director:** Micro Metal Electronics Co., Ltd. **Supervisor:** Full Power Investment Co., Ltd. **President:** Sceptre Industry Co., Ltd.
Director	Chung-Pin Wong	**Chairman:** Compal Broadband Networks, Inc., Poindus System Corp., Starmems Semiconductor Corp., Compal Healthcare and Technology Ltd., 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. **Executive Director:** Compower Global Service Co., Ltd. **Director:** Arcadyan Technology Corporation, Mactech Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Taiwan Sanga Co., Ltd., Ripal Optotronics Co., Ltd., Infinno Technology Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Raypal Biomedical Co., Ltd., Kinpo&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. **Supervisor:** Hong Ya Technology Corporation **President:** Compal Electronics, Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd. **Sustainability Committee Member:** Compal Electronics, Inc. **Risk Management Committee Member:** Compal Electronics, Inc. **Branch Manager:** Compal Electronics, Inc. Kaohsiung Branch

Title	Name	Selected Current Positions
Director	Chiung-Chi Hsu	**Chairman:** E-Bow Bearing Co., Ltd., Full Power Investment Co., Ltd. **Director:** Juan Hsin Bao Hardware co., Ltd., Jin Yongxiang co., Ltd.
Director	Ming-Chih Chang	**Chairman:** FIPOLL Electronics (Chongqing) Co., Ltd. **Director:** Mactech Co., Ltd., Panpal Technology Corp., Kunshan Botai Electronics Co., Ltd., CGS Technology (Poland) Sp. z o.o., Compal Europe (Poland) Sp. z o.o. **President:** 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., FIPOLL Electronics (Chongqing) 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. **Executive Vice-President:** Compal Electronics, Inc.
Director	Anthony Peter Bonadero	**Executive Vice-President:** Auscom Engineering Inc. **Chief Sustainability Officer of ESG Office:** Compal Electronics, Inc.
Director	Sheng-Hua Peng	**Chairman:** Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd. **Director:** Arcadyan Technology Corporation, Gempal Technology Corp., Palcom International Corporation, Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Bizcom Electronics, Inc., Compal Smart Device India Private Limited. **Supervisor:** General Life Biotechnology Co., Ltd. **President:** Palcom International Corporation, Compal Investment (Jiangsu) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd. **Executive Vice-President:** Compal Electronics, Inc.
Independent Director	Min Chih Hsuan	**Chairman:** Clientron Corp., Taiwan Memory Company, Fusionvax, Inc., TC-1 Culture Fund, Zhi Cheng Retro-style EV-mobility Design Co., Ltd., Vital First Investment Corporation, Maxima Ventures II, Inc. **Director:** SIPP, Inc., Meribank Biotech Co., Ltd., Meridigen Biotech Co., Ltd., Htsensortek 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 (Hong Kong), Pacgen Biopharmaceuticals Corporation (Canada) **Remuneration Committee Member:** Compal Electronics, Inc. **Audit Committee Member:** Compal Electronics, Inc. **Risk Management Committee Member:** Compal Electronics, Inc.
Independent Director	Duei Tsai	**Director:** Daai Satellite TV Co., Ltd. **Independent Director:** Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd. **Independent Director for Public Welfare:** Starlux Airlines Co., Ltd. **Remuneration Committee Member:** Compal Electronics, Inc., Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd., Starlux Airlines Co., Ltd. **Audit Committee Member:** Compal Electronics, Inc., Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd., Starlux Airlines Co., Ltd. **Sustainability Committee Member:** Compal Electronics, Inc., TTY Biopharm Company Ltd.

Title	Name	Selected Current Positions
		Risk Management Committee Member: Compal Electronics, Inc. **Nominating Committee Member:** Taiwan High Speed Rail Corporation, **Corporate Governance Committee Member:** Taiwan High Speed Rail Corporation,
Independent Director	Wen-Chung Shen	**Chairman:** Her Tuo Co., Ltd. **Remuneration Committee Member:** Compal Electronics, Inc. **Audit Committee Member:** Compal Electronics, Inc. **Sustainability Committee Member:** Compal Electronics, Inc. **Risk Management Committee Member:** Compal Electronics, Inc.

■ Major shareholders of the Company’s corporate shareholders

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.26%), Panpal Technology Corp. (4.62%), GEBO Limited (3.00%), Ho Bao Investment Co., Ltd. (2.00%), Ruey Shinn Co., Ltd. (1.87%), Li Chu Tsai (1.44%), UBS Taipei Branch is subject to Li Chu Tsai trust property account (1.33%), Lai Shun Shen Tsai (1.28%), 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%), JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.21%)

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	
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	
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	

Conditions / Name	Professional Qualification & Experience	Independence Status of Independent Directors	No. of concurrent Independent directorships of other public firms held
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	
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	

Name / Conditions	Professional Qualification & Experience	Independence Status of Independent Directors	No. of concurrent Independent directorships of other public firms held
Independent 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. Chairman of Faraday Technology Corp., Clientron 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) ● 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): 0 shares, 0%	
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. Part-time professor-level professional and technical personnel in the Department of Electrical Engineering, National Taipei University of Technology and the Department of Digital Multimedia Design, Kainan University; Adjunct professor at the Department of Electronics, National Taiwan University of Science and Technology and the Department of Electronics, Yuanzhi University. Government positions such as Minister of Transportation and Director of the Civil Aviation Bureau of the Ministry of Transportation. 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): 0 shares, 0%	3
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 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 fulfillment of independence criteria.

- These criteria include but are not limited to the following: 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 a 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 for 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	Employee Status (Note 1)	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 2)
Sheng-Hsiung Hsu		V	V	V	V	V	V	V			Information Technology
Jui-Tsung Chen	V	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	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	V			Information Technology
Chiung-Chi Hsu		V	V	V	V	V	V				Materials
Ming-Chih Chang	V	V	V	V	V	V	V				Information Technology
Anthony Peter Bonadero	V	V	V	V	V	V	V				Information Technology
Sheng-Hua Peng	V	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: 1. Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng have the status of employees of the company, and directors Chieh-Li Hsu and Anthony Peter Bonadero have the status of employees of the subsidiaries.

2. 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 years	-	-	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 does not exceed 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 and more than half of the independent directors shall serve no more than three consecutive terms.
In addition, at least one female director shall serve, helping achieve the specific goal of diversification of the company's directors members.

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 the Securities and Exchange Act, Articles 26-3 and 26-4. In conclusion, the Board of Directors of the Company is deemed independent.

3.2.2 Management Team

April 2, 2024

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 Page 14	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 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-President	Wen-Da Hsu	2014.02.27	1,333,000	0.03%	0	0.00%	0	0.00%	Media Administration Dept., Shih Hsin University Senior Vice-President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A

Title	Name/ Nationality/ Gender (Note 1, 2)	Date elected /appointed	Shares held		Shares held by spouse and underage children Subsidiary shareholding		Total shares held in the names of others Shares held		Major career/academic achievements	Selected Current 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
Senior Vice-President	Shi-Kuan Chen	2017.02.08	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	N/A	N/A	N/A	N/A
Senior Vice-President	Bor-Heng Chen	2020.05.13	280,010	0.01%	0	0.00%	0	0.00%	Master of Industrial Engineering and Operations Management, Columbia University	N/A	N/A	N/A	N/A
Senior Vice-President	Chung-Hsing Tan	2020.08.12	0	0.00%	5,320	0.00%	0	0.00%	Master of Electrical Engineering, Tatung University Vice-President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Senior Vice-President	Ta-Chun Wang	2016.06.29	204,200	0.00%	4,119	0.00%	0	0.00%	Tamkang University PhD of Finance Managing Vice-President of Shanghai Real Industrial Co., Ltd.	N/A	N/A	N/A	N/A
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	Po-Tang Wang	2007.07.10	510,548	0.01%	486	0.00%	0	0.00%	Bachelor of Computer Science and Information Engineering Dept., National Taiwan University	(Note 4)	Chief Strategy Officer	Jui-Tsung Chen	Relative by affinity

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
and Vice-President									President of Vibo Telecom Inc.				
Vice-President	Tzong-Ming Wang	2009.07.16	263,184	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	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	58,000	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	85,246	0.00%	0	0.00%	0	0.00%	Master of Electrical Engineering, National Taiwan University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice-President	Hsin-Kung Mao	2014.11.13	500,714	0.01%	0	0.00%	0	0.00%	Master of Business Administration, University of Lincoln 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 &	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	(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
Accounting Officer and Vice-President									Financial officer of Allied Circuit Co., Ltd.				
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	Chuan-Fan 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
Financial Officer and Vice-President	Guo-Dung Yu	2020.08.12	60,000	0.00%	0	0.00%	0	0.00%	Master of Accounting, George Washington University Financial officer of Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A
Vice-President	Peng Kuee Lau	2020.08.12	0	0.00%	0	0.00%	0	0.00%	Bachelor of Science and Technology Dept., IOWA State University	(Note 4)	N/A	N/A	N/A
Vice-President	Wu-Ching Chi	2022.02.10	0	0.00%	8,000	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
Vice President	Wei-Chia Wang	2024.02.29	120,000	0.00%	0	0.00%	0	0.00%	Chung Yuan Christian University, Electrical Engineering Vice President of AAC Technologies Pte. LTD	N/A	N/A	N/A	N/A
Internal Audit Officer	Hui Chun Yu	2024.03.12	4,000	0.00%	0	0.00%	0	0.00%	MA International Economic Management of University of Birmingham UK Audit Office Project Director r of Walsin Lihwa 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, Internal Audit Officer Hui Chun Yu, 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 Jen-Liang Lin transferred and Hou-Chun Liu resigned in 2023, Vice Presidents Chang-Chieh Tien and Fu-Chuan Chang retired, Internal Audit Officer Chenyi Li transferred in 2024.

4. Concurrent positions in other companies:

Title	Name	Selected Current Positions
Executive Vice-President	Chen-Chang Hsu	**Chairman:** HengHong Optoelectronics Technology (Kunshan) Co., Ltd., Henghao Optoelectronics Technology (Zhejiang) Co., LTD., LUCOM Display Technology (KunShan) Ltd. **Vice-Chairman:** HengHao Technology Co. Ltd. **President:** HengHao Technology Co. Ltd., HengHong Optoelectronics Technology (Kunshan) Co., Ltd., Henghao Optoelectronics Technology (Zhejiang) Co., LTD., LUCOM Display Technology (KunShan) Ltd.
Senior Vice-President	Chun-Te Shen	**Director:** HippoScreen Neurotech Corp., Auscom Engineering Inc., Shennona Corporation
Senior Vice-President	Chyou-Jui Wei	**Director:** Chenfeng Optronics Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., IIH Biomedical Venture Fund I Co., Hua Vi Venture Capital Corporation, Hua VII Venture Capital Corporation, Cdib & 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. **Supervisor:** Rayonnant Technology Co., Ltd., Mactech Co., Ltd., Taiwan Intelligent Robotics Company, Ltd., Infinno Technology Corp., Ripal Optotronics Co., Ltd., UniCore Biomedical Co., Ltd., Aco Healthcare Co., Ltd., Ray-Kwong Medical Management Consulting Co., Ltd., Novascope Diagnostics Inc., Rayonnant Technology (Taicang) Co., Ltd. **President:** Compal Ruifang Health Assets Development Corporation **Independent Director:** SYNergy ScienTech Corp., Visco Vision Inc. **Remuneration Committee Member:** SYNergy ScienTech Corp., Visco Vision Inc. **Audit Committee Member:** SYNergy ScienTech Corp., Visco Vision Inc.
Senior Vice-President	Wen-Da Hsu	**Director:** HANHELT Communications (Nanjing) Co., Ltd.
Senior Vice-President	Shi-Kuan Chen	**Director:** Rayonnant Technology Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd.
Senior Vice-President	Min-Tung Weng	**Director:** Auscom Engineering Inc. **President:** Auscom Engineering Inc.
Senior Vice-President	Sheng-Hung Li	**Deputy Sustainability Officer of ESG Office:** Compal Electronics, Inc.
Senior Vice-President	Chung-Hsing Tan	**Director:** Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd.
Senior Vice-President	Ta-Chun Wang	**Director:** Compal USA (Indiana), Inc., Compal Americas (US) Inc., Compal Electronics N.A. Inc. **President:** Compal USA (Indiana), Inc., Compal Americas (US) Inc., Compal Electronics N.A. Inc.
Vice-President	Ching-Hsiung Lu	**Director:** Zhi-Bao Technology Corporation, Arcadyan Technology (Shanghai) Corp. **Supervisor:** Kinpo&Compal Group Assets Development Corporation, Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Electronics, (China) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (ChongQing) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd.,

Title	Name	Selected Current Positions
		Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd. **Independent Director:** Galaxy Software Services Corporation **Remuneration Committee Member:** Galaxy Software Services Corporation **Audit Committee Member:** Galaxy Software Services Corporation **Information Security Committee Member:** Galaxy Software Services Corporation
CISO and Vice-President	Po-Tang Wang	**Director:** Bizcom Electronics, Inc., CGS Technology (Poland) Sp. z **o.o.**, Compal Europe (Poland) Sp. z **o.o.**
Vice-President	Jyh-Shyan Liang	Supervisor: HANHELT Communications (Nanjing) Co., Ltd.
Vice-President	Hsin-Kung Mao	**Chairman: Chia Dah Knitting Co., Ltd.** **Vice-Chairman:** Poindus System Corp. **Director:** Avalue Technology Inc., UNICOM GLOBAL, INC., Ruixing Investment Co., Ltd., Compalead Electronics B.V., Mexcom Electronics, LLC, Mexcom Technologies, LLC **Chief Operating Officer: Poindus Systems Corp.**
Vice-President	Jui-Chun Shyur	**Director:** Compal Healthcare and Technology Ltd.
Corporate Governance & Accounting Officer and Vice-President	Cheng-Chiang Wang	**Director:** Allied Circuit Co., Ltd., Poindus System Corp., Zhi-Bao Technology Corporation, Palcom International Corporation, Infinno Technology Corp., Mactech Co., Ltd., 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 **Supervisor:** HippoScreen Neurotech Corp., UNICOM GLOBAL, INC., HengHao Technology Co. Ltd., Compal Ruifang Health Assets Development Corporation, Compal System Trading (Kunshan) Co., Ltd., Compower Global Service Co., Ltd., Compal Smart Device (Chongqing) Co., Ltd., FIPOLL Electronics (Chongqing) Co. Ltd., HengHong Optoelectronics Technology (Kunshan) Co., Ltd., Henghao Optoelectronics Technology (Zhejiang) Co., LTD. **Deputy Sustainability Officer of ESG Office:** Compal Electronics, Inc.
Financial Officer and Vice-President	Guo-Dung Yu	**Chairman:** Compal Electronics India Private Limited **Supervisor:** Palcom International Corporation, ARCE Therapeutics, Inc., Compal Wireless Communications (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co., Ltd. **President:** Compal Electronics India Private Limited
Vice-President	Hsin-Chung Chen	**Chairman:** Ruey Shinn Industrial Co., Ltd. **Director:** Raypal Biomedical Co., Ltd., 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 as a percentage of after-tax profits		Remuneration as an employee								The sum of A, B, C, D, E, F, and G 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	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash Amount	Stock Amount	Cash	Stock			
Chairman	Sheng-Hsiung Hsu	0	0	0	0	43,051	43,051	2,284	3,055	0.5913%	0.6013%	89,587	140,629	794	899	24,880	0	24,880	0	2.0945%	2.7716%	39,437
Vice-Chairman	Jui-Tsung Chen																					
Director	Representative: of Binpal Investment Co., Ltd. Wen-Being Hsu																					
Director	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu,																					
Director	Charng-Chyi Ko																					
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	7,200	7,200	0	0	0	0	475	475	0.1001%	0.1001%	0	0	0	0	0	0	0	0	0.1001%	0.1001%	0
Independent Director	Duei Tsai																					
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 depends 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 2023, the Company made pension contributions totaling TWD 794 (including TWD324 under the new system and TWD 470 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 899 (including TWD 429 under the new system and TWD 470 under the old system).

2. The distribution of directors' remuneration was approved by the Board of Directors meeting on February 29, 2024. The remuneration amount of the aforementioned Directors 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)	6 (Note 16)
TWD 3,500,000 - TWD 5,000,000 (exclusive)	3 (Note 3)	2 (Note 7)	2 (Note 11)	1 (Note 17)
TWD 5,000,000 - TWD 10,000,000 (exclusive)	1 (Note 4)	2 (Note 8)	1 (Note 12)	2 (Note 18)
TWD 10,000,000 - TWD 15,000,000 (exclusive)				1 (Note 19)
TWD 15,000,000 - TWD 30,000,000 (exclusive)			2 (Note 13)	2 (Note 20)
TWD 30,000,000- TWD 50,000,000 (exclusive)			2 (Note 14)	4 (Note 21)
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. Charng-Chyi Ko, Binpal Investment Co., Ltd.-2 positions
8. Sheng-Hsiung Hsu. Jui-Tsung Chen-2 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. Yen-Chia Chou, Chiung-Chi Hsu, Min Chih Hsuan, Duei Tsai, Wen-Chung Shen, Kinpo Electronics, Inc. -6 positions

17. Binpal Investment Co., Ltd.-1 position
18. Charng-Chyi Ko,Sheng-Chieh Hsu-2 positions
19. Chieh-Li Hsu -1 position
20. Ming-Chih Chang, Sheng-Hua Peng-2 positions
21. Sheng-Hsiung Hsu, Jui-Tsung Chen, Chung-Pin Wong, Anthony Peter Bonadero-4 positions

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

3. Remuneration of the President and Vice-Presidents

Unit: TWD 1,000; Thousand shares; %

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Share of profits as an employee (D)				Sum of A, B, C and D as a percentage of after-tax profits (%)		Remuneration from ventures other than subsidiaries or from the parent company (E)
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
43 employees, including CSO Jui-Tsung Chen (Note1)		126,717	132,251	5,711	5,711	255,177	255,679	98,870	0	98,870	0	6.34453%	6.42325%	158

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, 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, Chuan-Fan Tu Guo-Dung Yu, Peng Kuee Lau, Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, Choo-Tain Chiu,Wei-Chia Wang, Liang-Jen Lin, Hou-Chun Liu , Chang-Chieh Tien, Fu-Chuan Chang, - 26 positions

2. In 2023, the Company made pension contributions totaling TWD 5,711 (including TWD 3,976 under the new system and TWD 1,735 under the old system). In contrast, all companies reported in the financial statements made pension contributions totaling TWD 5,711 (including TWD 3,976 under the new system and TWD 1,735 under the old system).
3. Employees' compensation appropriation was approved by the Board of Directors at the meeting on February 29, 2024. 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)	1(Note 11)
TWD 3,500,000 - TWD 5,000,000 (exclusive)	2 (Note 4)	2 (Note 12)
TWD 5,000,000 - TWD 10,000,000 (exclusive)	20 (Note 5)	20 (Note 13)
TWD 10,000,000 - TWD 15,000,000 (exclusive)	11 (Note 6)	11 (Note 14)
TWD 15,000,000 - TWD 30,000,000 (exclusive)	5 (Note 7)	5 (Note 15)
TWD 30,000,000- TWD 50,000,000 (exclusive)	2 (Note 8)	2 (Note 16)
TWD 50,000,000 - TWD 100,000,000 (exclusive)		
Over TWD 100,000,000 (inclusive)		
Total	43	43

Note:

1. Jen-Liang Lin-1 position
2. Hou-Chun Liu-1 position
3. Wei-Chia Wang-1 position
4. Ching-Hsiung Lu, Fu-Chuan Chang -2 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, Jui-Chun Shyur, Peng-Hong Chan, Cheng-Chiang Wang, Cheng-Hui Su, Chuan-Fan Tu, Chang-Chieh Tien, Guo-Dung Yu, Peng Kuee Lau, Wu-Ching Chi, Jue-Teng Chang, Choo-Tain Chiu -20 positions
6. Chyou-Jui Wei, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, Bor-Heng Chen, Chung-Hsing Tan, Ta-Chun Wang, Yong-Ho Su, Shih-Hong Huang, Yi-Chiang Chiu, Hsin-Chung Chen -11 positions
7. Ming-Chih Chang, Sheng-Hua Peng, Chen-Chang Hsu, Shi-Kuan Chen, Chi-Wai Wan -5 positions
8. Jui-Tsung Chen, Chung-Pin Wong-2 positions
9. Jen-Liang Lin-1 positions
10. Hou-Chun Liu-1 position
11. Wei-Chia Wang-1 position
12. Ching-Hsiung Lu, Fu-Chuan Changr -2 positions
13. 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, Jui-Chun Shyu, Peng-Hong Chan, Cheng-Chiang Wang, Cheng-Hui Su, Chuan-Fan Tu, Chang-Chieh Tien, Guo-Dung Yu, Peng Kuee Lau, Wu-Ching Chi, Jue-Teng Chang, Choo-Tain Chiu-20 positions
14. Chyou-Jui Wei, Min-Tung Weng, Lo-Chun Lee, Sheng-Hung Li, Bor-Heng Chen, Chung-Hsing Tan, Ta-Chun Wang, Yong-Ho Su, Shih-Hong Huang, Yi-Chiang Chiu, Hsin-Chung Chen -11 positions
15. Ming-Chih Chang, Sheng-Hua Peng, Chen-Chang Hsu, Shi-Kuan Chen, Chi-Wai Wan-5 positions

16. Jui-Tsung Chen, Chung-Pin Wong-2 positions

■ Employee profits sharing granted to the management team

Unit: TWD 1,000

Title	Name	Stock dividends	Cash dividends	Total	Total as a percentage of after-tax profits (%)
39 employees, including CSO Jui-Tsung Chen (Note 1)		0	98,870	98,870	1.28944%

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, 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, Chuan-Fan Tu, Guo-Dung Yu, Peng Kuee Lau, Wu-Ching Chi, Hsin-Chung Chen, Jue-Teng Chang, Choo-Tain Chiu, Wei-Chia Wang – 22 positions

2. Vice Presidents Jen-Liang Lin transferred and Hou-Chun Liu resigned in 2023, Vice Presidents Chang-Chieh Tien and Fu-Chuan Chang retired in 2024
3. Employees' compensation appropriation was approved by the Board of Directors at the February 29, 2024 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	2023		2022 (Note)		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Directors CSO, Presidents, and Vice-Presidents	596,583	7.78%	541,037	7.42%	55,546	10.27%
Net Income	7,667,627		7,288,292		379,335	

Note: 2022 is the actual amount.

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

- Remuneration paid by the Company to Directors has been made in accordance with the Articles of Association. When the Company makes a profit in a year, no more than 2% of the Company’s pre-tax profits (not including remuneration for employees and Directors) shall be paid to Directors as remuneration along with reasonable compensation based on other factors such as the Company’s operational performance and the individual Director’s 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 comprehensive performance indexes. Moreover the remuneration system of directors and managers is reviewed timely in accordance with the actual operating conditions, relevant laws and regulations. Managers’ performance indexes include financial indexes (such as revenue, gross margin, net profit, return on assets, and return on equities), and non-financial indexes (such as leading internal transformation, driving sustainable development, and managing operational risk).

- The Company’s procedure for determining remuneration not only takes into account the Company’s overall operational performance but is also based on managers’ performance (about 70% based on financial indexes, about 30% based on non-financial indexes). 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 seven Board meetings during 2023 (A). Director's attendance records are as shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Sheng-Hsiung Hsu	7	0	100%	
Vice Chairman	Jui-Tsung Chen	5	2	71.43%	
Director	Binpal Investment Co., Ltd. Representative: Wen-Being Hsu	5	2	71.43%	Note 1
Director	Kinpo Electronics, Inc. Representative: Chieh-Li Hsu,	7	0	100%	
Director	Charng-Chyi Ko	7	0	100%	
Director	Sheng-Chieh Hsu	6	1	85.71%	
Director	Yen-Chia Chou	5	1	71.43%	
Director	Chung-Pin Wong	7	0	100%	
Director	Chiung-Chi Hsu	7	0	100%	
Director	Ming-Chih Chang	7	0	100%	
Director	Anthony Peter Bonadero	5	2	71.43%	Note 2
Director	Sheng-Hua Peng	7	0	100%	
Independent Director	Min-Chih Hsuan	4	3	57.14%	
Independent Director	Duei Tsai	7	0	100%	
Independent Director	Wen-Chung Shen	7	0	100%	

Note: 1. Due to health reasons, director Wen-Being Hsu was not present for 2 of 7 board meetings.
2. Foreign director Anthony Peter Bonadero was not present for 2 of 7 board meetings due to scheduling and timezone differences.

- Independent Director's attendance records for 2023:

Title	Name	1st Meeting	2nd Meeting	3rd Meeting	4th Meeting	5th Meeting	6th Meeting	7th 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
9th Meeting (14th Term) 2023.03.15	• **Approved fund loan to 70% owned subsidiary Kinpo&Compal Group Assets Development Corporation** Chairman Sheng-Hsiung Hsu asked the Independent Director Min Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote 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&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 conflict of interest, they 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 chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved the first mid-year employees' bonus of the year 2023** 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 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
10th Meeting (14th Term) 2023.05.08	• **Approved the appointment of the 1st term Risk Management Committee members** An interested party relationship exists between Director Chung-Pin Wong and Independent Directors Min Chih Hsuan (attended by proxy of Duei Tsai), Duei Tsai, and Wen-Chung Shen. In order to avoid conflict of interest, these Independent Directors excused themselves from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved the release of non-competition restrictions for the managers** An interested party relationship existed with Director Jui-Tsung Chen. In order to avoid a conflict of interest, this Director excused himself from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved employees' salary adjustment for the year 2023** 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 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved to obtain newly issued shares of ARCE Therapeutics, Inc. by participating in the capital injection by cash.** Chairman Sheng-Hsiung Hsu asked Independent Director Duei Tsai to act as a deputy chairman to preside at this meeting to discuss and vote on this proposal. To avoid conflict of interest, Directors Directors Jui-Tsung Chen, Chieh-Li Hsu, Chung-Pin Wong are also acting as Directors of the ARCE. Director Sheng-Hsiung Hsu, the Father-son relationship, who is

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
	relatives within first degree, of kinship of the Director Chieh-Li Hsu of ARCE, 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
11th Meeting (14th Term) 2023.07.18	• **Approved to obtain newly issued shares of AcBel Polytech Inc. by participating in the capital injection by cash.** Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote on this proposal. To avoid conflict of interest, Director Chieh-Li Hsu who is also acting as Director of the AcBel, Sheng-Hsiung Hsu and Chieh-Li Hsu are first cousins (father and son), Sheng-Hsiung Hsu and Sheng-Chieh Hsu are second cousins (brothers), 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
12th Meeting (14th Term) 2023.08.11	• **Approved the Directors' Remuneration for the year 2022** Chairman Sheng-Hsiung Hsu asked the Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote 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 amd 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved 2nd mid-year employees' bonus for the year 2023** In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists among any Directors and any agenda proposals, such Directors shall recuse and exclude themselves during discussion of and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
13th Meeting (14th Term) 2023.09.07	• **Approved to obtain newly issued shares of Cal-Comp Electronics (Thailand) Public Company Limited. by participating in the capital injection by cash.** Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote on this proposal. To avoid conflict of interest, Directors Sheng-Hsiung Hsu, Chieh-Li Hsu, Sheng-Chieh Hsu, who are also acting as Director of the CCET, 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
14th Meeting (14th Term) 2023.11.10	• **Approved the compensation of Employees' bonus in cash for 2022** 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 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

Board of Directors Meeting	The agendas, the nature of conflicting interests, and the voting outcome
	the chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved the proposal for the 2023 year-end employees' bonus** 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 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.
	• **Approved to obtain newly issued shares of Kinpo&Compal Group Assets Development** Corporation. by participating in the capital injection by cash. Chairman Sheng-Hsiung Hsu asked the Independent Director Wen-Chung Shen to act as a deputy chairman to preside at this meeting to discuss and vote 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&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 conflict of interest, they 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 chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.

3. Self-Evaluation of the Board of Directors:

■ Performance Evaluation of the Board of Directors

Evaluation cycles	Once a year
Evaluation periods	From June 1, 2022 to May 31, 2023
Scope of evaluation	Board of Directors, Functional Committees (Including Audit Committee, Remuneration Committee), individual Directors
Method of evaluation	Internal self-evaluation of the Board of Directors and Functional Committees (Including Audit Committee, Remuneration Committee), Self-evaluation of individual Directors
Content of evaluation	◆Criteria for evaluating the performance of the Board of Directors, which should cover the following five aspects: 1. Participation in the operation of the Company; 2. Improvement of the quality of the Board of Directors' decision-making; 3. Composition and structure of the Board of Directors; 4. Election and continuing education of the Directors; and 5. Internal control. ◆Criteria for evaluating the performance of the Functional Committees, which should cover the following five aspects: 1. Participation in the operation of the Company; 2. Awareness of the duties of the Functional Committee; 3. Improvement of quality of decisions made by the Functional Committee; 4. Makeup of the Functional Committee and election of its members; and 5. Internal control. ◆Criteria for evaluating the performance of the individual Directors, which should cover the following six aspects: 1. Alignment with the goals and mission of the Company; 2. Awareness of the duties of a Director; 3. Participation in the operation of the Company; 4. Management of internal relationships and communication; 5. The Director's professionalism and continuing education; and 6. Internal control.

■ External performance evaluation of the Board of Directors

Evaluation cycles	once every three years
Evaluation periods	From January 1, 2023 to December 31, 2023
Scope of evaluation	Board of Directors, Functional Committees (Including Audit Committee, Remuneration Committee), individual Directors
Method of evaluation	Methodology incorporated the application of questionnaires, conducting interviews, and performing document reviews and analyses.
Content of evaluation	◆The company entrusted Ernst & Young Business Consulting Services Co., Ltd. to conduct a performance evaluation of Compal Electronics, Inc.'s Board of Directors, which includes three dimensions, the structure, members, and processes and information of the Board, and eight evaluation items covering structure and processes of the Board, composition of the Board, corporate and organizational structure, roles and responsibilities, behavior and culture, training and development of the Board, risk management oversight, oversight of report/ disclosure and performance. ◆The reason for the independence of the external professional organization: Ernst & Young Management Consulting Co., Ltd. is not an affiliate of the Company, nor

	does it have a business relationship that could affect its independence. The personnel and their immediate family members have not held positions of significant influence in the Company, nor do they have a direct or indirect financial interest or have received any gifts from the Company.

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 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 a 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. In addition, in conjunction with the added external performance evaluation mechanism in "Board of Directors Self-Assessment of Performance," passed by the Board on November 10, 2023, and the Company commissioned an external independent professional organization to conduct an external performance evaluation of the overall Board of Directors for the first time in 2023.

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. Chairman of Faraday Technology Corp., Clientron Corp. The individual has rich knowledge and adequate experience in business operations, performance evaluation, investment, and 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 Company's business.
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. Part-time professor-level professional and technical personnel in the Department of Electrical Engineering, National Taipei University of Technology and the Department of Digital Multimedia Design, Kainan University; Adjunct professor at the Department of Electronics, National Taiwan University of Science and Technology and the Department of Electronics, Yuanzhi University. Government positions such as Minister of Transportation and Director of the Civil Aviation Bureau of the Ministry of Transportation. The individual has professional capability in the communications network

Title	Name	Professional Qualifications and Experience
		field, rich knowledge, and adequate experience in 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 Company's business.
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 the electronics industry, business operations, and 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 Company's business.

■ Attendance of Members at Audit Committee Meetings

- The Company's Audit Committee is composed of three independent directors.
- The term of the 3rd committee ran from August 27, 2021 to August 26, 2024.
- There were six Audit Committee meetings during 2023 (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	4	2	66.67%	-
Committee Member	Duei Tsai	6	0	100%	-
Committee Member	Wen-Chung Shen	6	0	100%	-

■ The major audit items of the Audit Committee in 2023 are as follows:

1. Annual and interim financial reports, Business reports, and Proposals for distribution of profits.
2. To evaluate the CPAs' independence and competence in performing the financial report audit.
3. Matters in which a Director is an interested party.
4. A material monetary loan and providing of Corporate Guaranty Letter.
5. A material asset transaction.
6. Assessment of the design and operation effectiveness of the internal control system.
7. The defects, irregularities, and the status of corrections in the internal control system.
8. Annual audit plan for 2024.
9. 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.
8th Meeting (14th Term) 2023.3.15	1. To approve the Audited Consolidated Financial Report and Parent Company Only Financial Report for the year 2022	V	None
	2. To approve the Business Report for the year 2022	V	None
	3. To approve the proposal for the Distribution of Earnings for the year 2022	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.
	4. To approve fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda.	V	None
	5. To approve fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda.	V	None
	6. To approve fund loan to 70% owned subsidiary Kinpo&Compal Group Assets Development Corporation	V	None
	7. To approve the "Non-Assurance Service Pre-Approval Policy - General Policy"	V	None
	8. To evaluate CPAs' independence and competence in performing financial report audits.	V	None
	9. To approve the Internal Control System Statement for the year 2022	V	None
	▲Resolution adopted by the Audit Committee (2023.3.15): Upon solicitation of comments by the Chairman, no objection was addressed, and the resolution was adopted unanimously by the Committee Members present.		
	▲Action taken by the Company in response to the opinion of the Audit Committee: **・Except for motion 6** Upon solicitation of comments by the Chairman, no objection was addressed, and the resolution was adopted unanimously by the Committee Members present. **・Motion 6** Chairman Sheng-Hsiung Hsu asked the Independent Director Min Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote 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&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 conflict of interest, they 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 chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.		
9th Meeting (14th Term) 2023.5.08	1. To approve the 1Q 2023 Consolidated Financial Review Report	V	None
	2. To approve the release of non-competition restrictions for the managers	V	None
	3. To approve to obtain newly issued shares of ARCE Therapeutics, Inc. by participating in the capital injection by cash.	V	None
	4. To approve the proposal for providing Corporate Guaranty Letter to Quanta Computer Inc.	V	None
	▲Resolution adopted by the Audit Committee (2023.5.8): Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present.		
	▲Action taken by the Company in response to the opinion of the Audit Committee: **・Except for motions 2 and 3** Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present. **・Motion 2** An interested party relationship existed with Director Jui-Tsung Chen. In order to avoid a conflict of interest, this Director excused himself from discussion and voting on this proposal. Upon solicitation of comments by the Chairman of the meeting, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present. **・Motion 3** Chairman Sheng-Hsiung Hsu asked Independent Director Duei Tsai to act as a deputy chairman		

<table>
<tr><th>Board of Directors Meeting</th><th>Content of discussion and actions taken in response</th><th>Matters listed in Item 5, Article 14 of the Security Act</th><th>Not approved by the Audit Committee but had the consent of more than two-thirds of all directors.</th></tr>
<tr><td></td><td colspan="3">to preside at this meeting to discuss and vote on this proposal. To avoid conflict of interest, Directors Directors Jui-Tsung Chen, Chieh-Li Hsu, Chung-Pin Wong, who is also acting as Director of the ARCE Director Sheng-Hsiung Hsu, the Father-son relationship, who are relatives within first degree kinship of Director Chieh-Li Hsu of ARCE, 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 deputy chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.</td></tr>
<tr><td rowspan="3">10th Meeting
(14th Term)
2023.7.18</td><td>1. To approve obtaining newly issued shares of AcBel Polytech Inc. by participating in the capital injection by cash.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">▲Resolution adopted by the Audit Committee (2023.7.18):
Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present.</td></tr>
<tr><td colspan="3">▲Action taken by the Company in response to the opinion of the Audit Committee:
Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote on this proposal. To avoid conflict of interest, Director Chieh-Li Hsu who is also acting as Director of the AcBel, Sheng-Hsiung Hsu and Chieh-Li Hsu are first cousins (father and son), Sheng-Hsiung Hsu and Sheng-Chieh Hsu are second cousins (brothers), 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present</td></tr>
<tr><td rowspan="5">11th Meeting
(14th Term)
2023.8.11</td><td>1. To approve the 1H 2023 Consolidated Financial Review Report</td><td>V</td><td>None</td></tr>
<tr><td>2. To approve a loan to Henghao Technology Co. Ltd.</td><td>V</td><td>None</td></tr>
<tr><td>3. To approve a loan to Unicom Global, Inc.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">▲Resolution adopted by the Audit Committee (2023.8.11):
Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present.</td></tr>
<tr><td colspan="3">▲Action taken by the Company in response to the opinion of the Audit Committee:
Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present.</td></tr>
<tr><td rowspan="3">12th Meeting
(14th Term)
2023.9.07</td><td>1. To approve obtaining newly issued shares of Cal-Comp Electronics (Thailand) Public Company Limited. by participating in the capital injection by cash.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">▲Resolution adopted by the Audit Committee (2023.9.07):
Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present.</td></tr>
<tr><td colspan="3">▲Action taken by the Company in response to the opinion of the Audit Committee:
Chairman Sheng-Hsiung Hsu asked Independent Director Min-Chih Hsuan to act as a deputy chairman to preside at this meeting to discuss and vote on this proposal. To avoid conflict of interest, Directors Sheng-Hsiung Hsu, Chieh-Li Hsu, Sheng-Chieh Hsu, who are also acting as Director of the CCET, 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present</td></tr>
<tr><td rowspan="3">13th Meeting
(14th Term)
2023.11.10</td><td>1. To approve the 3Q 2023 Consolidated Financial Report</td><td>V</td><td>None</td></tr>
<tr><td>2. To approve obtaining newly issued shares of Kinpo&Compal Group Assets Development Corporation. by participating in the capital injection by cash.</td><td>V</td><td>None</td></tr>
<tr><td>3. To approve fund loan to 100% owned subsidiary COMPAL EUROPE (POLAND) Sp. z o.o</td><td>V</td><td>None</td></tr>
</table>

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.
	4. To propose approval of the annual audit plan for year 2024	V	None
	▲Resolution adopted by the Audit Committee (2023.11.10): Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present.		
	▲Action taken by the Company in response to the opinion of the Audit Committee: ・**Except for motion 2** Upon solicitation of comments by the Chairman, no objection was addressed and the resolution was adopted unanimously by the Committee Members present. ・**Motion 2** Chairman Sheng-Hsiung Hsu asked the Independent Director Wen-Chung Shen to act as a deputy chairman to preside at this meeting to discuss and vote 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&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 conflict of interest, they 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 chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.		

(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, 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
8th Meeting (3rd Term) 2023.3.15	1. Report on the operational status of the internal audit activities	The report was reviewed by the Audit Committee, and independent directors raised no objections or further instructions.
	2. To approve the Internal Control	The proposal was approved by the Audit

Audit Committee	Content of discussion	Results
	System Statement for the year 2022	Committee and will be resolved by the Board of Directors
9th Meeting (3rd Term) 2023.5.8	1. Report on the operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
11th Meeting (3rd Term) 2023.8.11	1. Report on the operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
13th Meeting (3rd Term) 2023.11.10	1. Report on the 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 2024	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
14th Meeting (3rd Term) 2024.2.29	1. Report on the operational status of the internal audit activities	The report was reviewed by the Audit Committee whereupon independent directors raised no objection or further instruction.
15th Meeting (3rd Term) 2024.3.12	1. Report on the 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 2023	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors.

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

Audit Committees Meeting	Content of discussion	Results
8th Meeting (3rd Term) 2023.3.15	1. To approve the 2022 Audited Consolidated Financial Statements and Parent Company Only Financial Statements • Declaration of Independence • The responsibility of auditors in auditing financial statements. • The types of audit opinion • The audit scope (including Explanation of key audit items) • The audit Findings	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors
14th Meeting (3rd Term) 2024.2.29	1. To approve the 2023 Audited Consolidated Financial Statements and Parent Company Only Financial Statements • Declaration of Independence • The responsibility of auditors in auditing financial statements. • The audit scope • The audit Findings and Conclusions • Communication on Audit Firm Quality Management System	The proposal was approved by the Audit Committee and will be resolved by the Board of Directors

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

Forum	Object	Communication focus	Results
2023.11.10	Internal Audit Officer	1. The risk assessment model used by the internal audit office when formulating the annual audit plan.	Agree with the current assessment method of the internal audit office.
	CPA	1. Annual audit plan 2. Audit Quality Indicators in 2022	The independent directors have no issue with the 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 November 10, 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 "Directions Concerning Securities Market Regulatory Matters for TWSE Listed Companies and Their	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			Directors, Supervisors, and Major Shareholders” when they come aboard to make them aware of the company insider rules. In accordance with the 'Key Points for Managing Insider Trading Prevention,' when the company becomes aware of significant internal information, it must not trade in the company's or its invested businesses' stocks, other securities with equity characteristics, or non-equity corporate bonds, whether in its own name or in the name of others, until the information is clarified and remains unpublished, or within eighteen hours after it has been made public. The directors of the company are not allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. The company also reminded directors by email seven days before the closure that they are prohibited from buying and selling the company's stocks.	
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. These rules and regulations are formulated and include, without being limited to, the following two general standards:1. Basic requirements and values: Gender, age, nationality and culture; 2. Professional knowledge and skills. 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 25.	No deviations were found
2. Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	Yes		Apart from the Remuneration and Audit Committees, the Company also has a Sustainability Committee headed by President and 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. 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	No deviations were found

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th>Deviation and causes of deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>Board of Directors to review the implementation of risk management and make necessary recommendations for improvement.</td><td></td></tr>
<tr><td>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?)</td><td>Yes</td><td></td><td>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, as well as individual Directors and Functional Committees. Methods of evaluation 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 a reference in determining individual Director’s compensation and their nomination for the next office term.

In order to implement corporate governance and enhance the functions of the company's board of directors, the Board of Directors amended the “Rules for Performance Evaluation of the Board of Directors and Functional Committees” on November 10, 2023. The Company shall appoint an external independent professional institution or a panel of external experts and scholars to conduct a performance evaluation at least once every three years. The external board performance evaluations shall be completed before the end of the first quarter of the following year, and the evaluation results shall be reported to the Board of Directors.

■Internal performance evaluation of the Board of Directors and Functional Committees in 2023 are as follows:
<table>
<tr><th>Items</th><th>Total average</th><th>Evaluation level</th></tr>
<tr><td>Individual board members</td><td>4.61</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>
</table></td><td>No deviations were found</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th>Deviation and causes of deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th><th></th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Remuneration Committee</td><td>5.00</td><td>Good</td></tr>
<tr><td>Sustainability Committee</td><td>4.67</td><td>Good</td></tr>
</table>

■ External performance evaluation of the Board of Directors and Functional Committees in 2023
The company has appointed EY Business Advisory Services Inc. ("EY") to conduct a performance evaluation of the board of directors for the first time in November 2023. EY’s methodology incorporated the application of questionnaires, conducting interviews, and performing document reviews and analyses. EY executed a performance evaluation of the board of directors between January 1 and December 31, 2023.
According to the evaluation, Compal's performance in the structure, members, and information processes of the board of directors is deemed advanced. Suggestions are presented below to continuously optimize and refine the operation of the board of directors. According to the evaluation, Compal's performance in the structure, members, and information processes of the board of directors is deemed advanced (Note). Suggestions are presented below to continuously optimize and refine the operation of the board of directors. The evaluation result was reported to the Board of Directors on February 29, 2024 and disclosed on the company’s website for investors’ reference.

Note: The evaluation result will be divided into as follows:
• Basics: Comply with the basic requirements of the competent authority and relevant laws and regulations.
• Advanced: Comply with the basic requirements of the competent authorities and relevant laws and regulations, and have a set of established and effective practices, or actively improve the performance of this aspect.
• Benchmark: Not only is it better than the basic requirements of the competent authority and relevant laws and regulations, but the practice is equivalent to a benchmark model.
</td><td></td></tr>
<tr><td>4. Is the independence of external auditors assessed on a regular basis?</td><td>Yes</td><td></td><td>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 Accountants of the Republic of China. The CPA cannot be a Director, supervisor, or shareholder of the</td><td>No deviations were found</td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			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 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 62) 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, and the experience in auditing, 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 will be approved by the Audit Committee held on April 16, 2024, and will be resolved by the Board of Directors held on April 16, 2024. 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 in complying 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	Yes		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. 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, reviewing the legality of Independent Director qualifications, conduct matter related to Director change, 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 2023, refer to page 62.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
and shareholders' meeting, etc.)				
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers, and suppliers)?	Yes		The Company addresses its stakeholder relations on its corporate website, Sustainability report, and Compal ESG 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
VI. Does the Company engage a share administration agency to handle shareholder meeting affairs?	Yes		The Chinatrust Commercial Bank – Securities Trust has been appointed as the share administration agency responsible for handling shareholder affairs and meetings and for providing share administration services.	No deviations were found
VII. Information disclosure				
1. Has the Company established a website that discloses financial, business and corporate governance-related information?	Yes		The Company website at (www.compal.com) is regularly updated with information such as financial performance, corporate governance and shareholder meetings.	No deviations were found
2. Has the Company adopted other means to disclose information (e.g. an English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system,	Yes		• The Company website has both Chinese and English pages. The information is gathered and disclosed by a dedicated department. • The Company also has a spokesperson and an acting spokesperson. • 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 https: /www.compal.com/investor-relations/financial-release/).	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
broadcasting of investor conferences via the Company website)?			• The Company's CSR to publicly disclose the Company's ESG actions. (URL: https: //www.facebook.com/compalCSR).	
3. Does the Company announce and declare an annual financial report within two months after the end of the fiscal year and announce and declare the first, second, and third quarter financial reports and the operation of each month ahead of the required time limit?	Yes		The Company's financial reports have been announced and filed within two months after the end of the fiscal year since fiscal year 2023. In addition, the Company's announcement and filing of financial reports for the year and the first, second and third quarters, as well as business operational results for each month, were ahead of the required time limit.	No significant difference
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		• Employee rights and care for employees (please refer to page 63) • Code of Conduct for Directors, managers, and employees (please refer to page 64) • Investor relations (please refer to pages 64) • Supplier relations and operation status of customer policy (please refer to page 64-65) • Stakeholders' interests (please refer to page 65) • Risk management practice and framework (please refer to pages 65-68), Risk analysis (please refer to pages 214) • Purchasing liability coverage for the Company's Directors & Supervisors(please refer to page 70) • Continuing education for Directors and managers (please refer to pages 70-72) • Succession plan for Board members and key Management team (please refer to page72) • Acquisition of certificate(s) by the Company's personnel related to the transparency of financial information (please refer to page 73)	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
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. • 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 the subsidiary Kinpo Group Management Consultant Company or training provided by external professional organizations. In 2023, members of the Board of Directors completed a total of 107 hours of training. • In 2023, establish a Risk Management Committee the enactment of the "Risk Management Best Practice Principles", "Risk Management Committee Charter ", "Human Rights Policy", "Tax Policy and Management Guidelines", and the amendment "Corporate Governance Best-Practice Principles", "Sustainable Development Best Practice Principles", "Rules for Performance Evaluation of the Board of Directors and Functional Committees", "Management Rules for Preventing Insider Trading" to "Main Point of Insiders Trading Prevention Management", "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. • In 2023, EY Business Advisory Services Inc., an external professional and independent organization, was appointed to conduct the performance evaluation of the Board of Directors. • The corporate governance unit irregularly gave referrals for relevant training information from the competent authorities, external professional institutions, and Kinpo Group Management Consultant Company from time to time. The company and Kinpo Electronics, Inc. also regularly hold refresher courses. • We uploaded the Chinese and English Annual Report of shareholders' meeting 18 days before the shareholders' meeting. • In 2023, the " Corporate Governance Best-Practice Principles " and the " Main Point of Insiders Trading Prevention Management " were revised to prohibit directors and other insiders from using undisclosed information in the market to buy and sell securities. The content includes that directors are not allowed to trade securities thirty days before the announcement of the annual financial report. , and trade its stocks during the closed period of 15 days before the announcement of each quarterly financial report.				

■ **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 in the Company	NO	YES
Whether or not the CPA has a 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 2023 are 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 Risk Management Committee the enactment of the "Risk Management Best Practice Principles", "Risk Management Committee Charter", "Human Rights Policy", "Tax Policy and Management Guidelines", and the amendment "Corporate Governance Best-Practice Principles", "Sustainable Development Best Practice Principles", "Rules for Performance Evaluation of the Board of Directors and Functional Committees", "Management Rules for Preventing Insider Trading" to "Main Point of Insiders Trading Prevention Management", "Risk management policy of Compal Group" to "Company's Risk Management Policies and Procedures" were proposed to accommodate the corporate governance, all of which have been submitted to the Board of Directors for resolution.
- The performance evaluation of directors and independent directors, the Board of Directors, the audit committee, and the remuneration committee are submitted to the Board of Directors.
- EY Business Advisory Services Inc., an external professional and independent organization, was appointed to conduct the performance evaluation of the Board of Directors.

- Planned the communication meeting between Independent Directors, Internal Audit Supervisors and CPA to have the Audit Committee determine the independence and fitness of the CPA engaged by the Company, as well as to ensure sound corporate governance. For the records of the communication meetings, please see page 51.
- Pursuant to "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies", Compal has advocated and encouraged Directors to take part in the courses. In addition, the corporate governance unit irregularly gave referrals relevant training information from the competent authorities, external professional institutions, and Kinpo Group Management Consultant Company from time to time. The company and Kinpo Electronics, Inc. also regularly hold refresher courses.
- The Company disclosed and announced important financial and operational information in conjunction with the events of the Board of Directors Meetings and Shareholders Meetings. In addition, the Company has held financial result announcement conferences at least twice a 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 Shareholder 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 on 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 2023 came to USD 50,000 thousand, which was roughly equivalent to TWD 1,582,000 thousand. Vital information relating to their liability insurance was reported to the Board of Directors at the latest meeting of the Board of Directors.
- The Corporate Governance Officer took 12 hours of continuing education. For the exact education program, please see page 72.

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 employees understand and comply. 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 has 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 assuring satisfaction across the workforce and protecting employees' interests.

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

- Common dining: Employee dining facilities have been made available to serve nutritious and healthy foods.
- Recreation centers: Places where employees may hold club activities, exercise, and socialize.
- Spiritual, health, and arts seminars: The Company organizes health seminars, spiritual seminars, musical performances, and art exhibitions from time to time, and uses them as a means of stress relief to cater to employees' physical and mental health.
- Infirmary and stationed physicians: Employees may consult physicians and access timely medical assistance for themselves 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 purchases 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 the 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 a full understanding of the Company's business performance and long-term goals.
In 2023, Compal proactively participated in online investor forums and investor conference calls, hosted by either local or foreign brokers every quarter, 13 events in total, to regularly update its financial results and business progress to shareholders and investors, which to enhance investors' understanding for the Company operation and increase the communication and engagements.

■ Supplier relations and execution of customer policy

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

The Company maintains close cooperation with suppliers via systematic method in order to implement effective communication, follow-up and management. Since 2015, Compal has established the Supplier Opinion on the Compal Procurement System (CPS) platform to provide improved communication channel with suppliers. In 2023, Compal further planned the upgrade of the supplier management system of “Vendor Integration Portal”, such that through system platform upgrade and integration, the Company is able to satisfy the due diligence operation on various management policies of ESG sustainable supply chain more efficiency, and to also demonstrate the commitment in achieving sustainable operation with suppliers jointly.

Each year, the Procurement Center and Safety Regulation and Environmental Protection Affairs Department organizes the Supplier Conference jointly. For 2020~2021, due to the impact of COVID-19 pandemic, the meeting convention method was changed to online meeting. In 2022, third party consulting company was also invited to participate in the Supplier Conference, and contents related to global green product regulatory updates and implementation guidelines, RBA VAP v7.0 updates, conflict minerals, introduction to Compal’s supplier management system and environmental education in the supply chain were explained to 205 suppliers attending the Supplier Conference. In 2023, to accelerate supply chain’s participation in net zero emissions and carbon reduction, Compal invited 34 key suppliers to join Compal’s ONE+N electronic industry supply chain net zero acceleration program, and a physical Supplier Conference was also held on September 13, 2023. Compal continues to communicate the latest trend of sustainable supply chain to suppliers through the Supplier Conference and also works with suppliers to improve the ESG performance continuously.

Compal is committed to providing customer service while also prioritizing customer privacy and confidentiality. We sign confidentiality agreements with our customers to ensure the security of their confidential information. Additionally, we require employees to adhere to intellectual property protection policies, gradually strengthening confidential management and establishing a data classification system. We have implemented various measures, including the introduction of cloud virtual desktops and centralized data backup management systems, the establishment of internal and external email inspection systems, the implementation of electronic storage device tracking controls, and the management of filming behaviors within the factory premises. We require project teams to sign confidentiality agreements based on the level of confidentiality and strengthen procedures for managing departing employees to meet the highest standards of information security in the industry. In 2023, there were no penalties imposed due to appeals from customers or regulatory authorities, demonstrating our rigorous protection of confidential customer information and strengthening customer confidence in Compal. We collect quarterly performance evaluation scores from major OEM customer partners, which account for ninety percent of the total revenue, to assess achievement and execution efficiency. The customer satisfaction score in 2023 was 89.10%, maintaining a customer satisfaction level of over 89% for four consecutive years, solidifying Compal's good partnership with its customers.

■ **Stakeholders' interests**

Interested parties 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 a 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 expects that the policy can identify the operation risk in advance. Therefore, the

Company can adopt appropriate assessments 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 the financial and business information of its subsidiaries in accordance with "Regulations Governing the Establishment of Internal Control Systems by Public Companies". The Company also has 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 guidelines 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 performs 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 was developed by the company to consider the organization's structures, authorization, and 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 achieves the goal of implementing internal control through the internal control self-assessment and performance assessment.
Besides, the company has referred to the Three Lines of Defense (TLD) model for risk management issued by the IIA, and the company operates practices to set up organization and procedures for risk management.

(3) From the implementation perspective, all the divisions of the Company evaluate various business risks to make contingency plans, while preparing the 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 215).

(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 evaluate 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-checks become outdated. We use the information system continuously to save labor costs, enhance the effectiveness of the Three Lines of Defense (TLD) model through IT techniques and, most importantly to achieve the goal of warning in advance.

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)
• Interest rate, exchange rate, inflation and financial risks • High-risk or highly leveraged investment, loan to third party, endorsement, guarantee, trading of derivatives and treasury investment	• Finance Group	• Operation Team	• Auditing Office: Risk inspection, evaluation, supervision, improvement and reporting • Board of Directors, • Audit Committee, • Risk Management Committee Decision-making and ultimate control over risk evaluation
• R&D planning • Changes in policy and law • Changes in technology and industry • Changes in corporate image • Investment, subsidiary and M&A benefits	• Business departments/centers (Note 1) • Common departments (Note 3)	• Corporate investment review • Executive management meeting • Subsidiaries monitoring and management report	
• Expansion of factory, production site and equipment • Centralized purchase or sale	• Business departments/centers (Note 1) • Common departments (Note 3)	• Monthly operating meeting • Production and marketing meeting	
• Equity transfer involving Directors, supervisors, and major shareholders • Change of management	• Share administration affairs • Board of Directors	• Share administration affairs • Head of Finance/Accounting	
• Litigation and non-contentious cases • Handling of product safety incidents • Other operational affairs	• Product risk management • Managers of all levels	• Legal affairs • Business groups/centers (Note 2)	
• Personnel behavior, ethics, and conduct	• Managers of all levels • HR and Administration	• Personnel Evaluation Committee	
• Rules (including SOPs), internal control system and compliance with regulations	• Managers of all levels	• Legal Affairs Office • Investment Planning and Management Office • Finance • Accounting • HR and Administration • IT	
• Board of Directors Meetings	• Share administration affairs • Secretary of the Board of Directors	• Legal Affairs Office	
• Prevention of insider trading	• Managers of all levels	• Insider Trading Prevention Office	
• Information security management	• Managers of all levels	• Information Security (ISMS) Committee • Information Security Team	

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, Worldwide PC Sub.BG, Global Operations & Quality Sub. BG, GOBG, SD Operation Sub. BG, 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 2023

(1) Committee Appointment

On May 8, 2023, Compal established the Risk Management Committee with the approval of the Board of Directors. According to the regulations, the first session of the Risk Management Committee consists of all independent directors Min Chih Hsuan, Duei Tsai, Wen-Chung Shen and director Chung-Pin Wong. Independent director Min Chih Hsuan was elected by all members as the convener and chairman of the meeting.

(2) Attendance of Members at Risk Management Committee Meetings:

- The term of the 1st committee is from May 8, 2023 to August 26, 2024.
- In 2023, the Risk Management Committee held two meetings (A) and the qualifications and attendance of Committee members are as follows:

Title	Name	Major	Actual attendance (B)	Number of delegated attendances	Attendance Rate (%) [B/A]
Convener	Min Chih Hsuan	Business Management, Performance Management, Investment, Mergers and Acquisitions	0	1	0%
Committee Member	Duei tsai	Operation Management, Information Security	2	0	100%
Committee Member	Wen-Chung Shen	Business Management, Risk Management	2	0	100%
Committee Member	Chung-Pin Wong	Business Management, Performance Management, Risk Management	2	0	100%

(3) Management System:

In response to regulatory requirements and to implement corporate risk management, Compal revised the Risk Management Practice Principles, Risk Management Policies and Procedures, and Corporate Governance Practices Principles at the board meeting on May 8, 2023.

(4) Reporting Process:

On November 10, 2023, Compal reported the annual risk management performance to the Risk Management Committee and submitted it to the Board of Directors for review.

(5) Risk Evaluation Mechanism:

Compal has established a risk evaluation mechanism to analyze and summarize the risk appetite and then set related action plans.

■ 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 2023 is 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 1,582,000,000)	From:2023.11.21 To: 2024.11.21	2024.02.29

■ 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 2023 includes:

- **Continuing education for directors**

Title	Name	Date of training	Organized by	Course title	Hours of training
Chairman	Sheng-Hsiung Hsu	2023.05.15	Securities and Futures Institute	Competitiveness VS Viability, ESG trends and strategies	3
Chairman	Sheng-Hsiung Hsu	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Chairman	Sheng-Hsiung Hsu	2023.11.14	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3
Vice Chairman	Jui-Tsung Chen	2023.07.14	Compal Electronics, Inc.	Global Economic Outlook for the Second Half Year of 2023	1
Vice Chairman	Jui-Tsung Chen	2023.09.08	Taiwan Institute of Directors	ESG rating analysis in the capital market and the business implications of sustainability evaluation	3
Vice Chairman	Jui-Tsung Chen	2023.10.12	Taiwan Institute of Directors	Legal Risks of Enterprise Investment and Financing	3
Vice Chairman	Jui-Tsung Chen	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Wen-Being Hsu	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Chieh-Li Hsu	2023.02.22	Taiwan Institute of Directors	Centennial Enterprise Strategy Turning Point Series-2 Innovation Wheel	3
Director	Chieh-Li Hsu	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Chieh-Li Hsu	2023.11.14	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3
Director	Charng-Chyi Ko	2023.05.15	Securities and Futures Institute	Competitiveness VS Viability, ESG trends and strategies	3
Director	Charng-Chyi Ko	2023.05.26	Kinpo Group Management Consultant Company	Challenges and responses of Taiwanese companies under global risks in 2023	2
Director	Charng-Chyi Ko	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Charng-Chyi Ko	2023.11.14	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3
Director	Sheng-Chieh Hsu	2023.07.04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit Forum	6

Title	Name	Date of training	Organized by	Course title	Hours of training
Director	Sheng-Chieh Hsu	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Yen-Chia Chou	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Chung-Pin Wong	2023.07.14	Compal Electronics, Inc.	Global Economic Outlook for the Second Half Year of 2023	1
Director	Chung-Pin Wong	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Chung-Pin Wong	2023.11.24	Taiwan Institute of Directors	Things to be noted in corporate IPO planning: General company and group spin-offs	3
Director	Chiung-Chi Hsu	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Ming-Chih Chang	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Director	Sheng-Hua Peng	2023.04.13	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum: Business Opportunities and Challenges Under the Net Zero Spotlight	3
Director	Sheng-Hua Peng	2023.05.26	Kinpo Group Management Consultant Company	Challenges and responses of Taiwanese companies under global risks in 2023	2
Director	Sheng-Hua Peng	2023.07.14	Compal Electronics, Inc.	Global Economic Outlook for the Second Half Year of 2023	1
Director	Sheng-Hua Peng	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Independent Director	Min Chih Hsuan	2023.01.13	Taiwan Corporate Governance Association	Explanation and case introduction of directors and supervisors' responsibilities under corporate governance	3
Independent Director	Min Chih Hsuan	2023.12.27	Taiwan Corporate Governance Association	Enterprise resilience-oriented information security management and risk control	3
Independent Director	Duei Tsai	2023.04.13	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum: Business Opportunities and Challenges Under the Net Zero Spotlight	3
Independent Director	Duei Tsai	2023.05.16	Securities and Futures Institute	Global future risks and opportunities for sustainable transformation	3
Independent Director	Duei Tsai	2023.05.26	Kinpo Group Management Consultant Company	Challenges and responses of Taiwanese companies under global risks in 2023	2
Independent Director	Duei Tsai	2023.08.09	Securities and Futures Institute	Kindness. True beauty. Charity. Doing it right. Doing it well is good business.	3
Independent Director	Duei Tsai	2023.10.13	Taiwan Corporate Governance Association	Trends and risk management of digital technology and artificial intelligence	3
Independent Director	Duei Tsai	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3
Independent Director	Wen-Chung Shen	2023.4.13	Taiwan Institute of Directors	KPMG Taiwan 2023 Business Leader Academy Forum: Business Opportunities	3

Title	Name	Date of training	Organized by	Course title	Hours of training
				and Challenges Under the Net Zero Spotlight	
Independent Director	Wen-Chung Shen	2023.5.26	Kinpo Group Management Consultant Company	Challenges and responses of Taiwanese companies under global risks in 2023	2
Independent Director	Wen-Chung Shen	2023.11.10	Taiwan Corporate Governance Association	Global trends and business opportunities for low-carbon economy and corporate low-carbon innovation in 2023	3

- **Continuing education for managers**

Title	Name	Date of training	Organized by	Course title	Hours of training
Vice President	Cheng-Chiang Wang	2023.07.14	Compal Electronics, Inc.	Global Economic Outlook for the Second Half of 2023	1
Vice President	Guo-Dung Yu	2023.07.14	Compal Electronics, Inc.	Global Economic Outlook for the Second Half of 2023	1
Corporate Governance Officer	Cheng-Chiang Wang	2023.04.18	Accounting Research and Development Foundation	Corporate Ethics and Sustainable Development	3
Corporate Governance Officer	Cheng-Chiang Wang	2023.05.18	Accounting Research and Development Foundation	To Correctly Understand the Corporate Governance Evaluation	3
Corporate Governance Officer	Cheng-Chiang Wang	2023.05.19	Accounting Research and Development Foundation	Analysis of the latest corporate governance policies and laws and common deficiencies	3
Corporate Governance Officer	Cheng-Chiang Wang	2023.09.15	Taiwan Corporate Governance Association	Board Meetings: Common Board Meeting Mistakes for Listed Companies	3
Accounting Officer	Cheng-Chiang Wang	2023.10.16-2023.10.17	Accounting Research and Development Foundation	"Training program for the new Accounting Officer" The class for the new Accounting Officer was requested due to the company's share exchange/transaction being in a public place.	12
Audit Chief Executive	Chenyi Li	2023.12.08	Accounting Research and Development Foundation	Practical measures to improve the "Three Lines of Defense of Internal Control"	6
		2024.01.11	Accounting Research and Development Foundation	Common internal control management deficiencies in enterprises and analysis of practical cases	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 of 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 13th Board of Directors in 2018. Compal has successfully completed the succession of its board members and key management team, which symbolizes the transition to a new generation. The abovementioned top management of the Company was re-elected as the 14th term of the 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	11 persons
Securities Specialist	4 persons
Futures Specialist	4 persons
Securities Investment Trust and Consulting Professional	5 persons
Chartered Financial Analyst	1 person
Certificate In ESG Investing	1 person
Investor Relations Charter (IRC®)	1 person
Certified Internal Auditor - Taiwan	3 persons
Certified Internal Auditor	3 persons
Certified Information Systems Auditor	1 person
Information Security Management Lead Auditor	1 person
Certified Basic Proficiency for credit officers	1 person

3.3.4 Composition, Responsibilities, and Operations of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

April 2, 2024

Identity	Name (Conditions)	Professional Qualifications and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Convener Independent Director	Wen-Chung Shen	Bachelor of Electrical Engineering Dept., National Taiwan University Chair of Hetuo Investment Co., Ltd. Director & Executive Vice-President of Compal Electronics, Inc. Possesses 30 or more years of work experience required for the Company's business, and not been a person of any conditions defined in Article 30 of the Company Law.	• Compliance with independence requirement (note) • 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%.	
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. Chairman of Faraday Technology Corp., Clientron 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.	• Compliance with independence requirement (note) • 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%.	

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. Part-time professor-level professional and technical personnel in the Department of Electrical Engineering, National Taipei University of Technology and the Department of Digital Multimedia Design, Kainan University; Adjunct professor at the Department of Electronics, National Taiwan University of Science and Technology and the Department of Electronics, Yuanzhi University. Government positions such as Minister of Transportation and Director of the Civil Aviation Bureau of the Ministry of Transportation. 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.	• Compliance with independence requirement (note) • 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%.	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 5th committee ran from August 27, 2021 to August 26, 2024.
- There were four Remuneration Committee meetings during 2023(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	2	2	50%	
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 arising from the Remuneration Committee.

<table>
<tr><th>Board of Directors Meeting</th><th>Resolution Adopted by the Remuneration Committee</th></tr>
<tr><td rowspan="4">9th Meeting
(14th Term)
2023.3.15</td><td>1. To approve the proposal for the distribution of compensation to employees and directors for the year 2022</td></tr>
<tr><td>2. To approve the first mid-year employees' bonus of the year 2023</td></tr>
<tr><td>▲Resolution Adopted by the Remuneration Committee (2023.3.15):
The Board will resolve to approve the proposal after the Committee's approval.</td></tr>
<tr><td>▲Action taken by the Company in Response to the opinion of the Remuneration Committee:
• Motion 1:
Upon solicitation of comments by the Chairman, no objection was 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 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.</td></tr>
<tr><td rowspan="4">10th Meeting
(14th Term)
2023.5.08</td><td>1. To approve the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2023</td></tr>
<tr><td>2. To approve employees' salary adjustment for the year 2023</td></tr>
<tr><td>▲Resolution Adopted by the Remuneration Committee (2023.5.08):
The Board will resolve to approve the proposal after the Committee's approval.</td></tr>
<tr><td>▲Action taken by the Company in Response to the opinion of the Remuneration Committee:
• Motion 1:
Upon solicitation of comments by the Chairman, no objection was 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 conflict of interest, Directors</td></tr>
</table>

<table>
<tr><th>Board of Directors Meeting</th><th>Resolution Adopted by the Remuneration Committee</th></tr>
<tr><td></td><td>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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.</td></tr>
<tr><td rowspan="4">12th Meeting
(14th Term)
2023.8.11</td><td>1. To approve the Directors' Remuneration for the year 2022</td></tr>
<tr><td>2. To approve 2nd mid-year employees' bonus for the year 2023</td></tr>
<tr><td>▲Resolution Adopted by the Remuneration Committee (2023.8.11):
The Board will resolve to approve the proposal after the Committee's approval.</td></tr>
<tr><td>▲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 to discuss and vote 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, no objection was 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, 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 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, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.</td></tr>
<tr><td rowspan="4">14th Meeting
(14th Term)
2023.11.10</td><td>1. To approve the compensation of Employee bonuses in cash for 2022</td></tr>
<tr><td>2. To approve the proposal for the 2023 year-end employees' bonus</td></tr>
<tr><td>▲Resolution Adopted by the Remuneration Committee (2023.11.10):
The Board will resolve to approve the proposal after the Committee's approval.</td></tr>
<tr><td>▲Action taken by the Company in Response to the opinion of the Remuneration Committee:
・Motion 1 and 2:
In accordance with the Company's Regulations Governing the Proceedings of Board of Directors Meetings, an interested party relationship exists between any Directors and any agenda proposals, such Directors shall excuse themselves during discussion of and voting on those proposals. Accordingly, to avoid conflict of interest, Directors Jui-Tsung Chen, Chung-Pin Wong, Ming-Chih Chang and Sheng-Hua Peng, who are also acting as managerial officers of Compal, avoided discussion and voting on this proposal. Upon solicitation of comments by the chairman, no objection was addressed and the resolution was adopted unanimously by the remaining Directors present.</td></tr>
</table>

■ 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 assessments 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		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 of 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. Composition, Responsibilities, and Operations of the Sustainability Committee, Board of Directors' Supervision of the Sustainability Committee. Please refer to page 98-99. For the 2023 Sustainable Development operation and implementation, please refer to page 100-102, the targets and plans of 2024 Sustainable Development please refer to page 103-104. The results of implementation are also disclosed in our Annual Report, Sustainability Report, and on our corporate website/Compal ESG.	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		■ The Group performs risk identification, assessment and analysis, response and management at least once a year. ■ The scope of execution includes parent company and subsidiary company. 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 classify risk issues into "Strategy," "Finance," "Operation," and "Legal Compliance", "Environment". 2. Risk assessment Through a risk analysis matrix, the likelihood and impact of risk issues are evaluated	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			respectively, 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. 3. Risk response and management (1) Supply chain material interruption risk The Company's revenue continues to grow, and it is highly dependent on the stable supply of key components. In order to reduce the risk of sluggish materials and increase profits, the 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 Covid-19 continues to rage, causing 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 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. b. Strengthen the strategic partnership of key component manufacturers. c. Big data analysis to grasp the changing trend of the raw material market. d. In response to the impact of Covid-19, plan and promote online bidding (inquiry and price negotiation) and the modularization of the procurement system. (2) Risk of overseas factory expansion 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	

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			of the supply chain, thereby affecting the company's ability to flexibly produce and respond flexibly. In response to this risk, the company intends to take the following measures: 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) b. Introduce local professionals and establish a management team with international vision and risk awareness 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. (3) Human Resource Risk Due to the Company's international strategic planning and cross-industry diversification, the demand for international talent continues to increase. However, due to the increasing competition in the industries to which the Company belongs, the impact of child rearing, the emergence of technology and the change of regulations and standards, the supply and demand of talents in the market are imbalanced, which makes it difficult to recruit talents for strategic planning, professional skills and management, and there is a risk of a talent gap or technology succession in the medium to long term. The following measures will be taken: a. Complete layout of the succession echelon of strategic management professionals b. Excavation and cultivation of high-potential talents. c. Continuous implementation of bilingual ability and international vision development education.	
3. Environmental issues.				
(1) Has the Company established an appropriate environmental management system according	Yes		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	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
to its industrial characteristics?			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. 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, Taiwan, China and Vietnam factories have adopted ISO 14001, ISO14064-1, and ISO 45001, conduct internal audits 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 2023, no violation of the environmental laws or regulations has occurred.	
(2) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with a low impact on the environment?	Yes		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&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." 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. In 2023, 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 36 laptop projects meet the	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			requirements. In 2023, the electricity intensity was 350 kWh per million in revenue, which represents a decrease of 3 kWh per million in revenue compared to 2022, but the target of reducing electricity intensity by 1% was not achieved. Setting 100% RE by 2050, the long-term goal of using renewable energy is to continue to promote and maintain solar power generation systems, to purchase renewable energy and to invest in renewable energy funds. PCP, KS3, CDT, CD, CQA, and CQ passed the ISO 50001 energy management system certification, and continuously optimized 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.	
(3) Does the Company assess the risks and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate-related issues?	Yes		Extreme weather conditions caused by global warming and climate change have had significant impacts on the world and Taiwan and pose unprecedented challenges to mankind. Apart from mitigation, we must also begin adaptation operations since climate change is inevitable. Adaptation applies not only to individuals, but to corporations as well, for it is important for companies to minimize business risks caused by extreme weather, which will require extensive and thorough risk assessments in order to turn risks into opportunities. Continue to follow the TCFD framework to identify risks and opportunities, incorporate strategic planning and risk management mechanisms, further identify financial shocks, and plan the use of capital. 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: Risk 1. Importing alternative recycled raw materials, increasing the cost of R&D technology transformation. 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	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			increase recycling. Actively develop and introduce recycled plastics and biodegradable plastics in electronic products to meet international trends and meet customer expectations. Risk 2. In response to external requirements, the increase in the use of renewable energy will increase operating costs. 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. In 2023, procurement included 7,709.8 MWh of photovoltaic power, 75,451.2 MWh of hydroelectric power, and 75,243 green energy certificates. Risk 3. Improve the energy efficiency standards of various assets and increase operating costs. 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 6 plants have passed the ISO 50001 energy management system certification and are on par with the EP100 target. Opportunity 1. Actively take sustainability as a way to continuously gain customers' favor. Action 1. In recent years, climate actions such as carbon reduction have been raging like a storm around the world, and internationally renowned large companies have issued relevant carbon reduction commitments. 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	

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			climate by promoting lean production, controlling energy use, reducing useless waste in the production process, and creating higher economic benefits as well as environmental protection Opportunity 2. Assist suppliers in low-carbon transformation and reduce procurement costs affected by climate change. 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. To accelerate supply chain participation in achieving net zero carbon emissions, we invite 34 key suppliers to join the Compal ONE+N Electronics Industry Supply Chain Net Zero Acceleration Program. We aim to collectively achieve a substantial reduction of 10,000 tons of carbon emissions over two years to enhance the industry's low-carbon competitiveness. External energy-saving and carbon reduction experts will be combined to establish a Compal industrial low-carbon coaching team. Actively assist manufacturers in formulating carbon reduction plans and provide carbon footprint monitoring guidance, encourage manufacturers to invest in the introduction of high-efficiency technologies and processes, and implement system performance optimization to reduce energy consumption and carbon emissions. Opportunity 3. Introduce smart manufacturing processes to improve production and distribution efficiency, thereby reducing operating cost 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.	

<table>
<tr>
<td>(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?</td>
<td>Yes</td>
<td></td>
<td>Since 2009, Compal has been continuously conducting greenhouse gas inventories, setting Scope 1 and Scope 2 emissions based on the year 2019, for the base year inventory. Stage-wise short and medium-term reduction targets are established, aiming to reduce carbon emissions by 4.2% annually compared to the previous year. By 2030, achieving a 50% reduction in carbon emissions is an intermediate goal, gradually working towards the ultimate goal of achieving RE100 and net zero emissions by 2050. Scope 3 emissions are set based on the year 2021, aiming to achieve a 25% reduction target by 2030.

Actively participating in international initiatives, signing the Science Based Targets initiative (SBTi), and submitting carbon reduction targets in October 2023. Additionally, it is responding to the RE100 initiative by committing to using 63% renewable energy by 2030 and 100% renewable energy by 2050 through energy conservation and procurement of renewable energy.

Waste reduction efforts involve promoting the management practices of UL 2799 Waste Zero Landfill from the source, communicating with suppliers to use reusable and recyclable raw materials and packaging materials to reduce waste generation. Achieving a 50% reduction target in waste generation by 2025 (base year 2019). Although Compal does not have high water consumption in its manufacturing processes and is not a water-intensive industry, it also pays attention to watershed resources and strives to achieve water-saving effects.

Scope 1 and 2 greenhouse gas emissions have decreased by 28.0% compared to the previous year and by 57.8% compared to the base year, achieving the interim reduction target.
GHG emission, the total water consumption, and various types of waste generated in the past two years are as follows:
Unit: Tons
<table>
<tr><th>Items</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1
greenhouse gas emissions (Ton CO_2e)</td><td>20,437.044</td><td>19,142.734</td></tr>
<tr><td>Scope 2 (Market-based)
greenhouse gas emissions (Ton CO_2e)</td><td>156,320.187</td><td>107,349.886
(Note 2)</td></tr>
<tr><td>Scope 1+2 greenhouse gas emissions</td><td>176,757.231</td><td>127,212.730</td></tr>
<tr><td>Total water consumption</td><td>2,499,769.00</td><td>2,068,110</td></tr>
<tr><td>Total general waste (Tons)</td><td>8,321.5</td><td>6,275</td></tr>
<tr><td>Total hazardous industrial waste (Tons)</td><td>1,002.2</td><td>1,422</td></tr>
</table>
</td>
<td>No deviations were</td>
</tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			Note: 1. Relevant figures are currently under continuous verification. For detailed explanations and verified data, please refer to the Sustainability Report. 2. In this context, only Scope 2 emissions are disclosed based on market standards. For complete disclosure, please refer to the Sustainability report.	
4. Social issues				
(1) Has the Company formulated management policies and specific management plans regarding social issues in accordance with relevant laws and regulations and International Human Rights Conventions?	Yes		The company is committed to creating a respectful and dignified working environment, which is considered one of its core values. We strictly adhere to the labor-related laws and regulations of the operating location, and follow the "International Bill of Human Rights," "United Nations Guiding Principles on Business and Human Rights," "International Labour Organization Declaration of Fundamental Principles and Rights at Work," "Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises," and "The United Nations' Ten Principles of United Nations Global Compact" (UNGC)," and take actions consistent with the Responsible Business Alliance Code of Conduct (RBA) Code of Conduct. We treat all personnel with dignity and respect, and have established a human rights policy and implemented management practices. In order to identify, assess, and mitigate the impact of human rights on the company and its supply chain, we have established a comprehensive human rights due diligence process, assessed risk issues, developed mitigation measures, and completed investigation reports. Investigations are conducted at least every three years, with the last investigation conducted in 2022. Human rights policy and labor-related training courses have been included as mandatory courses for all employees.	No deviations were found
(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		■ 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. ■ Employee compensation Pursuant to the Articles of Association, when the Company 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 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	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			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 2023, 38.56% of worldwide Compal employees are women, and 29.63% of female supervisors. The Company is committed to cultivating local talent in overseas factories. In 2023, the proportion of local supervisors in China and Brazil was 93.58% and 93.75%.	
(3) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	Yes		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 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. The Company organizes health and safety training for employees on a regular basis as a means to prevent occupational accidents and ensure workplace safety. In addition, we analyze the causes of occupational accidents and provide suggestions and measures to improve the situation. In 2023, 1,947 employees had completed their training for a total of 5,211 hours, and the number of occupational accidents among employees was 179, involving 179 employees (accounting for 0.39% of the total number of employees). The primary category of occupational injuries was commuting accidents, prompting an enhanced promotion of employee awareness regarding traffic safety. In 2023, there were no fire incidents at any factory site, and fire drills were conducted every six months as required to strengthen employees' emergency response capabilities. Related Verification Scenarios All major sites implement ISO 45001 OH&SMS and commit to maintaining sustainable operations	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			for employees' working environment.	
(4) Has the Company established an effective career development training program for its employees?	Yes		Annual training programs are tailored to suit the needs of different employees, based on the Company's business strategies, policy guidelines, and career roadmaps, including newcomer training, core competencies, managerial competencies, and common competencies courses. The Company constantly aims to establish itself as a learning organization and coaching management. In 2023, a total of 721 training sessions (both internal and external) were organized; these courses delivered 208,483 hours of training and 115,751 persons enrolled.	No deviation was found
(5) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services and formulate relevant policies and grievance procedures to protect the rights and interests of consumers or customers?	Yes		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 Compal's official website. Compal is committed to protecting customers' information at every step along the way and is operated based on the policy and plans of Compal's "Information Security Committee." 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.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
(6) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and implement them in environmental protection, occupational safety and health, or labor human rights issues?	Yes		As one of the key members of global computers and peripheral equipment industry and RBA member, Compal values sustainable supply chain management significantly and ensures to provide products and services complying with the requirements of ethics, environment and human rights to customers. We have incorporated international sustainability standard to improve the sustainable supply chain management efficiency. With regard to the procurement operation, new suppliers are requested to sign the “Compal Purchase Agreement” before engagement in cooperation and transactions. According to different product types, we also request suppliers to comply with relevant international quality and environmental regulations, and the E, S, G performance is also considered during the supplier selection process. Suppliers are also required to have implemented international quality and environmental standards such as ISO 9001, ISO 14001, ISO 13485, ISO 17025, IATF 16949 and so on, depending on the product category. We require suppliers to accept their social responsibility and sign the “Letter of Commitment to the RBA Code of Conduct” covering the five RBA dimensions of Labor, Health and Safety, Environment, Ethics, and Management. To keep up with international ESG standards, we have made adjustments and amendments to the “Compal Supplier Code of Contract” to set higher standards for suppliers based on the RBA Code of Conduct. At the same time, suppliers must also sign the “Prohibition Non-support/Non-use of “Conflict Minerals” Statement” to help suppliers understand and commit to the importance of the ban on conflict minerals. **Compal Supplier Code of Conduct:** http://www.compal.com/CRS/Upload/ArticleImages/2023/07/19/2023071915520317.pdf In terms of sustainability risk management, Compal conducts sustainability assessment on suppliers annually. The assessment is conducted via the “Supplier ESG Risk Assessment Questionnaire” and the assessment result is able to indicate supplier’s sustainability risk. Subsequently, suppliers of high sustainability risk are further audited according to the RBA VAP standard. In 2023, a total of 18 suppliers were sampled and audited, and suppliers of poor performance were required to complete improvement within a time-limit. Annual supplier self-assessments and audits are used to realize	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			the goals of promoting social responsibility and improving sustainability performance together. In 2023, Compal organized the "Common Good Academy" and its purpose was to enhance the cooperative partnership between Compal and suppliers through information and knowledge sharing. Compal's "Common Good Academy" has shared a series of online courses related to environmental sustainability, social responsibility, corporate governance (ESG) and green energy and manufacturing technologies, etc. Through the courses and sharing of the Common Good Academy, Compal's sustainability goal and actions for carbon reduction and net zero emissions are conveyed. In addition, we also expect to provide greater professional knowledge and competence to suppliers at the same time, in order to enhance and improve the overall sustainability action and competitiveness. In the future, we will continue to plan and expand courses of the "Common Good Academy", to enhance the communication and cooperation with suppliers, and to expand the participation scope of suppliers and stakeholders, in order to facilitate the experience learning and sharing with each other, thereby achieving the goal of economic and sustainable development jointly. As international sustainability topics continue to pick up pace, we invited suppliers to follow our lead and the Compal philosophy in taking an interest in social topics such as the environment, labor, health and safety. We are continuing to improve supply chain resilience through the abovementioned 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		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 the 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.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			The Company was awarded Awards by the Taiwan Institute for Sustainable Energy for its "Taiwan Corporate Sustainability Report Award" for many years. In 2023, we received the Platinum Award of this award and the Taiwan Top 100 Sustainable Model Enterprises Award.	

■ Climate-Related Information of TWSE/TPEx Listed Company

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</td><td>In 2022, the Sustainability Committee was established to make decisions and supervise sustainable development initiatives. Led by the General Manager and appointed by the Board of Directors, the committee members were elected among themselves to appoint a Chairperson. The committee is tasked with implementing corporate social responsibility, establishing good governance systems, and aligning with international trends to advance towards sustainable business goals.

Simultaneously, the ESG Office was established, led by the Chief Sustainability Officer, with two Deputy Chief Sustainability Officers assisting. This office comprises ten functional groups, each setting strategic objectives, overseeing implementation, and reporting on effectiveness. Under the Sustainability Committee, a Responsible Manufacturing Functional Group was established to spearhead green environmental initiatives, climate change mitigation and adaptation efforts within the factory premises. It evaluates relevant risks and opportunities and regularly reports progress and achievements in green initiatives to the sustainability committee.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</td><td>
<table>
<tr><th>Type</th><th>Risk Topics</th><th>Time</th></tr>
<tr><td>Transition risks</td><td>Failure to take initiative on sustainable action may cause the loss of customers.</td><td>Short-term</td></tr>
<tr><td>Transition risks</td><td>Failure to take initiative on sustainable action may cause the loss of investors.</td><td>Short-term</td></tr>
<tr><td>Transition risks</td><td>The increased use of renewable energy required by the society boosted operating costs.</td><td>Short-term</td></tr>
<tr><td>Transition risks</td><td>Operating costs increased from meeting assets with the latest energy efficiency standards.</td><td>Mid-term</td></tr>
<tr><td>Transition risks</td><td>Operating costs increased from emerging technology inclusion in smart processes.</td><td>Mid-term</td></tr>
<tr><td>Transition risks</td><td>Technology development costs continue to climb due to renewed product standards.</td><td>Short-term</td></tr>
<tr><td>Transition risks</td><td>Declined customer orders due to passive response to new standard requirements.</td><td>Short-term</td></tr>
<tr><td>Transition risks</td><td>Enhancing GHG emissions reporting obligations</td><td>Short-term</td></tr>
<tr><td>Transition risks</td><td>Failure to invest in the introduction of emerging technologies.</td><td>Mid-term</td></tr>
<tr><td>Physical risks</td><td>Service interruption due to high frequency and severity of heavy rain and flood.</td><td>Mid-term</td></tr>
<tr><td>Physical risks</td><td>Costs increased or Company operations are affected as a result of supply shortage due to suppliers under the influence of climate change.</td><td>Mid-term</td></tr>
<tr><td>Physical risks</td><td>Detriment to assets caused by low-lying land submerged as a result of sea level rise.</td><td>Long-term</td></tr>
<tr><td>Physical risks</td><td>Operating costs increased from raised temperature, which caused equipment to consume more energy.</td><td>Short-term</td></tr>
<tr><td>Physical risks</td><td>Business pressure and impact from water scarcity.</td><td>Long-term</td></tr>
<tr><td>Physical risks</td><td>Company operations are affected as a result of supply shortage due to water scarcity.</td><td>Mid-term</td></tr>
</table>
</td></tr>
</table>

Item	Implementation Status

Opportunity Topis	Time
Inclusion of smart manufacturing process to make productivity and distribution more efficient, and operating costs lower.	Short-term
Low carbon products and services to win higher market share.	Short-term
Recycled aluminum and plastics sourced products in support of emission reduction and material reuse.	Mid-term
Remain customers' favorite with ongoing sustainable actions.	Short-term
Remain investors' favorite with ongoing sustainable actions.	Short-term
Assist suppliers in their low carbon transition to reduce purchase costs affected by climate change.	Mid-term
Gain more orders with an effective contingency plan that navigates operations back to normal in a shorter time than others when disasters occur.	Short-term
Participating program in the use of renewable energy.	Short-term
Obtaining incentives from the Public Sector and collaborating with stakeholders.	Short-term
Improve energy efficiency in factories	Short-term

3. Describe the financial impact of extreme weather events and transformative actions.

Risk event	Scope of impact
Introduce alternative recycled raw materials and increase the cost of R&D technology transformation.	Increased indirect operating costs
In response to external requirements, the increase in renewable energy consumption has increased operating costs.	Increased indirect operating costs
Improve the energy efficiency standards of various assets and increase operating costs.	Increased indirect operating costs

Opportunity event	Scope of impact
Take proactive and sustainable actions to continue to gain customer favor.	Revenue increase
Assist suppliers to carry out low-carbon transformation and reduce procurement costs affected by changes in climate factors.	Improve business resilience
Introduce smart manufacturing processes to improve production and distribution efficiency, thereby reducing operating costs.	Reduced operating costs

Item	Implementation Status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Using the TCFD framework, we systematically analyze policies and regulations, technology, market dynamics, corporate reputation, and acute and chronic climate risks. We evaluate the impacts of these risks and opportunities on the company, multiplying the values of "likelihood of occurrence" and "impact severity" to prioritize them. Significant climate risks/opportunities are confirmed by the board of directors.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Following the TCFD framework, we analyze the risks and opportunities that the company faces under different climate scenarios, using scenarios such as the Sustainable Development Scenario (SDS) and Stated Policies Scenario (STEPS) discussed by the International Energy Agency (IEA), as well as the Shared Socioeconomic Pathways (SSP1-2.6 and SSP2-4.5) proposed by the Intergovernmental Panel on Climate Change (IPCC).
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	To effectively reduce greenhouse gas emissions from "purchased goods and services" and "product usage," we are implementing the "Compal ONE+N Electronic Industry Supply Chain Net Zero Acceleration Plan." We have invited 34 key suppliers to join this initiative. Additionally, we are starting to calculate the carbon emissions generated throughout the product lifecycle. We are organizing educational training sessions for both suppliers and internal company staff to encourage investment in the adoption of high-efficiency technologies and processes. This will ensure system optimization to reduce energy consumption and carbon emissions. Our short-term goal is to achieve a substantial reduction of 10,000 tons of carbon emissions by the years 2023 and 2024, with gradual implementation towards achieving net zero emissions.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	No internal carbon pricing yet.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Compal submitted its Science Based Targets (SBT) in October 2023, setting boundaries that include both the Compal Group and its consolidated subsidiaries. The goal is to achieve net zero Scope 1 and 2 emissions by 2050, with an annual reduction of 4.2% compared to the previous year. Building upon energy-saving initiatives, there is a proactive acceleration in the proportion of renewable energy usage, including the installation of photovoltaic power generation systems in factories, purchasing directly from renewable energy suppliers, investing in green energy funds, and obtaining renewable energy certificates. In 2023, Compal obtained 75,243 renewable energy certificates.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out points 1-1 and 1-2 below).	Since 2009, Compal has complied with ISO 14064 standards to complete GHG inventories for Scope 1 and Scope 2 emissions, obtaining certification through third-party verification. In 2023, the inventory work has been completed, with plans to obtain certification by June 2024.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>Greenhouse Gas Inventory InformationDescribe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.</td><td>The greenhouse gas inventory data covers emissions from the entire Compal Group, including its consolidated subsidiaries. The 2023 verification boundary at the time of publication of the annual report includes Compal and its own factories in Taiwan, China, and Vietnam, and it will be gradually updated.
<table>
<tr><th>Items</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1 (tons CO_2e)</td><td>20,437.044</td><td>19,142.734</td></tr>
<tr><td>Scope 2 (market-based) (tons CO_2e)</td><td>156,320.187</td><td>107,349.886</td></tr>
<tr><td>Total Emissions (tons CO_2e)</td><td>176,757.231</td><td>127,212.730</td></tr>
<tr><td>Emission Intensity (tons CO2e per million TWD)</td><td>0.165</td><td>0.134</td></tr>
</table></td></tr>
</table>

1-1-2 Greenhouse Gas Assurance Information

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.</td><td>Since 2009, Compal has been consistently conducting greenhouse gas inventories and has obtained verification statements through third-party audits. The verification status for the years 2022 and 2023 is as follows:
• Verification Scope: Taiwan headquarters, research and development center, and production bases in Taiwan, mainland China, and Vietnam.
• Verification Agency: SGS Taiwan Inspection Technology Co., Ltd. Verification
• Opinion: A verification statement was obtained for the year 2022. The inventory results for the year 2023 are expected to be verified, and the verification statement is anticipated to be obtained in June 2024. The complete verification status will be disclosed in the Sustainability Report.</td></tr>
</table>

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

<table>
<tr><th>Item</th><th>Implementation Status</th></tr>
<tr><td>Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.</td><td>■Greenhouse Gas Reduction Targets
• Scope 1 and Scope 2 baseline year is 2019.
Short-term: Reduce carbon emissions by 4.2% compared to the previous year.
Mid-term: Achieve a 50% reduction in carbon emissions by 2030.
Long-term: Achieve net zero emissions by 2050.
• Scope 3 baseline year is 2021.
Mid-term: Achieve a 25% reduction in carbon emissions by 2030.

■Achievement of reduction goals
Greenhouse gas emissions from Scope 1 and Scope 2 decreased by 28.0% compared to the previous year and by 57.8% compared to the baseline year, achieving interim reduction targets.

■Greenhouse gas emissions base year
Scope 1 + 2 data in 2019</td></tr>
</table>

Boundary includes consolidated subsidiary reports

2019	Emissions (tCO2e)
Scope 1	19,361.27
Scope 2 - market-based	349,671.86

Scope 3 data in 2021

2021	Emissions (tCO2e)
Category 1: Purchased goods and services	28,088,201.07
Category 2: Capital goods	202,402.55
Category 3: Fuel- and Energy-Related	49,734.85
Category 4: Upstream transport	29,107.44
Category 5: Waste	14,008.31
Category 6: Business travel	3,116.87
Category 7: Employee commuting	20,400.00
Category 8: Upstream leased assets	-
Category 9: Downstream transport	69,565.12
Category 10: Processing of sold products	-
Category 11: Use of sold products	15,667,620.00
Category 11a: Use of sold products, excluding sale of fossil fuels	15,667,620.00
Category 11b: Sale of fossil fuels	-
Category 12: End-of-life treatment of sold products	142,166.32
Category 13: Downstream leased assets	-
Category 14: Franchises	-
Category 15: Investments	17,797.07

■Greenhouse Gas Reduction Strategy

To achieve the vision of carbon neutrality, Compal is implementing low-carbon manufacturing, promoting low-carbon product design, and strengthening the management processes of sustainable supply chains. Additionally, Compal refers to key ESG performance indicators to construct corporate carbon management systems.

■Actions and Activities:

1. Promote Low-Carbon Manufacturing:
    - Implement energy-saving measures in our facilities.
    - Utilize renewable energy sources and purchase certificates.
    - Join the RE100 initiative.
2. Promote Low-Carbon Product Design:
    - Increase the number of products that meet voluntary eco-label (Ecolabel) requirements and EnergyStar standards.
3. Enhance Sustainable Supply Chain Management Processes:
    - Implement the 1+N Electronic Supply Chain Net Zero Acceleration Plan to drive substantial carbon reduction among suppliers.
    - Invite suppliers to participate in the CDP Supply Chain Disclosure initiative by 2024.

■ **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 of 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 transition to a low carbon economy.

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 the computer industry, business operations, performance evaluation, and 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. Part-time professor-level professional and technical personnel in the Department of Electrical Engineering, National Taipei University of Technology and the Department of Digital Multimedia Design, Kainan University; Adjunct professor at the Department of Electronics, National Taiwan University of Science and Technology and the Department of Electronics, Yuanzhi University. Government positions such as Minister of Transportation and Director of the Civil Aviation Bureau of the Ministry of Transportation. The individual has professional capability in the communications network field, and rich knowledge as well as adequate experience in 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 Company's business.
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 the electronics industry, business operations, and 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 1st committee is from March 15, 2022 to August 26, 2024.
- In 2023, 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
3th Meeting (1st Term) 2023.3.15	1. To approve the Sustainability Report Material Topics of 2022	With the consent of all attending members present, it was passed without objection, all of which have been submitted to the Board of Directors for resolution.
	2. To approve the targets and plans of Sustainability for the year 2023	With the consent of all attending members present, it was passed without objection, all of which have been submitted to the Board of Directors for resolution.
4th Meeting (1st Term) 2023.5.08	1. The implementation result of Sustainability for the 2022.	With the consent of all attending members present, it was passed without objection and reported to the Board of Directors.
	2. To approve the amendment to the "Sustainable Development Best Practice Principles".	With the consent of all attending members present, it was passed without objection, 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 2023, the Sustainability Committee held two meetings to report to the Board of Directors. The topics include (1) the sustainability report material topics of 2022, (2) the targets and plans of sustainability for the year 2023, (3) the implementation result of sustainability for the 2022, and (4) the amendment to the "Sustainable Development Best Practice Principles". 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 2023 Sustainable Development**

<table>
<tr><th>Item</th><th>Results</th></tr>
<tr><td>Environmental Sustainability</td><td>1. Based on SBT (Science Based Targets):
• Scope 1 and Scope 2 baseline year is 2019 and scope 3 baseline year is 2021.
• Finalize carbon emission for 2021 and identify significant emission sources as Scope 3 Cat. 1 & 11 and provide SBTi submission form.
2. In 2023, greenhouse gas emissions in Scope 1 and 2 decreased by 28% compared to the previous year. (Note)
3. Greenhouse gas inventory of Compal and consolidated subsidiaries (Scope 1 and 2) counted as 319K tCO2e for 2021.
Note: For detailed explanations and verified data, please refer to the Sustainability Report.</td></tr>
<tr><td>Responsible Manufacture</td><td>• The short-term goal is to reduce electricity, water and waste intensity by 1% per year.
<table>
<tr><th>Items</th><th>2022</th><th>2023</th><th>Reduction percentage</th></tr>
<tr><td>Electricity intensity (KWh/million revenue)</td><td>353.0</td><td>350.3</td><td>0.77%</td></tr>
<tr><td>Water intensity (Tons/million revenue)</td><td>2.3</td><td>2.2</td><td>6.21%</td></tr>
<tr><td>Waste intensity (kg/million revenue)</td><td>8.7</td><td>6.1</td><td>29.59%</td></tr>
</table>
Note: Scope includes operating bases in Taiwan, China, Vietnam, and Brazil.</td></tr>
<tr><td>Innovation</td><td>1. Increase the number of products that comply with the voluntary Ecolabel requirements. Achievement rate: 69%.
2. All 30 commercial products meet over 5% recycled material usage.
3. Increase project USB PD (Power Delivery) adoption. Achievement rate: 79%.
4. The energy efficiency of all products is better than the latest requirement of Energy Star 8.0.
5. Increase introduction of Carton FSC (Forest Stewardship Council) by 36.9%.
6. 100% compliance on worldwide and customer-specified environmental /EMC(Electromagnetic Compatibility)/RF(Radio frequency)/safety regulations.
7. Reduce use of auxiliary materials. Achievement rate: 5.8%.
8. Increase proportion of packaging with reduced plastics by 16.7%.
9. Patent application with ESG-related patents. Achievement rate: 12%.
Total 142 patents and 17 are related to ESG concept.</td></tr>
<tr><td>Human Resources</td><td>1. Global turnover rate of IDL (Indirect Labor) employees 10.25 %.
2. Taiwanese IDL (Indirect Labor) key talent: 8.12%.
3. The penalty exceeded NTD 1 million in any sites of Compal: 0.
4. Global occupational incident rate was 0.39%.
5. Health promotion management achievement rate in Taiwan is 95.4%.</td></tr>
<tr><td>Social Participation</td><td>1. In 2023, 2,714 employees participated in various public welfare activities of the COMPAL and HCI Foundation, and donations exceeded NT$ 6.2 million, with a total social welfare investment of more than NTD$ 20 million.
2. Compal received the "Social Education Contribution Award/Group Award" from the Ministry of Education, the "Social Service Award" from the Library Association of the Republic of China, and the "Social Service Award" from the Kaohsiung Board of Education. In the fourth year, we cooperated with Kaohsiung City Library. In 2023, the first "Compal Happy Reading" area was set up in the Maitou Branch Library; Compal's "ESG bias" was recognized by the Kaohsiung Board of Education. Compal's "ESG Reading Program" served 16,960 people in Liugui, Jiacian, Tianliao, and Meituo communities.</td></tr>
</table>

Item	Results
	3. In order to support cultural development and the cultivation of local talents, Compal sponsored the second Matsu Art Island project. We also cooperated with the W3 Troupe for the public good. The "Flourishing Star Project" offered two performances to provide schoolchildren in remote areas with the opportunity to see physical theater performances. This is a fun and educational program that builds personal risk response skills in the face of climate change. 4. The third year of the "Mooncake Donation Project": 868 colleagues donated Mid-Autumn Mooncake sets to 3,448 disadvantaged students in New Taipei, Taoyuan, Taichung, Miaoli, Changhua, Pingtung, Hualien, Hsinchu, and Kaohsiung. We continue to cooperate with social enterprises and social welfare organizations to care for disadvantaged children. 5. Compal held the fourth "Healthy Charity" series activities. A total of 60 colleagues attended Compal's 10K team for the Neihu Charity Running Activity. Purchasing products from social enterprises to encourage 87 employees to participate in health promotion activities and meeting the health standards. 6. Compal co-organized the third "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 build a beautiful, good and healthy society. 7. Sponsored the "Kangaroo Project" from the Rural Center of Fu Jen University for the 5th year, for the after-school tutoring center and community teacher training program at New Taipei, Taoyuan, Taichung and Miaoli Schools. 8. Promoted SDGs4 (Sustainable Development Goals) Goal.4 Quality Education of UN, held in the "Compal Reading Volunteer Project" to promote reading education in rural villages for the 16th year, to serve 2,984 school children and residents. In 2023, a total of 235 smart wireless lamps were sent to children of disadvantaged families in New Taipei, Pingtung, Taoyuan and Kaohsiung areas so that their learning was not limited by the environment and they were able to study. 9. We regularly hold volunteer service activities. In 2023, we had 15 volunteer service activities with 315 participants. We also held blood donation activities. (330 employees donated 503 units of blood, a total of 125,750cc).
Corporate Governance	1. ESG Performance: Sustainalytics ESG risk, ISS ESG rating, and S&P ESG scores were improved YoY ; The 9th TWSE corporate governance evaluation kept at the 21~35% range. 2. Corporate Governance Enhancement: (1) The board has passed the amendment of the "Corporate Governance Best-Practice Principles", adding the policy for board diversification. (2) Appointed an external professional independent org. to conduct the board performance evaluation. 3. The major penalty event by government: 0. 4. The major violation event or anti-corruption by employees in any country: 0
Risk Management	1. Risk Management Committee has been established and started operation this year in accordance with statutory requirements. 2. Sharing at the Group's exchange meetings in risk management. 3. Enhanced Risk Management System: Increase Risk Appetite in System Risk Management Questionnaire for evaluation by each site. 4. Promoting Digital Management: Enhance electronic management and expand the usage of the two systems.

Item	Results
	5. Enhancement of professional skills: Departmental staff have obtained 13 types of international licenses. Weekly professional exchange training.
Customer Relationship	Customer satisfaction rating was 89.1% in 2023.
Information Security	1. Information Security Committee holds management review meetings to ensure the continued applicability, appropriateness and effectiveness of ISMS (Information Security Management System) in 2023. 2. Privacy and Information security: Availability of critical systems: 99.91%.
Supply Chain Management	1. Finalize the content of sustainable supply chain for the Compal website ; ESG-Go online (Total 3 course). 2. Defined key suppliers and provided support to complete 12 suppliers' on-site audits at the end of December. 3. Support suppliers to apply carbon reduction program: Invited suppliers to attend IDA (The Industrial Development Administration) net zero project and assist to execute 9 suppliers factory visit plan. 4. Investigate 838 suppliers' smelter list at end of Nov. and complement conflict mineral management process. 5. All projects comply with latest regulations and customer specifications. 6. Increase the number of halogen-free parts and production process projects to 75%. 7. Increase the number of Full Material Disclosure (FMD) projects to 55%. 8. Increase the proportion of hazardous substance e-reports to 44%. Target to reach 60% goal, by adding digitalization of CTI (Centre Testing International Group Co., Ltd.) (2nd test lab.)

The targets and plans of 2024 Sustainable Development

NO.	Targets	Plans
1	Focus on responsible manufacturing and the innovative design of low carbon in green products to reach the goals of circular economy and net zero emissions.	1. Renewable electricity utilization 44%. 2. Scope 1+2 Carbon Emissions Reduction ratio 21% vs 2019 (base year). 3. Certified Items in Scope 3. 4. Become a member of RE100 (Renewable Energy) and make a commitment to use renewable energy. 5. Commit to net-zero by signing the SBTi (Science Based Targets initiative) Commitment Letter. 6. The IDA (Industrial Development Administration) ONE+N Net Zero Program. 7. Water-saving device & equipment. 8. Add ESS (Energy Storage System) energy storage project, continue applying digital energy management system and build a renewable energy system. 9. Waste classification, and increase resource recovery. 10. Recycling and reuse rate of plastic roll/packaging is increased by 15%. 11. Adoption of the product carbon footprint management system and going live in 2024/Q4. 12. Ready for PCF/EPD inventory and complete at least one environmental product declarations. *PCF = Product Carbon Footprint *EPD = Environmental Product Declaration 13. Product energy efficiency performance exceeds the energy consumption regulation or the previous generation by 15%. 14. Adopt recycled plastic material with a recycling rate >30% in green products. 15. 100% compliance with worldwide and customer-specified environmental/ EMC (Electromagnetic Compatibility)/RF(Radio frequency)/safety regulations. 16. More than 5% of all patent applications with ESG-related patents. 17. Develop low-carbon products or investment tax credit projects with more than 5 cases. 18. Cost reduction generated by the process innovation is increased by 50% compared to 2023. 19. Complete the substantial carbon emission reduction of 2,000 metric tons at the product level. 20. 100% compliance with hazardous substance regulations for products and customer specifications. 21. Increase the number of halogen-free parts and production process projects to 80%. 22. Increase the number of full material disclosure projects to 60%.
2	Implementing DEI policy and workplace gender equality, strengthening talent development and retention to create a positive work environment and an employee-friendly workplace.	1. Retention rate of key positions: 90%. 2. The average training hours per manager is 16 hours. 3. By 2025, global proportion of female employees: 40%, female management: 32%. 4. Global employee satisfaction survey coverage rate reaches 60%. 5. By 2030, social investment amount will be increased by 10% compared to the year 2020.

NO.	Targets	Plans
3	Continuously strengthening corporate governance quality and risk management. Enhance the sustainable supply chain to improve sustainability evaluation and performance in the long run.	1. To improve company's ESG rating and aim for the Top 20% ranking in the TWSE CG Evaluation. 2. The major penalty event by the government: 0 3. Violation against honest operation or anti-corruption by employees in any country: 0 4. Information Disclosure Implementation of the financial calculation of climate change. (1) Climate risk factors → Impact and impact on Compal → Quantitative analysis of financial impact. (2) Communicate with the factory and prepare to fill in the impact and financial impact that major risks may have on the factory. (3) Communicate with each function: relevant calculation formulas and data integration. 5. Strengthen the understanding and management of new types of risks and improve DJSI's score in risk management assessment. Risks to consider in 2024: (1) Energy transition risks – Taiwan's green energy is insufficient and it will be difficult to resolve difficulties in the short term. (2) Demographic changes lead to a low birth rate – talent recruitment and attracting talents may be problematic. 6. Customer satisfaction rating> 90% or top 2 in customer QBR (Quarterly Business Review). 7. Comply with the information security requirements of the government and Compal. Conduct information security management review meetings regularly. 8. Meet the expectations and requirements of internal customers. Continuously introduce incident identification, protection, detection, response, and recovery control mechanisms. 9. Suppliers (1) Combined sustainable supply chain management process. (2) Assist customers to execute supplier ESG due diligence. (3) Combine SASB (Sustainability Accounting Standards Board) & SAQ (Self-Assessment Questionnaire) questionnaires, and analyze supplier region-specific risk. (4) Annual audit results will be disclosed in the ESG report. (5) Setup Compal's Supplier E-training website. (6) Guide suppliers to execute Carbon footprint assessment. (7) Disclosure suppliers' smelter list. (8) Announce conflict mineral report on the Compal website.

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 is confirmed by 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 wastewater 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 Science Based carbon Target, Compal has committed to 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 2023, Compal received an overall CDP Management score of B.

- **Energy management system**

  In view of the most fundamental way to save energy, reduce greenhouse gas emissions, and improve energy productivity, after detailed evaluation, gradual practice, and continuous maintenance, in 2023, there were Taoyuan (PCP), Kunshan (KS3 and CDT), Chengdu (CD) and Chongqing (CQ and CQA), a total of 6 factories have obtained ISO 50001 energy management system certification, and relevant experience has been extended to other factories.

- **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.

In order to invite the supply chain to participate in net-zero carbon reduction, 34 key suppliers will be invited to join Compal's ONE+N electronics industry supply chain net-zero acceleration plan in 2023, and external energy-saving and carbon reduction experts will be combined to establish a Compal industrial low-carbon coaching team. Actively assist manufacturers in formulating carbon reduction plans and provide carbon footprint monitoring guidance, encourage manufacturers to invest in the introduction of high-efficiency technologies and processes, and implement system performance optimization to reduce energy consumption and carbon emissions.
It is expected to jointly achieve the goal of substantive carbon reduction of 10,000 tons within two years to improve the industry's low-carbon competitive resilience.

■ **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 work, 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.
A human rights policy has been established, as well as a process for conducting due diligence on human rights. Regular reviews and improvements are conducted to ensure the implementation of human rights protection work is more comprehensive.
The above relevant regulations are disclosed on the official website: "Compal ESG- Inclusive Growth- Human Rights Protection and Health Care" and Sustainability reports.

■ **Policies for workplace diversity and promotion of gender equity are established, and relevant implementation status is reviewed.**

- Compal is committed to promoting gender equality and DEI culture. In addition to ensuring that colleagues are treated differently regardless of gender or sexual orientation, Compal is also committed to creating a working environment that respects human rights and is dignified. The headquarters and each factory have formulated management procedure documents for the "Non-Discrimination and Anti-Harassment Policy" and " Human Rights Policy ".
  Compal Non-Discrimination and Anti-Harassment Policy:
  https://www.compal.com/CSR/Upload/ArticleImages/2023/07/07/2023070715045475.pdf
  Compal's Human Rights Policy:
  https://www.compal.com/CSR/Upload/ArticleImages/2023/07/07/2023070715042022.pdf
- With the promotion of equality in the workplace and the promotion of DEI culture, the proportion of male employees and female employees at Compal in 2023 are 61.44% and 38.56%. Compared to last year, the proportion of females has increased by 0.43%.

- Compal is committed to creating a diversified workplace, cultivating global talents, and strengthening the human capital of each factory location. The proportion of local supervisors in our factories in China, Brazil and the United States is as high as 93.58%, 93.75% and 85.71%. In the Vietnam factory, the proportion of local supervisors has also increased by 1.03% compared to 2022.

■ **Risks and opportunities on the community are assessed and corresponding measures are adopted. In addition, specific measures and implementation outcome are reviewed.**

Compal has long been concerned about the lives of disadvantaged groups and residents in rural communities, so that they can live a healthy life free from hunger; it promotes digital learning and quality education to improve the educational gap between urban and rural areas, narrow inequality, and eliminate poverty. Compal's headquarters is in Taipei Neihu Science Park. It sponsors and forms the Compal 10K team every year to respond to the Neihu Science Park Charity Road Run, gather the development power of the internal medicine community, promote health promotion and help social groups promote public welfare services.

Compal has a R&D center in Kaohsiung. It has cooperated with the Kaohsiung Municipal Library on the "ESG Rural Reading Charity Cooperation Project" for four consecutive years in 2023**,** and has sponsored TWD500,000 to help Kaohsiung Panxiang District Library provide community residents with diverse reading learning methods and serve community students and residents according to age. In 2023, the "Compal Xiyue.com" section will be set up for the first time in the Amituo branch, and will also assist the Liugui, Jiaxian and Tianliao branches to include: mobile libraries, story theater groups, on-site reading, and AR environmental education games. Use different learning methods to assist students in various communities in their academic learning and build awareness of the initiative to sustainably protect the community environment and the community's cultural heritage. In 2023, Compal's "ESG Rural Reading Charity" served 16,960 people in Liugui, Jiaxian, Tianliao and Mituo areas.

Compal has set up a factory in Taoyuan for many years, and emphasizes local development and talent cultivation. Compal has long been concerned about the weaknesses of remote villages and the Taoyuan area. Compal's Taipei headquarters in Neihu District also sponsors TWD 200,000 annually to respond to the Neihu Science Park Charity Road Race, to consolidate the development power of the Neihu community, to promote health promotion and to help social organizations to promote public welfare services.

Compal has long-term cooperation with public welfare groups and employs disadvantaged groups in need.
Since 2019, we have cooperated with Duobao Academy to hire Duobao artistic youths in Taipei. In 2023**,** we hired five Duobao artistic youths with Asperger syndrome from Duobao Academy to help them learn and encourage them to develop their talents and gradually make a living on their own.

■ **Local manpower at the place where the Company's business operation is located is hired, and the manpower ratio is reviewed.**

In 2023, the number of employees whose registered address in Taipei was 4,624, accounting for 71.71% of the total employees in Taipei operating area; the number of employees whose registered address in Taoyuan was 1,392, accounting for 88.95% of the total employees in Taoyuan operating area; the number of employees whose registered address Kaohsiung was 28, accounting for 77.78% of the total employees in Kaohsiung operating area.

Compal has established multiple manufacturing bases worldwide as production hubs, and the proportion of local employees was over 90% in 2023. In addition to creating local employment opportunities, the influx of migrant workers brings consumption to the local area, promoting local economic development.

■ **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, starting from caring for rivers, organizing ecological tours of the Tamsui River Basin, inviting company employees, Supply chain partners and cooperating social welfare groups participated in environmental education and beach cleanup activities, a total of 2 sessions. 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. 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, and Kanner Village Social Enterprise to join the Compal Social &Green Market Event. We encourage employees to know more about social enterprises and give them more support through the event.

In 2023, Compal collaborated with the Society of Wilderness, 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 with a nice place for leisure and recreation activities.
- Compal co-organized the third “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 5th year, and for the after-school tutoring center and community teacher training program at New Taipei, Taoyuan, Taichung and Miaoli.
- Compal Neihu employees support the “2023 Blood donation activity”: 330 people participated in and donated 503 bags of blood, totaling 125,750 cc.

■ **Social services**

- Compal's employees have run the “Compal Volunteer Club” since 2004. Members of this club visit disadvantaged children on the weekends and guide them in reading 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 Dingshe Elementary School, Shoushan Elementary School, 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 2023, the volunteers had assisted 7,969 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.
- To promote sustainable environmental action, Compal cooperated with the Wilderness Society, and 197 Compal volunteers carried out the "Pterospermum fern restoration operation" to protect native wetland species on Shezi Island in 2023.

■ **Social welfare**

(1) Budget sponsorship

- Compal sponsored the "Second Matsu International Art Island" large-scale art curation event with TWD 1 million to promote local culture and economy, and support the cultural and artistic development and international art exchanges in Taiwan's outlying island of Matsu.
- For the 4th year, Compal sponsored & cooperated with Kaohsiung City Library. The first "Compal Happy Reading" area was set up in the Maitou Branch Library; Compal's "ESG Reading Program" served 16,960 people in Liugui, Jiacian, Tianliao, and Meituo communities.
- Initiated by the Hsu Chauing Social Welfare & Charity Foundation, the Dream Realization Project", joined by colleagues from Compal and New Kinpo Group, has already been for 12 consecutive years. In 2023, 268 Compal colleagues took part in activities to help disadvantaged children continue their studies and develop their natural talents.
- 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 2023, 11 college clubs applied for sponsorship, 216 student volunteers participated in sponsored volunteer activities, for which the company contributed a sum of TWD 600,000 that benefited 2,984 school children and community residents.
- For the second year, Compal sponsored the " Care and Health Day activities" of Fuzhou University Hospital to take care of vulnerable residents in the community and encourage community elders to develop the habit of regular health check-ups.
- Sponsoring of budgets for the Compal Sunshine Scholarship
  The "Compal x Sunshine Scholarships" has entered its 25th year, which provides "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, National Taiwan University System Cultural Foundation, Former Dancer Culture and Arts Foundation, Taiwan Semiconductor Circuit Design Association,-Spinal Cord Injury Social Welfare Foundation, Golf Gap of Learning & Field, Taiwan Society of Minimally Invasive Interventional Biotechnology. A sum of TWD 4,076,000 was donated to the above mentioned entities in 2023.

(2) Donation of supplies

- In 2023, a total of 235 smart wireless lamps were sent to children of disadvantaged families in New Taipei, Pingtung, Taoyuan and Kaohsiung, so that their learning was not limited by the environment.
- In-Kind Donations for A Heartwarming New Year: 126 employees donated 1,039 items of living materials to help 200 poor families in the Sanchong District.
- Sharing Care with Mooncake Charity Activity: 868 colleagues donated Mid-autumn moon cake sets to 3,448 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 its fifth year. In 2023, 68 Compal colleagues took part in activities to help disadvantaged children from 3 to 13 years old and prepare exclusive gifts for Children's Day.

(3) COMPAL's Christmas Big Brothers and Santa sisters deliver blessings to Yongfu Elementary School.
COMPAL Volunteers visited the Taoyuan City Luzhu Dist. Yongfu Elementary School with the Hsu Chauing Social Welfare Charity Foundation to share the festive atmosphere with teachers and students, and distributed Christmas gifts to 76 students to express their blessings.

■ **Resources are invested to support domestic cultural development, and the support method and outcome are reviewed.**

Compal sponsors the "Second Matsu International Art Island" large-scale art curation event with TWD 1 million. In addition to promoting the cultural development of rural areas, it supports the cultural and artistic development of Matsu, an outlying island in Taiwan. It also invites international artists to participate in exhibitions and exchanges, and encourages the innovative development of local artistic talents. , and artists are stationed on campus to share creative techniques and techniques with students, rooting out art education in rural areas, and opening up new creative horizons for local youth. It also shares the characteristics of Matsu's outlying islands and local delicacies made with local materials internationally, and invites people from all over the world to come to Matsu for island hopping and experience the cultural charm of Matsu's four towns and five islands. There are 70 works on display this time. Artists from seven countries were invited to participate in the creation, bringing 70 works, 10 of which will become permanent works and be preserved on Matsu Island. Compal also sponsors the Original Dancers Culture and Art Foundation and Duobao Academy, allowing talented artists to develop their talents and promote the development of art and culture. The Number of Beneficiaries exceeds 20 thousand every year.

Compal is committed to improving the learning quality and sustainable environmental education of students in rural areas. From 2016 to 2019, it sponsored the large-scale children's drama "Recovering Lost Courage" for charity performances across Taiwan, inviting more than 9,000 disadvantaged school children and it was viewed by poor families. After the epidemic was lifted in 2023, we will cooperate with Taiwan's Shuiyuan Village Theater Company on the charity "Guardian of the Stars Project" and sponsor Taiwan's Shuiyuan Village Theater Company to perform the children's play "Pandora's Hope" to encourage children to maintain their confidence and ability to face the life risks of global climate change. Let school children in remote communities have the opportunity to watch theater performances in person.

There will be two live performances in 2023. One will invite 117 students from Luzhu Elementary School in Taoyuan to Compal to watch, and the other will be performed at Touzhou Elementary School in Taoyuan for more than 300 students from the whole school. In 2024, Compal will continue to promote the "Guardian Stars Project" to increase the exposure of schoolchildren in rural communities to cultural and artistic performances.

In January 2023, Compal will resume its annual year-end party, during which Taiwan's world-class professional performing arts group "Diabolo Dance Theatre" will be invited to perform as the opening performance, as well as the local orchestra "Mayday", the golden song Taiwanese singer – Henry Hsu, and the new generation of singers Julia Wu and Boon Hui Lu will come to sing. In order to continue to support traditional folk skills and pop music culture, the performance cost exceeded NTD15,000,000, and the number of participants was nearly 9,000.

Compal regularly holds a series of Art activities from October to December every year. The first event of the 2023 "Autumn with Art" series is based on the curatorial theme of paper-cutting artist Wuba Yang and Compal's promotion of the protection of Taiwan's native species, "Acrostichum aureum". A paper art exhibition was exhibited at the Taipei headquarters as a prelude to the event. The exhibition is presented in three forms: a large hanging paper curtain, a large paper fern installation and a paper fern frame painting, bringing pieces of stretched green leaves into the urban jungle, so that colleagues who are in the quagmire of science and technology every day can not only witness the innovative power of traditional paper-cutting art, but also feel the beauty of Taiwan when they turn around.
Series 2 is a crosstalk performance - "Taiwan Manzai Comedy Show". Invite the new generation of comedy troupe "Comedy Times" to perform a three-person short play & two-person Manzai, bringing improvisational comedy performances.
In the third series, colleagues and their families are invited to enjoy and listen to the solo recital and lecture of violinist Hu Nai-Yuan at the Taiwan Connection Music Salon. Through in-depth interaction, it is easy to decipher classical music and integrate classical music art into life.

■ **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.

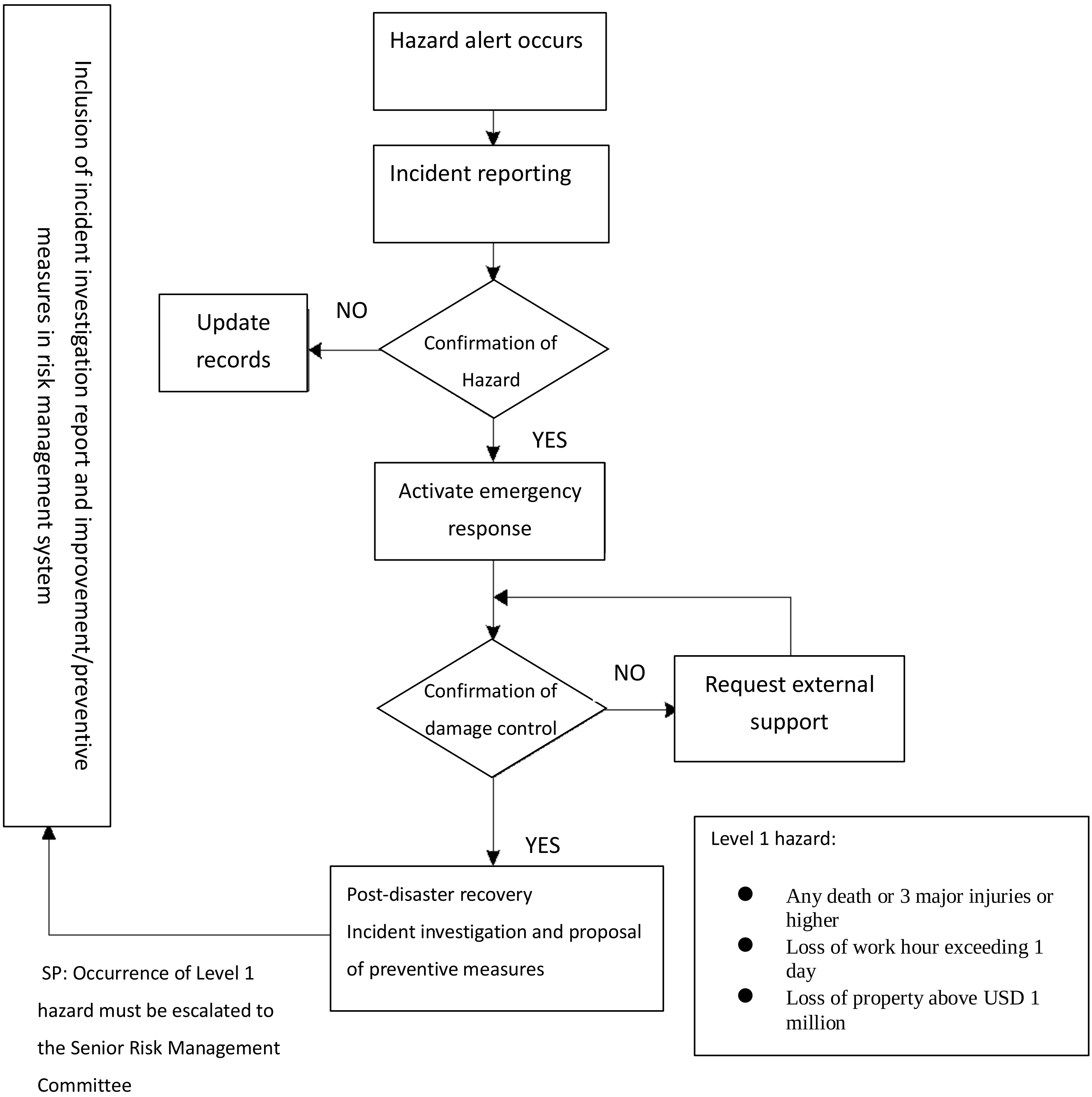
(2) Environmental safety and health systems/measures:

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 the 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		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. 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 implementing integrity management.	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		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" were adopted to govern the following items: ·Prohibition against offering and accepting of improper benefits ·Prohibition against lobbying ·Prohibition against illegal political donations ·Prohibition against improper donations or sponsorships ·Prohibition against inappropriate gifts, treatments and illegitimate benefits ·Prohibition against unfair competition ·Prohibition against leakage of commercial secrets and infringement of intellectual property rights ·Prohibition against insider trading and rules of confidentiality Furthermore, the "Information Security Policy" has introduced measures to prevent violation of commercial secrets.	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		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. 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." 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.	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 report 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 online teaching courses on the e-Learning platform, including legal affairs related training on information security, the 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

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>the implementation?</td><td></td><td></td><td>Status of Operation and Implementation in 2023:
The Company requires suppliers to follow the RBA Code of Conduct, sign the RBA Code of Conduct commitment or complete the RBA Code of Conduct questionnaire. Among 937 suppliers with transaction records, 924 have signed the RBA Code of Conduct commitment or completed the RBA Code of Conduct questionnaire, making for a signing rate of 99%. In addition, 8,840 employees completed 9,567 hours of integrity management related training, including:
<table><tr><th>Courses</th><th>Attendances</th><th>Hours</th></tr><tr><td>New Employee Orientation</td><td>442</td><td>804</td></tr><tr><td>On-job Training for New Employees</td><td>521</td><td>2,866</td></tr><tr><td>New Employee Orientation</td><td>245</td><td>1,470</td></tr><tr><td>Compal CSR Training</td><td>7,631</td><td>4,426</td></tr></table></td><td></td></tr>
<tr><td>3. Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</td><td>Yes</td><td></td><td>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.
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 are 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.
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 commercial activities other than those of this Company.
The Company’s Personnel Management Rules and “Employee’s Statement of Ethics and</td><td>No deviations were found</td></tr>
</table>

Assessment criteria	Actual governance			Deviation and causes of deviation
	Yes	No	Summary description	
			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. 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 of the Company’s material non-public information whether because of their identity, job responsibility, or controlling relationships.	
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		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. 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.	No deviations were found
5. Does the Company organize internal or external training on a regular basis to maintain business integrity?	Yes		The Company organizes training courses in accordance with “Regulations Governing the Establishment of Internal Control Systems by Public Companies” and the board-approved “Insider Trading Prevention Principles." Insider training prevention courses are organized for vice president-grade employees and above, while general employees take training on ethical behavior on a yearly basis.	No deviations were found
III. Implementation of whistleblowing system				
1. Does the Company provide incentives and means for employees to report	Yes		The Company has mailboxes in place to receive malpractice reports from within or outside the Company. Once a report has been sent to the mailbox, it will be referred to the appropriate department and personnel, depending on the nature of the underlying issue to handle or conduct	No deviations were found

<table>
<tr><th rowspan="2">Assessment criteria</th><th colspan="3">Actual governance</th><th rowspan="2">Deviation and causes of deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>malpractice? Does the Company assign dedicated personnel to investigate the reported malpractice?</td><td></td><td></td><td>related checks.</td><td></td></tr>
<tr><td>2. Has the Company established standard operating procedures for the investigation of malpractice reports, follow-up measures after investigation, and the relevant confidentiality mechanism?</td><td>Yes</td><td></td><td>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 confidentially.</td><td>No deviations were found</td></tr>
<tr><td>3. Does the Company assure malpractice reporters that they will not be mistreated for making such reports?</td><td>Yes</td><td></td><td>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.</td><td>No deviations were found</td></tr>
<tr><td>IV Enhanced information disclosure</td><td></td><td></td><td></td><td></td></tr>
<tr><td>1. Has the Company disclosed its integrity principles and progress on its website and MOPS?</td><td>Yes</td><td></td><td>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 “Compal ESG- Sustainable Management-Compal's code of Conduct” section of its website.</td><td>No deviations were found</td></tr>
<tr><td colspan="5">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 on the Company’s website and MOPS. A specialized unit will be empowered to enforce these policies and ensure employees’ compliance.</td></tr>
<tr><td colspan="5">VI. Other information relevant to understanding the Company’s business integrity (e.g. reviews of 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."</td></tr>
</table>

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
- Tax Policy and Management Guidlines

3.3.8 Other Important Information Regarding Corporate Governance

Please refer to the Company's website→Compal ESG
https://www.compal.com/csr/zh/default.aspx

- Sustainable Management
- Stakeholders
- Supply Chain Management
- Environment
- Inclusive Growth
- 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 12, 2024

The Company states the following with regard to its internal control system during the fiscal year 2023, 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, 2023 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 12, 2024, where 0 of the 15 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Compal Electronics, Inc.

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

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

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

3.3.11 Major Resolutions Made in Shareholders' and Board Meetings

1. Shareholders' meeting
   - Time: 9: 00 am, June 21, 2023
   - Place: No. 581, Ruiguang Rd., Neihu District, Taipei City 11492, Taiwan
   - Major Resolutions:
     (1) Ratified the Business Report and Financial Statements for 2022.
     (2) Ratified the Distribution of Earnings for 2022.
     (3) Approved the release of non-competition restrictions for Directors
   - Post-meeting Execution: N/A

2. Major Resolutions of Board Meetings

Date	Material resolutions
8th Meeting (14th Term) 2023.02.07	1. Approved for senior level management change 2. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions 3. Approved authorizing the Company to obtain credit facilities from financial institutions
9th Meeting (14th Term) 2023.03.15	1. Approved the Internal Control System Statement for the year 2022 2. Approved the proposal of the distribution of compensation to employees and directors for the year 2022 3. Approved the Audited Consolidated Financial Report and Parent Company Only Financial Report for the year 2022 4. Approved the Business Report for the year 2022 5. Approved the Business Plan for the year 2023 6. Approved the proposal for Distribution of Earnings for the year 2022 7. Approved the proposal for cash dividends from Earnings for the year 2022 8. Approved the proposal of cash distribution from Capital Surplus 9. Approved the relevant matters regarding the distribution of the year 2022 cash dividends and cash distribution from capital surplus to shareholders 10. Approved the convention of 2023 Annual General Shareholders' Meeting 11. Approved the Sustainability Report Material Topics for the year 2022 12. Approved the targets and plans of Sustainability for the year 2023 13. Approved fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda. 14. Approved fund loan to 100% owned subsidiary Compal Eletrônica Da Amazônia Ltda. 15. Approved fund loan to 70% owned subsidiary Kinpo&Compal Group Assets Development Corporation 16. Approved the "Non-Assurance Service Pre-Approval Policy - General Policy" 17. Approved evaluation of CPAs' independence and competence in performing financial

	report audits. 18. Approved the first mid-year employees' bonus of the year 2023 19. Approved authorizing the Company to obtain credit facilities from financial institutions
10th Meeting (14th Term) 2023.05.08	1. Approved the amendment to the "Corporate Governance Best-Practice Principles" 2. Approved the amendment to the "Management Rules for Preventing Insider Trading" 3. Approved the amendment to the "Risk management policy of Compal Group" 4. Approved the enactment to the "Risk Management Best Practice Principles" 5. Approved the enactment to the "Risk Management Committee Charter" 6. Approved the appointment of the term 1st Risk Management Committee members 7. Approved the amendment to the "Sustainable Development Best Practice Principles" 8. Approved the enactment to the "Human Rights Policy" 9. Approved the 1Q 2023 Consolidated Financial Review Report 10. Approved the release of non-competition restrictions for the managers 11. Approved the release of non-competition restrictions for Directors 12. Approved employees' salary adjustment for the year 2023 13. Approved the proposal for the appropriated percentage for the remuneration of employees and Directors of the year 2023 14. Approved obtaining newly issued shares of ARCE Therapeutics, Inc. by participating in the capital injection by cash. 15. Approved the proposal for providing a Corporate Guaranty Letter to Quanta Computer Inc. 16. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions 17. Approved authorize the Company to obtain credit facilities from financial institutions
11th Meeting (14th Term) 2023.07.18	1. Approved to obtain newly issued shares of AcBel Polytech Inc. by participating in the capital injection by cash. 2. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions 3. Approved authorization for the Company to obtain credit facilities from financial institutions
12th Meeting (14th Term) 2023.08.11	1. Approved the Directors' Remuneration for the year 2022 2. Approved 2nd mid-year employees' bonus for the year 2023 3. Approved the 1H 2023 Consolidated Financial Review Report 4. Approved the enactment of the "Tax Policy and Management Guidelines" 5. Approved for a loan to Henghao Technology Co. Ltd. 6. Approved for a loan to Unicom Global, Inc. 7. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions 8. Approved authorization for the Company to obtain credit facilities from financial institutions
13th Meeting (14th Term) 2023.09.07	1. Approved to obtain newly issued shares of Cal-Comp Electronics (Thailand) Public Company Limited. by participating in the capital injection by cash.
14th Meeting (14th Term) 2023.11.10	1. Approved for approval of annual audit plan for year 2024 2. Approved the amendment to the"Corporate Governance Best-Practice Principles" 3. Approved the compensation of Employees' bonuses in cash for 2022 4. Approved the proposal for 2023 year-end employees' bonus 5. Approved the 3Q 2023 Consolidated Financial Report 6. Approved the amendment to the "Rules for Performance Evaluation of the Board of Directors and Functional Committees" 7. Approved to obtain newly issued shares of Kinpo&Compal Group Assets Development Corporation. by participating in the capital injection by cash.

	8. Approved fund loan to 100% owned subsidiary COMPAL EUROPE (POLAND) Sp. z o.o 9. Approved the issuance of a Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions 10. Approved authorize the Company to obtain credit facilities from financial institutions
15th Meeting (14th Term) 2024.02.29	1. Approved for senior level management change 2. Approved the proposal of the distribution of compensation to employees and directors for the year 2023 3. Approved the Audited Consolidated Financial Report and Parent Company Only Financial Report for the year 2023 4. Approved the proposal for Distribution of Earnings for the year 2023 5. Approved the proposal for cash dividends from Earnings for the year 2023 6 Approved the proposal of cash distribution from Capital Surplus 7. Approved the relevant matters regarding the distribution of the year 2023 cash dividends and cash distribution from capital surplus to shareholders 8. Approved fund loan to 100% owned subsidiary Compal Smart Device India Private Limited 9. Approved fund loan to 100% owned subsidiary Compalead Eletrônica do Brasil Indústria e Comércio Ltda. 10. Approved providing providing a Corporate Guarantee Letter for Compal Tecnologia Do Brasil Ltda., a 100% owned -subsidiary of the Company, to Quanta Computer Inc., to be resolved. 11. Approved providing providing a Corporate Guarantee Letter for Compalead Eletrônica do Brasil Indústria e Comércio Ltda., a 100% owned -subsidiary of the Company, to Quanta Computer Inc., to be resolved. 12. Approved the issuance of Letter of Support by the Company to facilitate its subsidiary in obtaining credit facilities from financial institutions 13. Approved authorize the Company to obtain credit facilities from financial institutions
16th Meeting (14th Term) 2024.0312	1. Approved the Internal Control System Statement for the year 2023 2. Approved the Risk Management Targets for the year 2024 3. Approved for senior level management change 4. Approved the Business Report for the year 2023 5. Approved the Business Plan for the year 2024 6. Approved the proposal on election of the 15th term of Directors 7. Approved the convention of 2024 Annual General Shareholders' Meeting 8. Approved the Sustainability Report Material Topics for the year 2023. 9. Approved the targets and plans of Sustainability for the year 2024 10. Approved the investment in CGS Technology (Poland) sp. z o.o. (a Polish subsidiary) by participating in the capital injection by cash. 11. Approved fund loan to 100% owned subsidiary Compal Tecnologia Do Brasil Ltda. 12. Approved the first mid-year employees' bonus of the year 2024

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:

April 2, 2024

Title	Name	Date of appointment	Date of dismissal	Reasons for dismissal
Internal Audit Officer	Chenyi Li	2021.8.27	2024.3.12	Internal position adjustment

3.4 Certified Public Accountant (CPA) Fee Information

Unit: TWD Thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Kuo, Kuan Ying	2023.01.01~ 2023.12.31	9,500	3,838	13,338	Note
	Chien, Szu Chuan					

Note: Other non-audit fees: Tax consultation, transfer pricing report, business registration and others.

(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: Not Applicable.

3.5 Replacement of CPA:

1. About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="4">Approved by the Board of Directors on March 26, 2021</td></tr>
<tr><td>Reason and explanation for replacement</td><td colspan="4">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.</td></tr>
<tr><td rowspan="3">State whether the commissioner or the CPA terminated the service or declined the commission</td><td colspan="2">Party involved
Situation</td><td>CPA</td><td>Commissioner</td></tr>
<tr><td colspan="2">Voluntarily terminated the commission</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td colspan="2">Will no longer accept/continue the commission</td><td>Not applicable</td><td>Not applicable</td></tr>
<tr><td>Other audit report opinions and causes issued within the last two years other than unqualified opinion</td><td colspan="4">N.A.</td></tr>
<tr><td rowspan="7">Did he/she have opinions that differed from that of the publisher?</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Scope or step of auditing</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>N.A.</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other items of disclosure
(Contents that should be disclosed as covered in Clauses 1.4-1.7, Section 6, Article 10 of this guideline)</td><td colspan="4">N.A.</td></tr>
</table>

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 reports prior to commissioning	N.A.
Written opinion from succeeding CPA on items of disagreement with the former CPA	N.A.

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

3.7 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	2023		Up till April 2, 2024	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Chairman	Sheng-Hsiung Hsu	0	0	0	0
Vice-Chairman And CSO	Jui-Tsung Chen	0	0	0	0
Director	Binpal Investment Co., Ltd.	0	0	0	0
	Representative: Wen-Being Hsu	0	0	0	0
Director Director	Kinpo Electronics, Inc.	0	0	0	0
	Representative: Chieh-Li Hsu	0	0	0	0
	Charng-Chyi Ko	0	0	0	0
Director	Sheng-Chieh Hsu	0	(650,000)	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	2023		Up till April 2, 2024	
		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	(100,000)	0	0	0
Senior Vice-President	Bor-Heng Chen	0	0	0	0
Senior Vice-President	Chung-Hsing Tan	0	0	0	0
Senior Vice-President	Ta-Chun Wang	0	0	0	0
Vice-President	Chih-Chuan Cheng	0	0	0	0
Vice-President	Ching-Hsiung Lu	0	0	0	0
CISO & VP	Po-Tang Wang	(49,000)	0	0	0
Vice-President	Tzong -Ming Wang	(20,000)	0	0	0
Vice-President	Yong-Ho Su	0	0	0	0
Vice-President	Jyh-Shyan Liang	(22,000)	0	0	0
Vice-President	Yi-Yun Chang	(5,000)	0	(50,000)	0
Vice-President	Hsin-Kung Mao	0	0	0	0
Vice-President	Shih-Hong Huang	0	0	0	0
Vice-President	Yi-Chiang Chiu	0	0	0	0
Vice-President	Jui-Chun Shyur	0	0	0	0
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	Chuan-Fan Tu	0	0	0	0
FO & VP	Guo-Dung Yu	0	0	0	0
Vice-President	Peng Kuee Lau	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
Vice-President	Wei-Chia Wang	-	-	(3,000)	0
IAO	Hui Chun Yu	-	-	0	0
Vice-President	Jen-Liang Lin	0	0	-	-
Vice-President	Hou-Chun Liu	0	0	-	-
Vice-President	Chang-Chieh Tien	0	0	0	0
Vice-President	Fu-Chuan Chang	20,000	0	0	0
IAO	Chenyi Li	0	0	0	0

Note: 1. Vice Presidents Jen-Liang Lin transferred and Hou-Chun Liu resigned in 2023. Vice Presidents Chang-Chieh Tien and Fu-Chuan Chang retired, Internal Audit Officer Chenyi Li transferred in 2024.

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	2023.02.21	Yi-Je Li	Father and Son	100,000	23.5

3.7.2 Shares Pledged with Related Parties: None

3.8 Relationship among the Top Ten Shareholders

April 2, 2024 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 ◦	307,299,000	6.97%	-	-	0	0%	None	None
Yuanta/P-shares Taiwan Dividend Plus ETF	188,121,998	4.27%	-	-	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%		
New Labor Pension Fund	105,452,108	2.39%	-	-	0	0%	None	None
Yuanta Taiwan High Dividend Low Volatility ETF	70,191,000	1.59%	-	-	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	56,405,652	1.28%	-	-	0	0%	None	None
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	54,891,900	1.25%	-	-	0	0%	None	None
JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account	54,223,699	1.23%	-	-	0	0%	None	None
Citibank (Taiwan) Ltd. in custody for Norges Bank	48,344,697	1.10%	-	-	0	0%	None	None
Labor Insurance Fund	38,471,531	0.87%	-	-	0	0%	None	None

3.9 Ownership of Shares in Affiliated Enterprises

December 31, 2023 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.	2,000,000	100.00	-	-	2,000,000	100.00
Aco Healthcare Co., Ltd.	330,276,403	71.46	2,250,000	0.49	332,526,403	71.95
ARCE Therapeutics, Inc.	44,540,079	22.71	38,197,115	19.48	82,737,194	42.19
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	42.96	13,139,637	19.32	42,199,813	62.28
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	19.84	7,032,133	13.73	17,189,863	33.57
Arcadyan Technology Corp.	41,304,504	18.74	34,447,153	15.60	75,751,657	34.34
Avalue Technology Inc.	14,924,070	20.66	430,000	0.59	15,354,070	21.25
Core Profit Holdings Ltd.	147,000,000	100.00	-	-	147,000,000	100.00
Flight Global Holding Inc.	89,755,495	100.00	-	-	89,755,495	100.00
Just International Ltd.	48,010,000	100.00	-	-	48,010,000	100.00
High Shine Industrial Corp.	42,700,000	53.58	37,000,000	46.42	79,700,000	100.00
Compal International Holding Co., Ltd.	53,001,000	100.00	-	-	53,001,000	100.00
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	402,500,000	70.00	-	-	402,500,000	70.00
Compal Ruifang Health Assets Development Corporation	30,000,000	100.00			30,000,000	100.00
POINDUS SYSTEMS CORP.	11,768,199	56.04	44,000	0.21	11,812,199	56.25
Compal Healthcare & Technology Ltd.	4,000,000	100.00	-	-	4,000,000	100.00
Compal Mexico Electromex, S.A. de C.V.	-	99.9	-	0.1	-	100.00

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

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

April 2, 2024

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 2, 2024

Analysis	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Natural Persons	Domestic Natural Persons	Treasury stocks	Total
Number of Shareholders	4	36	353	1,304	217,732	0	219,429
Shareholding (shares)	3,539	478,369,333	725,763,807	1,936,254,617	1,266,755,329	0	4,407,146,625
Percentage	0.00%	10.85%	16.47%	43.94%	28.74%	0.00%	100.00%

4.1.3 Share Ownership Distribution

April 2, 2024

Range of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	46,052	9,330,263	0.21%
1,000 ~ 5,000	131,279	278,121,483	6.31%
5,001 ~ 10,000	22,895	175,234,020	3.98%
10,001 ~ 15,000	7,041	87,381,060	1.98%
15,001 ~ 20,000	3,796	69,396,692	1.57%
20,001 ~ 30,000	3,118	79,130,313	1.80%
30,001 ~ 40,000	1,342	47,668,309	1.08%
40,001 ~ 50,000	824	38,263,426	0.87%
50,001 ~ 100,000	1,422	101,138,086	2.29%
100,001 ~ 200,000	608	84,719,552	1.92%
200,001 ~ 400,000	349	97,662,303	2.22%
400,001 ~ 600,000	143	70,010,158	1.59%
600,001 ~ 800,000	83	57,082,055	1.30%
800,001 ~ 1,000,000	60	54,022,319	1.23%
1,000,001 and over	417	3,157,986,586	71.65%
Total	219,429	4,407,146,625	100.00%

4.1.4 List of Major Shareholders

April 2, 2024

Shareholder’s name	Shares held	Percentage (%)
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	307,299,000	6.97%
Yuanta/P-shares Taiwan Dividend Plus ETF	188,121,998	4.27%
Kinpo Electronics, Inc.	151,628,692	3.44%
New Labor Pension Fund	105,452,108	2.39%
Yuanta Taiwan High Dividend Low Volatility ETF	70,191,000	1.59%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	56,405,652	1.28%
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International	54,891,900	1.25%

Equity Index Funds		
JP Morgan Chase Bank Custody ABP Retirement Fund Investment Account	54,223,699	1.23%
Citibank (Taiwan) Ltd. in custody for Norges Bank	48,344,697	1.10%
Labor Insurance Fund	38,471,531	0.87%

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

Measurement \ Year			2022	2023
Per-share market price	High		27.20	40.85
	Low		20.55	22.60
	Average		23.24	28.58
Per-share net worth	Before dividend		26.69	27.45
	After dividend		25.48	26.24 (Note)
Earnings per share	Before adjustment	Weighted average outstanding shares	4,357,129,194	4,357,129,194
		Earnings per share	1.67	1.76
	After adjustment	Weighted average outstanding shares	4,357,129,194	4,357,129,194
		Earnings per share	1.67	1.76
Per-share dividend	Cash dividends		1.20	1.20 (Note)
	Stock dividends	From earnings	-	-
		From capital reserves	-	-
	Cumulative unpaid dividends		-	-
Analysis of investment returns	P/E ratio		13.92	16.24
	Price to dividends ratio		19.37	23.82 (Note)
	Cash dividend yield		5.16%	4.20% (Note)

Note: The 2023 distribution of earnings was resolved at the February 29, 2024 Board of Directors' Meeting.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy

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

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

Although a dividend ratio has not been specified in the Company's articles of incorporation, the Company shall not appropriate less than 30% of its income after tax for dividends, after taking into account factors such as the Company's capital needs, the capital budget, long term financial plans, domestic and international competition, and the interests of the shareholders. The board of directors shall propose the distribution of earnings and submit them to the shareholders' meeting for approval.

2. The Board of Directors' resolution on dividend distribution

- The 2023 distribution of earnings of shareholders' dividends in the amount of TWD 4,407,146,625 was approved by the Board of Directors Meeting on February 29, 2024. 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 6, 2024, and cash distribution has been paid out on April 26, 2024

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

4.1.7 Impact on 2023 Business Performance and EPS resulting from Stock Dividend Distribution:

Not Applicable (The Company did not disclose 2024 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. 2023 employee compensation proposal passed by the Board of Directors
   - Accrued employee compensation is TWD 814,142,600 and Directors compensation is TWD 43,051,019.
   - 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 2022 employee and Directors compensation:
   - Accrued employee compensation is TWD 750,945,090 and Directors compensation is TWD 39,709,200.
   - The 2022 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

<table>
<tr><th colspan="3">Date of issue: / Details</th><th>November 9, 1999</th><th>May 21, 2001</th></tr>
<tr><td colspan="3">Issuance and trading location</td><td>Luxembourg</td><td>Luxembourg</td></tr>
<tr><td colspan="3">Total sum issued</td><td>USD 122,160,000</td><td>USD 174,816,000</td></tr>
<tr><td colspan="3">Issuance price per unit</td><td>USD 15.27</td><td>USD 6.07</td></tr>
<tr><td colspan="3">Number of units issued</td><td>8,000,000 units</td><td>28,800,000 units</td></tr>
<tr><td colspan="3">Source of represented securities</td><td>Participating shareholder(s):
Kinpo Electronics, Inc.</td><td>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</td></tr>
<tr><td colspan="3">Quantity of represented securities</td><td>40,000,000 ordinary shares of Compal Electronics</td><td>144,000,000 ordinary shares of Compal Electronics</td></tr>
<tr><td colspan="3">GDR holders' rights and obligations</td><td colspan="2">1. Voting rights:
According to the terms of the depository agreement and the laws of the Republic of China, the GDR holder is entitled to the voting rights of shares represented under the Global Depositary Receipts.
2. Rights to dividend distribution, share subscription, and other rights:
Unless otherwise specified in the agreement, the GDR holder carries identical rights as do ordinary share holders</td></tr>
<tr><td colspan="3">Trustee</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td colspan="3">Depository bank</td><td>JPMorgan Chase Bank, N.A.</td><td>JPMorgan Chase Bank, N.A.</td></tr>
<tr><td colspan="3">Custodian</td><td>JPMorgan Chase Bank, N.A., Taipei Branch</td><td>JPMorgan Chase Bank, N.A., Taipei Branch</td></tr>
<tr><td colspan="3">Unredeemed balance</td><td colspan="2">1,702,586 units (April 2, 2024)</td></tr>
<tr><td colspan="3">Allocation of expenses incurred at issuance and over the duration</td><td>Borne by participating shareholder(s)</td><td>Allocated proportionally between the Company and participating shareholders</td></tr>
<tr><td colspan="3">Key terms of the depository and custody agreements</td><td colspan="2">See descriptions below</td></tr>
<tr><td rowspan="6">Per Unit Market Price</td><td rowspan="3">2023</td><td>High</td><td colspan="2">USD $ 6.50</td></tr>
<tr><td>Low</td><td colspan="2">USD $ 3.74</td></tr>
<tr><td>Average</td><td colspan="2">USD $ 4.56</td></tr>
<tr><td rowspan="3">Year-to-date April 2, 2024</td><td>High</td><td colspan="2">USD $ 6.40</td></tr>
<tr><td>Low</td><td colspan="2">USD $ 5.45</td></tr>
<tr><td>Average</td><td colspan="2">USD $ 5.85</td></tr>
</table>

2. Key terms of the depository and custodian agreement

(1) Key terms of the depository agreement

■ Depository receipts

Each depository receipt represents 5 ordinary shares of Compal Electroinc Inc..

■ Transferability /Settlement

Application will be made to the Depositary Trust Company ("DTC"), Euroclear and Clearstream for acceptance of the GDRs for their respective settlement in their book-entry settlement systems. Transfers of the GDRs will be permitted only within DTC, Euroclear and Clearstream in accordance with their usual rules and operating procedures.

■ Deposit and Cancellation of Compal's Shares

After the initial offerings and deposit of the GDRs and subject to the applicable laws and regulations, the Deposit Agreement and the Custody Agreement, and payment of relevant fees, GDR Holders will be entitled to withdraw and take delivery of the underlying shares represented by such GDRs. GDR Holders may also request the Depositary to sell the underlying shares on their behalf. Upon receipt of any proceeds from any such sale, the Depositary shall convert or cause to be converted any such proceeds into US dollar and distribute any such proceeds after deduction or payment of any fees, expenses, and taxes incurred in connection with such sale, as provided in the Deposit Agreement to the GDR Holders.

Investors may deposit the underlying shares for issuance of additional GDRs in respect of such shares in accordance with the relevant R.O.C laws and regulations as well as the relevant provisions of the Deposit Agreement and Custody Agreement.

The GDRs are listed on the Luxembourg Stock Exchange.

■ Dividends and other Distribution

The Depositary shall convert all cash dividends received by it in connection with the underlying shares into US dollars in accordance with relevant R.O.C laws and regulations and distribute the resulting US dollars to the GDR Holders in proportion to the number of GDRs representing the underlying shares held by each of them, after deduction or upon payment of the fees and expenses of the Depositary and relevant taxes.

The Deposit Agreement will contain arrangements for dealing with the amount required to be withheld according to the applicable R.O.C laws and regulations on account taxes or other governmental charges payable in respect of dividends and distributions, whether in cash or stock.

If a distribution is made by the Company in the form of stock dividends (including stock dividends distributed from retained earnings or capital reserves), to the extent permitted by R.O.C laws, the Depositary will, subject to the terms of the Deposit Agreement, adjust the number of shares represented by the Master GDRs and cause DTC, Euroclear and Clearstream to distribute to the GDR Holders, in proportion to their holdings, additional GDRs. If such a distribution cannot be made in accordance with the provisions of the Deposit Agreement, the Depositary will sell the shares so received and distribute the proceeds, after deduction or upon payment of the fees and expenses of the Depositary and relevant taxes, to the GDR Holders. Sales of the stock dividends, if any, should be handled in accordance with the Deposit Agreement and R.O.C laws.

■ Taxes

- The dividends (cash or stock) distributed by the Company will be subject to the prevailing rate of withholding tax.
- GDR Holders wishing to cancel GDRs and who instruct the Depositary to sell the underlying shares in the Taiwan Stock Exchange will be subject to the Securities Transaction Tax at the prevailing rate.
- Currently there is no capital gains tax on the sale of shares. The rates and reimposition of the capital gains tax on the sale of the shares are subject to changes to the applicable R.O.C laws

(2) Key terms of the custody agreement

■ Deposit of the Underlying shares for the Issuance of GDR(s):

The underlying shares issued by Compal when presented to the Custodian for deposit as the basis for issuance of GDR(s), must be accompanied by the documents requested by the Custodian.

- ■ Notification of Depositary to Issue GDR(s):

  The Custodian, upon receipt of the Compal's issued underlying shares, shall notify the Depositary immediately of the deposit of the underlying shares for issuance of GDR(s). Upon receipt of such notification, the Depositary shall issue and deliver the GDR(s) representing the underlying shares to the beneficial owners, to the extent permitted by applicable laws.

- ■ Release of Underlying Shares Upon Cancellation of GDR(s):

  The Depositary shall immediately notify the Custodian of the surrender of GDR for cancellation against release and delivery of the underlying shares to the person designated by the Depositary, or, at the request of GDR Holders, dispose of the shares in the market and cause the proceeds to be made available to the Depositary to be distributed to the GDR Holders. The Custodian may require and collect payment from the person designated by the Depositary a sum sufficient to reimburse it for any taxes or other charges levied.

- ■ Share Reconciliation as of the Record Date

  The Custodian shall advise the Depositary as of the close of business on each Record Date of the total number of the Company's underlying shares deposited with the Custodian.

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, Ultraslim notebooks, Gaming, notebooks, 2-in-1 Notebooks, AIO, 5G Module, 5G User Equipment, 5G Small Cell, 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.

■ **2023 Revenue contribution**

Major Divisions	(%) of Total Sales
5C electronics	99.6%
Other products	0.4%
Total	100%

2. Current and future product development

■ Notebooks

In 2023, Compal demonstrated unprecedented R&D efficiency by introducing notebooks equipped with the latest processors from Intel and AMD. Leveraging our expertise in system integration and manufacturing, we quickly enabled our clients to deploy products with the newest technical specifications, targeting the market needs for AI computation, personalization, and data privacy. We launched high-end notebooks designed specifically for the commercial and professional markets, highlighting their superior performance and professional orientation. As the demand for AI surged with the rise of various applications, the market need for notebooks also evolved. Despite economic headwinds, such as inflation and geopolitical challenges, causing a decrease in demand for general consumer models, the demand for commercial models has been growing. This is due to Microsoft's impending end of support for Windows 10, prompting brands to increase their investments in the commercial and high-end notebook market. Compal seized this opportunity by integrating innovative techniques and advanced technology into product design, aiding our clients in achieving remarkable success in the competitive notebook market and pioneering the development of AI notebooks in collaboration with industry-leading technology partners. Looking forward to 2024, we will continue to align with market trends, introducing advanced technical specifications in new notebooks, assisting our clients in securing higher market shares across various product categories, and creating a win-win situation for both Compal and our clients.

■ Ultraslim Notebooks

Compal, leveraging innovative technology and extensive R&D capabilities, continues to lead in the ultraslim notebook market. By incorporating the latest processors from Intel and AMD along with cutting-edge advancements, we have crafted products that are slim, lightweight, stylish, and durable. These products expertly balance performance and efficiency, ensuring optimal productivity for users. In response to the AI era, Compal is poised to introduce cutting-edge ultraslim notebooks integrated with AI computational capabilities in 2024. These notebooks not only adhere to industry standards for AI PCs but also provide always-connected capabilities and advanced 5G technology, revolutionizing the PC experience for users. In this new era of AI PCs, Compal is committed to developing notebooks that boast high performance, portability, human-centric design, extended battery life, privacy security, and high-speed 5G connectivity. Through deep integration of AI technology, our aim is to significantly enhance the user experience.

■ Gaming Notebooks

The gaming market continues to expand, and Compal is actively engaged in the development of gaming notebooks, collaborating with clients to bring them to market. With the continuous evolution of gaming, consumers' demand for high-performance, immersive gaming experiences in gaming notebooks is increasing, expecting outstanding performance in various scenarios. Our products feature diverse designs and cutting-edge technology, including the latest processors, graphics chips, patented innovations, and advanced cooling solutions, ensuring the best gaming experience.

■ 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 and 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 distinctive 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 that combines a screen and computer with a truly special thin shape. The product has replaced the desktop in many households and corporations. Compal, in its design, not only utilizes a unique rotating hinge that allows for adjustable screen angles but also incorporates smart applications, wireless charging for smartphones, and uses sustainable, environmentally friendly materials to provide the best writing experience. 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 (B5G) that leverages satellite communication technology to expand the coverage of 5G networks. This enables the creation of a globally covered wireless communication network and builds 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 fulfillment of various communication demands, both for broadband networks 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, 5G O-RAN and 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 the 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, and offers a highly end-to-end integrated 5G networking infrastructure solution (the so-called 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 millimeter waves 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 and solutions, 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, earning recognition from leading global brand customers through its abundant manufacturing achievements, professional technical experience, and reliable product quality. 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 opportunities and raise profits.

■ Smartphones

Compal continuously implements automation solutions to optimize assembling and testing processes at factories, improve quality, and improve operation efficiency. In addition to stabilizing OEM of 5G smartphone business, Compal explores 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 smartwatches. In addition to the development of more compact and energy efficient smartwatches, we are also devoted to expanding our wearable product lines to satisfy various requirements from our customers.

■ Smart Hearable Devices

Compal has been consistently developing wireless Bluetooth technology. These advancements encompass broadcasting, extended usage time, improved wearing comfort, as well as software development for noise reduction and transparency modes. Simultaneously, through the integration system of LE Audio, Compal is committed to developing peripheral applications for Bluetooth headphones, and will continue to apply these technologies to products such as wireless Bluetooth headphones, wireless Bluetooth hearing aids, and wireless Bluetooth PSAPs.

■ Smart Display Products

The global smart TV penetration rate has exceeded 92%, and consumers are accustomed to using smart TVs to consume streaming media. As consumer demand changes, Compal has contributed its accumulated technology, cooperated with customer needs and strategic partners, and successfully developed new smart platforms and models. Mass production and launched them in 2023. In the future, we will continue to optimize image quality design, adopt artificial intelligence (AI) image processing and sound processing, integrate large-size touch, ultra-high-brightness backlight, transparent OLED panels and state-of-art technologies. In addition to the consumer market, we will also target new business opportunities in the commercial and specific-purpose markets.

■ AR/VR Smart Devices

Compal is based on computing, display and wearable design experiences, and communication capabilities, and it is applied to AR/VR devices and cooperates 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 devices with smart voice assistants to become a potential product in the industry. Compal has already been recognized by our global customers for our engineering capability in 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.

■ AR Vertical Solutions

In the development of the metaverse, vertical application solutions are one of the main market demands, enhancing real-world perception by adding virtual elements. These virtual elements can take the form of images, sounds, animations, or other perceptual information, integrating with the real world to provide users with a richer interactive experience. The extensive applications of AR include:

Retail and e-commerce: AR can be used for virtual try-ons of clothing, glasses, accessories, etc., allowing customers to intuitively understand the style and size of products when shopping online. It can also be used for virtual placement of furniture and home products, helping customers preview their effects in actual spaces before purchase.

Education and training: AR can provide interactive learning experiences, such as presenting 3D models, animations, or other learning content through augmented reality books or applications, helping students better understand and memorize knowledge.

Tourism and cultural heritage: AR applications can provide guided tours, explanations, and interactive experiences at tourist destinations, allowing visitors to gain a deeper understanding of the local history, culture, and attractions.

Industry and manufacturing: AR technology can be used to provide real-time information and guidance in real-world work environments, such as displaying operating steps, marking components, or providing real-time troubleshooting guidance during assembly processes.

Healthcare: AR can be used for training healthcare professionals, surgical planning and guidance, patient education, visualization of medical records, etc. Additionally, AR technology can also be used for virtual reality therapy, pain management, and physical function rehabilitation.

Advertising and marketing: AR can provide unique interactive advertising and marketing experiences, such as AR filters for brand promotion, virtual product displays, and trials.

Architecture and real estate: AR technology can be used to showcase virtual building models, interior designs, and renovation effects in construction projects, helping clients better understand and preview architectural projects.

These are just some of the applications of AR technology, and as technology continues to develop and innovate, AR will continue to play a role in more fields.

■ Smart Medical and Healthcare

The aging population, China's new two-child policy, the flourishing healthcare 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 through 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 care, using our strengths in 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.

■ Smart Medical Imaging System

Seeing the increasing demand for AI-based image information infrastructure in the market, in the international medical market sector, small hospitals, clinics, or telemedicine stations have a growing need to replace traditional film reading systems. Inventec is actively entering the smart medical image system field, including PACS (Picture archiving and communication system) or Smart Operating Room imaging systems, hoping to enhance AI infrastructure for hospitals or medical-related diagnostic fields.

■ 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 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. Also, more AI products are necessary for a significant increase; we also increase this kind of server in our production line.

5.1.2 Industry Overview

1. Current and future industry prospects

■ Notebooks

During the peak of the COVID-19 pandemic, global notebook shipments surged due to the increased demand for remote work and distance learning. However, since 2022, demand has begun to slow down, compounded by unresolved global inflation and ongoing geopolitical unrest, leading to a total shipment of 185 million units in 2023, a 12.9% decrease compared to 2022. Despite this, shipments remained above pre-pandemic averages. Looking forward to 2024, as the global economy gradually stabilizes and recovers, anticipated demand for upgrades driven by operating system updates and AI applications is expected to lead to moderate growth in shipments. Economic challenges and cautious IT spending due to inflation resulted in the postponement of many commercial PC procurement plans for this year. These positive factors provide an optimistic outlook for the notebook market, with brands responding to market needs for AI applications and commercial PC replacement demands by launching more targeted products to seize opportunities. In this transition, forward-looking technology, precise market segmentation, product positioning, and innovative design become crucial. Compal, with its extensive experience, advanced technology, and a wealth of exclusive patents, is well-positioned to collaborate with partners and clients to develop innovative and high-quality products that meet market demands.

■ Ultraslim Notebooks

The trend towards ultraslim notebooks continues to thrive in the NB market. With the widespread adoption of SSD and diversifying use cases, ultraslim notebooks are no longer confined to the premium market, with brands launching more affordable ultraslim models. According to IDC data, shipments of ultraslim notebooks (less than 18mm thickness) reached 61.9 million units in 2023, and it is estimated that ultraslim notebooks will account for 35% of global notebook shipments in 2024. Compal is constantly innovating in lightweight materials, power-saving, and cooling technologies, developing industry-leading products that have been well received by the market.

■ Gaming Notebooks

In 2023, the gaming industry continued to show robust growth despite economic uncertainties and inflationary pressures on consumer spending. As the world gradually recovered from the pandemic, the demand for home entertainment and gaming remained strong, indicating an ongoing transformation in consumer behavior and needs. Faced with economic constraints, consumers became more cautious in their purchasing decisions, yet the interest in mid to high-end gaming products persisted, underscoring the value of gaming products to consumers. Gaming notebook shipments reached 24 million units in 2023, outperforming the overall notebook market. Looking forward to 2024, as inflation cools down and with the advancement of AI applications, key component technologies, and product innovation, the attraction of gaming products is expected to rise further, driving continuous growth in the gaming notebook market.

■ 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 to 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 sizes. 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 2023 was approximately 85 million units. It is estimated that brand manufacturers will launch more diversified 2-in-1 products integrating 5G networks and AI-related applications in 2024, 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 designs to enhance visual comfort. In addition, 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 exceed 9 million units in 2024.

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

According to the GSA, to the end of 2023, there are 585 operators officially providing 5G network communication products and services in more than 176 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, tablets, network sharing devices (CPE/MiFi), routers, dongles, notebooks, 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. According to SNS estimates, the global private network market will grow to USD 3.4 billion in 2025 with a CAGR of 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

The demand for tablets experienced a significant decline in 2023 due to the premature consumption caused by the pandemic, slowing global economic growth, and the ongoing market erosion by large-screen smartphones. According to IDC data, global tablet shipments in 2023 were approximately 128 million units, down 20.5% from 2022, marking the lowest shipment volume since 2011. The main reasons for this decline include consumer concerns about future economic prospects, leading to reduced spending on consumer electronics or reallocating budgets to other products, with particularly noticeable declines in shipments in the North American and European markets. Leading brand Apple did not introduce any updates to its iPad products, which also had a certain impact on replacement demand in the tablet market.

Competition in the tablet market is becoming even fiercer in the future with the entry of smartphone manufacturers such as Huawei, Xiaomi, Honor, vivo, OPPO. By leveraging existing technology and experience in the smartphone domain, these manufacturers will bring more innovation and competition to the tablet market, driving technological advancements and price competition.

However, there is still demand for mid/high-end tablets aimed at education purposes; serving as cheaper alternatives to PCs. Additionally, due to economic downturns, there is a trend towards using consumer tablets in industrial or vertical industry applications to save IT expenditures for business. In the future, Compal will continue to monitor and respond to market changes, providing customers with competitive and diverse tablet products.

■ Smartphones

According to IDC, the global smartphone sales volume in 2023 was about 1.17 billion units, with a YoY decrease of 3.2%. The main reason for the decline in sales volume was general economic changes and high inventory at the beginning of the year, but the growth in the second half of the year underpins an expected recovery in 2024. In general, the global smartphone market still faces challenges, but recovery momentum is developing rapidly. Compal continues 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 2023, the smartwatch market is expected to grow at an annual growth rate of 11.2%. Apple is still the top vendor by market share. However, the market growth mainly comes from low-end products, especially driven by the Indian market. Affected by China's economic downturn and EU & US market saturation, Apple's WatchOS has declined, while Google's WearOS has maintained flat or only single-digit growth. In 2024, Compal continues to provide best-in-class manufacturing and ODM services with the latest technical developments for brand customers. By integrating the latest smartwatch platform and technologies, Compal provides a variety of product design solutions hand-in-hand with brand customers to meet the demand of different target market segments, and end-user attributes.

■ Smart Hearable Devices

According to the latest report from Counterpoint Research, despite the overall unfavorable economic conditions and weakened consumer demand leading to a decline in the demand for consumer electronic devices, the global sales of wireless Bluetooth headphones in the first half of the year 2023 only decreased by 2% compared to the same period last year. It is speculated that true wireless Bluetooth headphones are relatively less affected by inflation to some extent. In addition to continuously enhancing hearing services in Bluetooth headphones, Compal also aims to use the next-generation Bluetooth technology, LE Audio. This technology not only offers better sound quality, energy efficiency, longer usage time, and extended effective range but also features broadcasting functionality that allows simultaneous connections to multiple devices. Compal will gradually introduce related integrated technologies, hoping to collaborate with customers to explore new markets in entertainment, healthcare, public services, and more.

■ Smart Display Products

According to market research companies, the global LCD TV industry saw a decline in overall shipments in 2023, with approximately 201 million units shipped worldwide, a 1% decrease from the previous year. This was due to various factors including the Ukraine-Russia conflict, and rising inflation. The North American market was continuously impacted by inflation, which led to decreased demand. As a result, all TV major brands resorting to focusing on low price models and causing market price competition and challenges. Looking ahead to 2024, challenges still remain such as conservative demand and micro-magement of panel production capacity. In response to these challenges, our company will optimize operations and maintain flexibility, deepen strategic partnerships, and adapt to the changing market conditions not only in consumer markets but also in commercial and specific-purpose markets.

■ AR/VR Smart Devices

The Metaverse business opportunities have not bloomed as expected, and leading international customers have turned to more practical development. We will deepen the application of AR/VR smart head-mounted displays in vertical market segments such as smart factories, smart healthcare, and remote collaboration. With the launch of Apple's Vision Pro, AR/VR will further deepen the development of spatial computing in the future, and combine with generative artificial intelligence (Generative AI) functions to become an assistant for the acceptance and transmission of work knowledge in the commercial industry. Therefore, we will focus on providing AR/VR solutions for the commercial and industrial markets.

■ 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.

Today, the smart home market is no longer just attracting early adopters of technology enthusiasts but is gradually entering the mainstream consumer market. With the adoption of the Matter standard, more manufacturers have the opportunity to expand smart home applications, providing compatibility, security, and ease of use to new consumer groups. Furthermore, with the evolution of generative AI, the future integration of large-scale language models (LLMs) into smart homes will bring more advanced and mature artificial intelligence, which will be reflected in voice interaction, image recognition, and home automation, providing consumers with smarter and more convenient user experiences.

■ AR Vertical Solutions

The development of the augmented reality (AR) industry has been in a progressive stage over the past few years, and it has been widely applied across various sectors, with expectations for further expansion in the future. This is primarily influenced by technological advancements, increasing consumer demands, and increased investment in AR applications by businesses. Industries benefiting from AR include retail, education, healthcare, industrial manufacturing, and entertainment, among others. As technology matures, the applications of AR are expected to become increasingly diversified.

Simultaneously, the technological capabilities of hardware devices such as AR glasses and head-mounted displays continue to improve, with costs gradually decreasing. This will facilitate broader adoption of AR technology and spur major tech companies as well as emerging enterprises to develop and enhance AR software platforms, providing developers with more robust tools and resources to create various AR applications and offering users richer content and immersive experiences. With the proliferation of AR applications, it can be anticipated that consumer acceptance of AR technology will continue to rise. More people are beginning to incorporate AR technology into their daily lives, which will contribute to the sustained growth of the AR market and establish it as a technology and industry of significant influence in the future.

■ Smart Medical and Healthcare

Increasing shortages of medical staff over recent years have 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 collaborates with athlete training centers, both at home and abroad, to develop exclusive high-end products for professional athletes.

■ Auto electronics (AE)

In recent years, governments all over the world have been tightening the exhaust emissions standards and safety standards of vehicles and have set a timeframe for implementation. Electrification, connectivity, and ADAS/AD become the megatrends that 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 the traditional supply chain and competitive environment in automotive. Driven by new entrants into the market, new technology introduction and the 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 the auto industry, we have equipped ourselves with ITAF 16949 and ISO 26262 certified and deployed 5G networking access and ADAS technologies. Since 2021, we have built a plant in North America to supply customer demand locally.

■ Servers

Server shipments have double-digit recession compared with last year, mainly due to traditional cloud services necessary decrease impact, overall economic deterioration, corporate reduced investment and the rise of AI demand that has squeezed corporate budgets for purchasing traditional servers. According to IDC, shipment of x86 servers totaled 14.80 million units in 2023. This is expected to rise to nearly 15.53 million units in 2024. X86 servers accounted for 92.65% of total server shipments. Rack-mounted servers represent a higher market share because they are both energy efficient and scalable. And AI Sever demand has significantly increased.

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 from geopolitical issues, regional conflicts, and climate issues, which have caused difficulty in global production and logistics since 2018. Compal and other Taiwanese ODMs/OEMs possess distinctive know-how in 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 launch notebooks that are eco-friendly and sustainable. The design concept is based on energy conservation, recycling, and reuse to do our part to save the planet.

■ Ultraslim Notebooks

As an ultraslim 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 ultraslim notebooks made with plastic materials. This will ensure the 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 a 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 and 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 touchscreen panels. HP, Lenovo, and Dell focus not only on commercial users but also on home multimedia users. Apple’s emphasis is on professional applications and usage.

■ 5G Module, 5G User Equipment, 5G Small Cell, 5G O-RAN and 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 domain services and requirements.

■ Tablets

Due to weak demand, the supply chain remained at a relatively high inventory level in 2023. Compal also adjusted its product strategy by maximizing the adoption of the same components or shared designs for different products to lower the risk of fluctuations in customer demand. Additionally, in order to enhance cost advantages in overseas production bases outside of China, Compal actively developed local suppliers to ensure more flexible production and supply, meeting customer and market expectations for product pricing, delivery times, and quality.

■ Smartphones

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

■ Smart Wearable Devices

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

■ Smart Hearable Devices

Compal collaborates closely with Bluetooth chipset suppliers and audio component manufacturers, engaging in deep cooperation. Additionally, Compal stays closely informed about next-generation Bluetooth LE Audio technology. Through ongoing communication with key customers, Compal adjusts its product development strategies, concurrently expanding into new markets such as entertainment, healthcare, and public services.

■ Smart Display Products

In 2023, the global supply chain was continuously impacted by 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

Compal has partnered up with main chipset supplier Qualcomm and continued to cooperate in depth to jointly build a highly cost-effective reference design, integrate midstream and downstream partners, such as optical engine development and production, and provide a complete set of software and hardware solutions for AR/VR vertical application fields to meet the needs of the commercial market.

■ 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.

■ AR Vertical Solutions

The augmented reality (AR) industry exhibits a close interdependence among its upstream, midstream, and downstream sectors, mutually supporting and driving the development of the entire industry.

The upstream sector mainly comprises hardware manufacturers and technology providers. Hardware manufacturers are responsible for the development and production of AR glasses, head-mounted displays, and other devices, while technology providers focus on researching and developing AR technologies such as perception technology, virtual image processing, tracking technology, etc. They directly influence the hardware and software technology levels of the AR industry, as well as the overall performance and functionality of products.

The midstream sector primarily consists of software developers and solution providers. Software developers create AR applications, platforms, and tools, while solution providers offer AR-based solutions for various fields such as education, retail, industrial applications, etc. They directly impact the diversity and quality of AR applications, as well as their scope and effectiveness in different industries.

The downstream sector mainly includes end-users and consumers. End-users can be businesses, educational institutions, medical facilities, etc., or individual consumers who are the ultimate users of AR products and applications. Consumer demand and feedback directly influence the market demand and direction of the entire AR industry, driving continuous innovation and improvement of products and services by upstream and midstream sectors.

Compal's continuous development of integrated system service products in collaboration with manufacturers and close cooperation with the industry chain is crucial for the sustained development of the AR industry. Collaboration and coordination among various sectors of the industry chain, coupled with ongoing technological and product innovation, will facilitate the advancement of the entire industry, meet market demands, and bring forth more innovative application scenarios.

■ 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 complications. 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 it 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 Taiwanese manufacturers have developed a comprehensive supply system for 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 now has extensive experience and a reputation for designing and manufacturing server products.

3. Product trends and competition

■ Notebooks

- As AI technology rapidly advances, the notebook market is undergoing an unprecedented transformation. Microsoft's integration of Copilot into its operating system marks a milestone in software innovation, signaling significant updates in hardware specifications such as keyboards, memory, processors, and other sensory components. Neural Processing Units (NPU) related to AI are becoming standard in the next generation of notebooks, promising users a smoother and more intelligent experience. Furthermore, with chip manufacturers vying for market share in AI computation, the notebook market is swiftly transitioning into an era of intelligence.
- With the widespread application of AI technology across various industries, its rapid development has become a key driver for the growth of the global notebook computer market. In response to this trend, semiconductor industry leaders, including Intel, AMD, and ARM-based Qualcomm, are actively developing and launching processors equipped with AI computational capabilities, aiming to secure a leading position in the market. The introduction of these processors not only signifies intensified competition between the x86 and ARM platforms but also heralds a new wave of technological innovation in the notebook industry. This will provide consumers with a broader range of product choices and enhanced user experiences.

- To cater to diverse application needs, the industry plans to launch a variety of notebooks, including gaming, creator, and high-end ultraslim models, targeting different customer segments. Equipped with AI processors and advanced sensing technologies, these are expected to hit the market soon, significantly enhancing performance and user experiences, thereby boosting creativity and productivity.
- As the integration of AI technology with mobile devices and cloud computing progresses, the demand for security features has significantly increased. The adoption of AI not only enhances device performance and user experience but also introduces new challenges in information security, especially in data processing and storage. In response, the development and adoption of advanced security technologies, such as fingerprint recognition, facial recognition, voice recognition, and camera privacy shutter, have become crucial. These measures not only ensure the security of user data but also enhance usability.

■ Ultraslim Notebooks

- Slim design, high screen-to-body ratio, enhanced sensor components, and cybersecurity protections are key factors for consumer choice.
- New generation processors, combined with a Neural Processing Unit (NPU) for AI capabilities, significantly improve multitasking efficiency.
- AI-optimized power management extends battery life for longer usage.
- Metal chassis not only enhances the product's aesthetic appeal but also its structural integrity.

■ Gaming Notebooks

- High-performance processors with AI technology ensure real-time optimization of gaming performance for an enhanced experience.
- Slim design with advanced cooling solutions maintains stability and portability.
- Personalized audio and lighting effects boost game immersion.
- Distinctive exterior design highlights brand and player identity.

■ 2-in-1 Notebooks

- Beyond slim designs and portability, consumers now expect multitasking processors, extended battery life, and stylus support
- The integration of AI and 5G technology broadens the application scope 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, 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 networks and vertical application solutions.

Compal provides the leading communication technology, product manufacturing and technical know-how. Our integrated 5G module, 5G devices, 5G Small Cell, 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 displays and designs for automation.
- Focus on more eco-friendly product designs such as recycled material and reparable design.
- Explore collaborative opportunities with content providers or telecommunications operators.
- Adopt AI technology to explore opportunities in education, for kids, industrial, and medical applications.
- Develop a foldable tablet to maintain screen size while reducing the overall size.

Tablets have become mature products. The focus now lies in developing new usage scenarios and optimizing the overall user experience through AI functionality. This includes catering to various applications such as the education market, children's market, smart home control centers, or utilization in various industrial IoT applications, all of which are actively being developed by Compal.

■ Smartphones

- Communication technology enters the 5G communications generation. To provide mobile broadband service (eMBB) will increase consumer demand for entertainment, applications, 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 the latest smart TV platform, and technologies such as artificial intelligence (AI) image and sound processing, integrated large-size touch, ultra-high brightness backlight and transparent OLED panel technologies. By combining these technologies, 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

As we learned about the launch of Meta's Quest 3 and Apple's Vision Pro, the commonalities of technology development can be summarized as follows: ultra-high-resolution near-eye display, eye tracking, spatial perception and computing, and human-computer interface. These technologies are the development trends of future AR/VR head-mounted displays.

■ 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 for 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.

■ AR Vertical Solution

The development trends and competitive landscape of augmented reality (AR) products are influenced by various factors, including continuous improvements in hardware technology such as AR glasses, head-mounted displays, and sensing devices. These improvements primarily manifest in enhanced computing power, display effects, sensing accuracy, and comfort, providing users with a better overall experience. Additionally, the software functionalities of AR products are continually upgrading, including image processing, sensing technology, real-time rendering, etc. Software developers are competing to introduce more feature-rich and realistic AR applications to meet users' demands for higher quality and greater diversity of applications. The diversified application demands also drive the development and competition of AR products, with enterprises striving to develop products with differentiation advantages to meet the needs of different industries. The popularity of smart wearable devices also propels the development of AR products, providing users with more convenient and intuitive AR experiences while expanding the scope of AR applications. Due to the immense market potential of the AR industry, it has attracted numerous companies and startups to enter the competition. Currently, several major tech companies are investing significant resources in research, development, and promotion in the AR field, while many emerging enterprises challenge traditional markets through innovative technologies and applications, leading to increasingly fierce competition. Compal, holding the principles of continuous innovation, enhancing product performance and functionality, as well as deeply understanding market demands and industry applications, can gain advantages in the fiercely competitive AR market.

■ 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 with 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

  As new biosensors and related hardware such as MCU/firmware/biomaterials and software have matured over recent years, the 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, makes 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.

The rapid growth of AI and high-performance computing demand has caused the thermal power consumption of CPUs and GPUs to continue to increase significantly. The issue of effective heat dissipation and energy conservation of servers will become a prominent issue, which will also increase the costs of related industries.

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
2023	19,080,135	946,714,800	2.0

2. New products developed

■ Notebooks

- High-end products: Launching high-performance models designed for professionals, gamers, and creative workers. These models are equipped with the latest generation processors featuring built-in AI performance optimization, ultra-high-resolution panels, high refresh rate screens, and high-performance graphics cards, fully meeting the stringent demands for high performance.
- Mainstream products: 16-inch and 14-inch products are thin, low voltage, slim bezel and 16: 10 aspect ratio design that are powered by the latest CPU from Intel or AMD, and 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 is actively developing notebooks, setting industry benchmarks through technological innovation. Beyond launching innovative foldable notebooks, there is also a commitment to employing eco-friendly materials and smart manufacturing techniques to develop next-generation notebooks aligned with sustainability concepts, which are expected to become a new highlight in the market.

■ 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 a 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, 5G O-RAN, Private Network solution

- 5G O-RAN Solutions was unveiled in 2023 MWC Barcelona and will obtain certification and mass production in 2023. These include ORU, ODU, DU inline accelerator, and OCU equipment and solutions.
- Qualcomm X35 5G RedCap R17 M.2 / LGA module will be developed in 2024.
- Mediatek T300 5G RedCap R17 M.2 / LGA module will be developed in 2024.
- Mediatek T700 5G R15 M.2 module will be developed and mass production for 5G NB customers in 2024.
- 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, include Sub-6 and mmWave, developed in 2021 and obtained product certification.
- MTK T750 5G M.2 / LGA module has 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 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 a 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 resistance for sports watches. Customized product design and more power efficiency to support 3C and fashion brand requests. A new generation of lighter, smaller, narrow border, multi-purpose smartwatches with diversified designs have been introduced.
- Mass-produced eSIM enabled LTE smartwatch.

■ Smart Hearable Devices

- Bluetooth headsets with smart assistants 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

- Developed, mass production and launched new TV models with the latest smart TV platform.

■ AR/VR Smart Devices

- Successfully developed a waveguide lens with an optical engine combined with an ergonomic design structure for AR glass product which was used in a customer’s project.

■ Smart Home Devices

- Smart speakers: successfully mass-produced and launched on the market, assisting European clients in establishing a more complete ecosystem for smart home appliances.
- Non-contact sleep monitoring device: successfully mass-produced, incorporating low-power millimeter-wave RF technology and environmental sensors to measure users' breathing and heart rate, assess sleep quality, and provide recommendations.
- Smart cameras: Continuous development of new features to further enhance user experiences through the application of additional AI technologies.

■ AR Vertical Solution

- AR (Augmented Reality) and VR (Virtual Reality) glasses have been developed and are being mass-produced and shipped.
- Achieving the core technology of AR – perception technology, which includes perception and understanding of the real world, as well as positioning and tracking of virtual information. It’s used to identify and understand objects, surfaces, and environments in the real world, and determine the position and posture of virtual information.
- Achieving key AR technology - display technology, which involves displaying virtual information to users

in an appropriate manner. This may involve real-time visualization of the real world, achieved through improvements in hardware devices such as head-mounted displays, as well as optimization of display algorithms and technologies.

- Achieving AR interaction technology, enabling users to interact with virtual information. This includes the integration and optimization of gesture recognition, voice control, and eye tracking, to provide a more natural and intuitive user experience.
- In addition to the development of AR basic technologies, application software development is also one of the research focuses.

■ 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 done through modular design, and the product specifications required by customers can be quickly assembled.
- AI Servers
  Cooperate with GPU manufacturers to design a high-density AI server so that the server can greatly improve its image computing capabilities, and seek opportunities to cooperate with existing customers.

1.1.4 Long-term and Short-term Development

1. Short-term Development

- Aligning with AI application trends and cross-sector user needs, actively allocating resources to R&D while integrating AI technology to enhance innovative designs. Dedicated to product differentiation, aiming to launch innovative products that precede market demand.
- We will enhance operational efficiency to increase our product competitiveness further 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 on 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 with feasible designs.
- 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 to cooperate 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.
- Actively advancing smart manufacturing and smart factory initiatives, not only innovating in processes but also incorporating eco-friendly materials in design and across product categories, demonstrating a commitment to sustainable development.
- Compal continues to invest in technological innovation and research and development to continuously enhance the performance, functionality, and user experience of AR technology. This includes research and development in areas such as perception technology, display technology, and interaction technology.
- Compal will continuously optimize existing products and develop new AR products to meet the needs of different industries and users. This may involve hardware products such as AR glasses, head-mounted displays,

as well as software applications such as gaming, education, and medical applications.

- Compal engages in cross-industry collaborations to apply AR technology to different industries, creating more application scenarios and commercial value. At the same time, different products and services can be integrated to provide more comprehensive solutions.
- Compal will actively expand into the global market, seeking more business opportunities and cooperation opportunities. This includes establishing global partnerships, conducting market promotion, and building good relationships with brands.

2. Long-term Development

- Integrating smart manufacturing and smart factories into the company's culture and operations, emphasizing continuous process innovation, design optimization, and the extensive use of eco-friendly materials across product lines to achieve a sustainable development strategy. Aiming to establish an eco-friendly product ecosystem, propelling the industry towards a greener, smarter future.
- 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.
- Compal not only actively promotes existing product design concepts but also provides practical results to increase market exposure and brand awareness. This includes utilizing online and offline channels for product promotion, participating in industry exhibitions and events, demonstrations, etc.
- Compal actively develops potential customers, seeks suitable partners, establishes long-term stable cooperative

relationships, and builds relationships with optical manufacturers, application developers, and other partners.

- Compal will promptly improve products based on customer feedback and market demands to enhance product competitiveness and user satisfaction. This may include targeted product improvements, optimization of service processes, and providing more timely technical support.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. 2023 Sales (Service) by Regions

Sales Regions	Percentage
Americas	45.2%
Europe	22.2%
Asia (Including Taiwan)	29.9%
Other Area	2.7%
Total	100.0%

2. Market Share

■ Notebooks

According to IDC statistics, global notebook shipments reached 185 million units in 2023. 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 its 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 worldwide communication standard and trend that will bring rich product possibilities and high growth.

■ 5G Small Cell, 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. Compal's customized 5G O-RAN, private network and application solutions 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 worldwide 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 and launched the latest smart TV platform in 2023. We have also received high-quality reviews from consumers, averaging over 4.5 stars, and have successfully secured cooperation plans with existing customers for next year. We plan to continue our momentum in shipping products and actively expand our product lines to commercial and specific-purpose markets in order to maintain stable growth in the future.

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

■ Notebooks

According to IDC, global notebook shipments declined by 12.9% in 2023 due to slowing demand and economic instability. Looking ahead to 2024, as the economy stabilizes and channel inventories return to healthy levels, coupled with the upcoming end of support for Windows 10 driving the need for commercial computer upgrades and the aging of devices purchased during the pandemic, there is an expected boost in computer replacement demand. Furthermore, the expansion of AI applications and the introduction of processors with AI capabilities by chip manufacturers will contribute to the increase in shipments quarter by quarter.

■ Ultraslim Notebooks

According to IDC statistics, global shipments of ultraslim notebooks (less than 18mm thickness) reached 61.9 million units in 2023, accounting for 33% of the global notebook market. In 2024, it is estimated that more ultraslim notebooks will be launched under the competition between x86 and ARM architecture processors.

■ Gaming Notebooks

Entering 2024, as the economy gradually moves towards stability and inflation issues are alleviated, continuous advancements in technical specifications and the integration of AI technology are making the use scenarios of gaming notebooks more user-friendly, expected to boost demand growth. Despite the economic downturn previously, gaming notebook shipments still reached 24 million units in 2023, indicating that gamers' passion for esports maintains a strong demand for gaming notebooks. According to IDC statistics, gaming notebooks accounted for about 13% of the global notebook market in 2023.

■ 2-in-1 Notebooks

With continuous improvements in the supply chain, the cost and price of 2-in-1 notebooks have significantly decreased. Coupled with the digital transformation trend, 2-in-1 notebooks with versatile use scenarios are gradually gaining widespread acceptance among consumers. According to IDC data, global shipments of 2-in-1 notebooks reached 85 million units in 2023. It is anticipated that in 2024, as brands continue to launch more diversified products and integrate new technologies such as 5G and AI, the application scope of 2-in-1 notebooks will broaden, which is expected to generate more business opportunities.

■ All-in-one (AIO)

As the economy gradually recovers and technological trends evolve, the global AIO market is experiencing steady growth. According to IDC statistics, AIO shipments reached 8.7 million units in 2023, and are expected to exceed 9 million units in 2024, outpacing the growth of traditional desktops. Compal will continue to cultivate this market, committed to meeting consumers' demands for high performance and integrated design.

■ 5G Module, 5G User Equipment, 5G Small Cell, 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, 5G O-RAN, and private network application market, Compal actively invests in the development of 5G small cell, 5G O-RAN, and private network solutions. Compal deeply integrates and cooperates with various operators and industry partners, and has officially become 5G small cell equipment, 5G O-RAN, and private network solution provider.

■ Tablets

In 2023, global shipment volumes significantly declined due to global inflation and slowing consumer spending. Looking ahead, with the gradual economic recovery, the tablet market is expected to experience a rebound in 2024, characterized by three trends: enlarged screen sizes, increased prices and performance, and integration of AI generated content. Compal will also focus on larger screen sizes and the integration of AI technology, combined with 4G/5G communication technology, to enter the mid/high-end tablet market.

■ Smartphones

According to IDC's, as the final market demand is still weak, the increase in shipments due to competition from major manufacturers has pushed up channel inventories. In addition, as government subsidies have reduced and suppliers have reduced production capacity to reduce losses, component costs have gradually increased. In the first half of 2024, the shipments of the global smartphone industry will tend to be conservative. From the perspective of industrial structure, as high-end market demand gradually returns to rationality, the growth of 5G mobile phones is lower than expected and manufacturers focus on the development of low-end products. In the future, the proportion of design outsourcing is likely to remain fourth among global smartphones in the fourth quarter of 2023. The proportion of success. Compal maintains a stable mobile phone sales forecast and actively explores more opportunities.

■ Smart Wearable Devices

IDC predicts that smartwatches will continue to grow 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 products or accessories of smartphones and smartwatches. 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 consumer LCD TV market in 2024 is still digesting the over-sales during the epidemic, which has led to weak demand in the past two years, and panel manufacturers have made production adjustments and control. The market is expected to remain flat or slightly decline. In addition to continuing to operate the consumer market for the development of smart display products, Compal will focus more on developing and operating commercial and specific-purpose market demand in the future.

■ Smart Home Devices

The smart home market size has rapidly expanded in recent years, reaching $107.5 billion in 2023 and is expected to grow to $129.5 billion in 2024. Advances in voice assistant technology, increasing demand for security monitoring, and home automation to improve energy efficiency are all driving factors behind the growth of the smart home market. Additionally, the exacerbation of aging populations has led to the maturity of technologies such as fall detection systems, remote health monitoring, voice control, and automatic safety features, which are expected to further propel the development of the smart home market.

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.

■ AR Vertical Solutions

According to IDC's forecast for the fourth quarter of 2023, AR device shipments are expected to reach 800,000 units in 2024, representing a 60% growth compared to 2023. By 2025, AR device shipments are projected to reach 1.6 million units, indicating robust market demand.

In the future, the augmented reality (AR) market is expected to demonstrate strong supply-demand dynamics and continued growth. Increased acceptance of AR technology by consumers and businesses is driving demand growth for AR gaming, social media applications, virtual try-on experiences, and shopping experiences. Additionally, widespread applications of AR technology in education, training, healthcare, and industrial sectors further propel the increase in market demand. The diverse application needs across different industries will bring more potential customers and business opportunities to the AR market.

Continuous advancements and innovations in AR technology drive market supply. As technologies such as perception, display, and interaction mature, AR products will become more advanced, feature-rich, and offer superior user experiences, enhancing market attractiveness and competitiveness. The proliferation of smart wearable devices such as smart glasses will provide more consumers with opportunities to experience and use AR technology, expanding the user base and driving market growth.

The future AR market is expected to achieve a balance between supply and demand, with ample supply and sustained growth. As technology continues to develop and the market matures further, the AR market will bring more innovative applications and value to consumers and businesses, becoming a promising high-growth market.

■ 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 million 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 a CAGR of 5.6%.

■ Automotive electronics (AE)

IHS estimates global light vehicle production in 2024 will reach 88.3 million units, up 2.8% YoY from 86 million in

2023.

■ Server

IDC statistics show that the demand for x86 servers was 14.80 million pieces in 2023 and will reach 15.53 million pieces in 2024. 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 92.65% of the shipping volume. As the frame-type server has a higher market share, we have actively engaged in the server market. In addition, AI Sever demand has significantly increased, and Compal has actively participated in more diversified server market.

4. Competitive advantage:

Compal has a long-time investment in the 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 in 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 strategies towards faster response and more ergonomic design. The Company has always been sensitive to changes in the market and product trends. The next generation of products is planned well in advance to capture market opportunities and generate revenue.

■ Ultraslim Notebooks

Compal continues to stay ahead of its competitors in terms of technology advancement and R&D and strives to bring innovation to its designs. In 2024, Compal will maintain this advantage and actively assist customers in the development of more competitive ultraslim 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 focus on integrating AI and various sensing technologies to enhance user experience and personalization, concentrating on developing the next generation of gaming notebooks designed to meet the needs of various gamers in 2024.

■ 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 its 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 human-machine interface integration, to make the products more suitable for consumer needs.

■ 5G Module, 5G User Equipment

Compal has had long-term communication technology development for more than 20 years and has involved itself in the evolution of global communications standards (2/3/4/5G/B5G). 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 include 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, as well as the carrier certification by request.

■ 5G Small Cell, 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 been 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. 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 will continue to integrate new technologies, including AI and environmentally friendly design, to optimize product specifications, performance, and user experience, offering products for various applications such as gaming, entertainment, business, and education. Additionally, Compal will actively apply 4G/LTE/5G communication technologies, commonly used in smartphones, to tablets to meet users' needs for Internet connectivity from anywhere.

■ 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 the 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, and 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 will continuously adjust the resource allocation between production bases and supply chains, deepen the strategic partnership with customers and manufacturers, develop the latest smart TV platform, integrate large-size touch, ultra high brightness backlight, transparent OLED and state-of-art technologies, improve the competition threshold, and strive to meet the needs of consumer, commercial and specific-purpose markets at the same time.

■ AR/VR Smart Devices

Compal has joint technology development cooperation with strategic partners, and provides the latest XR hardware platform, eye tracking, spatial perception, and reference design based on ergonomic engineering considerations. It provides highly customized product design services to meet the needs of commercial customers.

■ Smart Home Devices

A smart home encompasses a variety of interconnected and intelligently automated household electronic devices, including appliances, entertainment, communication, health care, and security products. Leveraging its existing engineering expertise in the computer and communication industries, as well as firmware design capabilities, Compal can assist customers in building a smart appliances ecosystem in addition to smart speaker products. Through communication modules and optical modules, Compal provides customers with comprehensive hardware and software solutions and customized applications to better meet market expectations.

■ AR Vertical Solutions

Compal will continue to leverage its past research and design capabilities in notebook computers and wearable devices, employing a modular concept to design products with different specifications for various fields, providing customers with comprehensive solutions. Furthermore, in specialized industrial solutions, Compal will develop dedicated AR solutions tailored to specific industries or application scenarios; by integrating AR technology with other related technologies or services, Compal can offer more comprehensive and valuable solutions.

Simultaneously, Compal will focus on delivering high-quality user experiences and designs, making products easy to use, intuitive, and attractive. The success of AR technology often depends on user experience, so focusing on user experience and design can become Compal's competitive advantage. Additionally, considering the development of AR applications that can run on different platforms and devices, providing cross-platform and cross-device support can expand the user base, increasing product accessibility and usability.

By collaborating with other industries to seek innovative application scenarios and business models, Compal can help attract more users and customers for enterprises, expand business models, etc., establishing its own competitive advantage in AR and achieving success in the market.

■ 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 products to explore new business opportunities.

■ Servers

Compal has many years of experience in the design and manufacturing of computers, and this has helped us enter the server industry. Compal's existing business relationships with world leading server manufacturers also work in our favor. Also, we need to invest more in designing more AI servers to enrich our server product line.

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.
- As Microsoft is expected to end support for the Windows 10 operating system by 2025, the demand for computer replacements is anticipated to gradually increase over time.

- Innovate new products and work with worldwide leading companies to lead the new product development and market directions.
- The expansion of software development, aesthetic design, and human-machine interface talent has improved the ergonomics of Compal products, which adds 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 collaborates with 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 the growing demand for wearable devices, Compal continues to mass-produce products and develop new proposals and innovations with major customers, continuing to maintain its 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 Chinese manufacturers.
- With the flourishing growth of global 5G communication, Compal collaborates and integrates 5G communication capabilities with internal and external corporate partners, and launches a variety of 5G applications.
- Integration of holographic 3D streaming media, 5G communication technology, and artificial intelligence (AI) empowers AR/VR products.
- 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.
- With the continuous improvement of sensing technology, display technology, and computing power, as well as the reduction in hardware costs, the proliferation of AR technology will benefit. Response Strategy: Enterprises should closely monitor technology development trends and actively invest in research and innovation to maintain product competitiveness.

■ Threats

- Amidst unresolved inflation, persistently high interest rates, and ongoing geopolitical conflicts, global economic growth faces significant challenges, warranting caution against potential crises.
- With the United States intensifying restrictions on the expansion of China's supply chain, operators in Taiwan's notebook industry must proactively adjust their strategies. The competitive advantage is shifting from specialization to vertical integration, which not only raises investment costs and expands market scope but also adds complexity to business operations. Faced with the rise of the Chinese supply chain, Taiwanese notebook manufacturers must promptly enhance their capabilities in design, development, and assembly to maintain their competitive edge in the global market.
- The notebook is a highly mature product and requires more diverse, value-adding, and innovative features to differentiate it 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 talent recruiting more difficult.
- The widespread adoption of AR technology may be hindered by insufficient user education and acceptance. Users may lack understanding and trust in AR technology.
- Compal closely monitors the favorable and unfavorable factors affecting the development of AR technology and takes corresponding measures to address challenges, seize opportunities, and promote the healthy

development of AR technology.

■ Strategies

- The Company will adopt strategies that focus primarily on innovation, product added value, and service.
- Increase research and development investment, actively seek technological innovation points, and improve product performance and functionality.
- 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 costs.
- Deeply understand market demands, develop diversified products and services to meet the needs of different customers.
- Strengthen cooperation with various industries, develop industry-specific solutions, and provide customized products and services.
- Provide cross-platform and cross-device support, develop AR applications that can run on different smart wearable devices.
- New customers and new product lines will be explored in emerging markets.
- We will launch ultraslim notebooks that integrate 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 to replace 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 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.

■ Ultraslim 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 Microsoft Windows 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 touchscreen input interface, a range of software applications and high computing power.

■ Smart Home Devices

Smart appliances, controls and sensors 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.

■ AR Vertical Solutions

AR technology can combine the virtual world with the real world, providing users with a richer experience.

- It can be used in the education and training fields, presenting interactive maps, virtual laboratories, etc., in AR format, which can enhance learners' interest and engagement, promoting learning and understanding.
- It can realize functions such as virtual try-on and virtual home decoration, helping consumers understand the styles and layout effects of products more intuitively, thereby enhancing the enjoyment and satisfaction of purchases.
- It can achieve functions such as real-time navigation and augmented reality navigation, helping users find destinations more accurately, obtain surrounding information, etc., thereby improving travel efficiency and convenience.

Compal, through the demand analysis phase, needs to clearly understand the product's purpose, target users, functional requirements, etc., and design the product's functional framework and user interface according to the requirements; during the development phase, software coding is carried out based on the requirements to realize the product's functionality and interface design, and the most suitable solution is feedback and suggested based on past product experience. A series of tests are conducted to prevent potential issues and optimize to ensure product stability and user experience.

Compal continues to communicate and coordinate with customers to ensure that the product meets their needs and expectations, ultimately providing a good user experience.

■ 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 provide convenient and instant smart health care that will enhance dependence on the products and engender user brand loyalty.

■ Automotive electronics (AE)

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

- ADAS warning systems

■ Servers

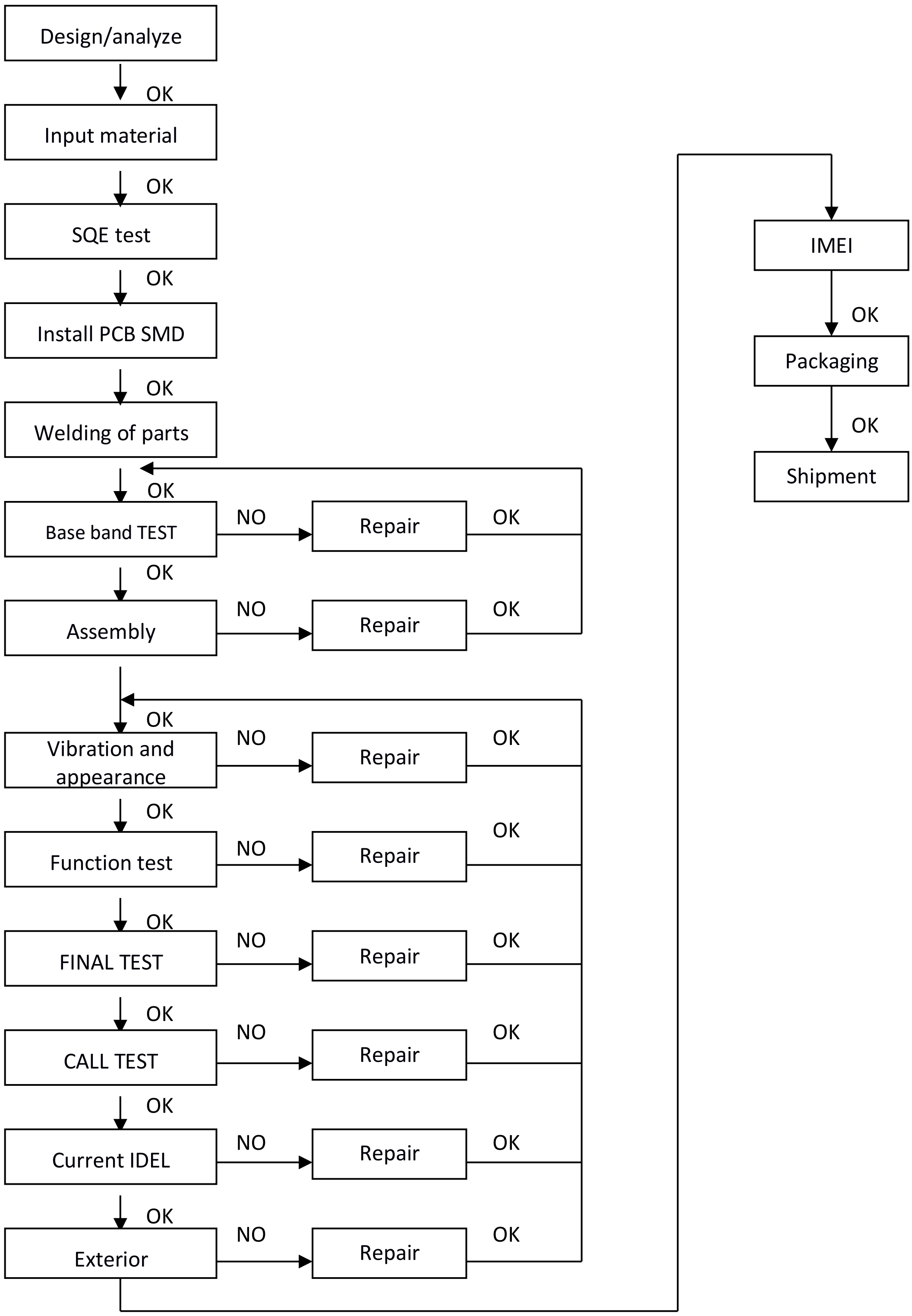
Designed for high power computing, capable of storing massive amounts of data and compatible with different processing programs for data analysis. Built to accommodate different applications required by enterprises, data centers, and cloud platforms. Also, we need to invest more in designing more AI servers to enrich our server product line.

2. Production Process of the Main Products

■ Notebooks

Casing of logic board	Preparation of LCD display	Assembly	Preparation of main board	Preparation of keyboard
Fasten LED board	Inspect LCD panel	Input inspection	Input inspection	Prepare plunger + frame
Fasten power switch board	Fasten interface board to lower casing	Fasten motherboard to frame	Parts processing	Install frame onto metal board
Produce LED frame	Fix LCD panel to lower casing	Prepare battery spring	SMT (surface mount technology)	Apply double-sided tape
	Apply hook to casing	Prepare battery wire	Insert add-ons	Insert keys
	Combine upper & lower casing	Prepare disk drives	Visual inspection	Press keys and check
	Assemble LCD casing & logic board upper casing	Fasten disk drives+motherboard to bottom casing	Soldering furnace	
	Production process inspection	Fasten power board to motherboard	Remove board	Install PCB to lower casing
		Production process inspection	Trip conductor	Install wires to lower casing & fasten
		Fasten LCD casing & bottom casing	Machine wash	Assemble upper casing
		Battery assembly	Apply heat sink	Prepare name plate
		Keyboard installation	Secondary soldering	Process quality inspection
		Function test	Brush clean	
		Accelerated aging test	Visual observation	
		Function test	Repair	
		Prepare name plate & paste onto unit	Process quality inspection	
		Wipe down unit	Automated machine testing	
		Exterior inspection	Accelerated aging test	
		Unit packaging	Automated machine testing	
		QA testing		

■ Smartphones and Tablets



5.2.3 Supply Status of Main Materials

- CPU/Chipset
  - Notebook

    The overall demand of notebooks has slowed down in 2023 due to the major laptop brands' inventory level remain high, coupled with the impact of inflation, which result consumer spending show a sign of weakening. As the inventory level has gradually became healthier and the inflationary pressures are expected to slow down, coupled with the rise of AI PC trend, it is expected the overall notebook demand might recover in 2024 H2.

    The majority of the NB CPU market is still controlled by Intel and AMD X86 solution, which accounting for 65.5% and 22.9% respectively. Apple CPU has shown resilience in the weak NB market with the penetration takes 10.3% in 2023. In addition, both Qualcomm and MediaTek has released ARM based NB solution and it is estimated that ARM will account for around 15% of NB market in 2026.

    In term of new products, Intel has launched 7nm Meteor Lake in 2023 Q4, which emphasis on equipped with NPU (Neural Processing Unit) as AI accelerator. Arrow Lake is estimated to be released in 2024 Q4, as well as Lunar Lake, which emphasizes thinness, lightness, power saving and integrates the memory LPDDR5X into the package. AMD 4nm high-end Phoenix and Hawk Point have released in 2023 Q1 and 2024 Q1 respectively. The Strix Point is expected to launch in 2024 Q3. As major CPU manufacturers have proposed new solution for AI computing power in 2024 H2, it is expected the notebook market will be boosted.

  - Smartphone and Module

    The Smartphone Market size is estimated at 1.51 Billion units in 2024, with a CAGR of 4% during the period of 2023 to 2029. Driven major by emerging market economies and renewed consumer spending. AI smartphones to be shipped in 2024, representing almost 15% of total smartphone shipments and a sizeable jump from the roughly 51 million shipped in 2023. This share is expected to climb rapidly beyond 2024 as the industry players push aggressively towards new silicon and use cases evolve further. Some of the latest flagship devices with on-device with AI capabilities that are creating increased interest and excitement in the industry. A

    Global 5G Wireless Module market is projected to reach USD 794.6 million in 2029, with the CAGR of 5.6% during the period of 2023 to 2029. 5G RedCap standard with reduced performance and cost will accelerate 5G adoption in industrial and wearable, which does not require broadband connectivity or lower power consumption. The challenges of 5G RedCap are the module cost and network infrastructure. Mobile operators need to invest their 5G network to support 5G RedCap, therefore it will take a few years for mobile operators to extend 5G RedCap network in wide area.

- Memory
  - DRAM

    Regarding the outlook for market demand throughout 2024, the DRAM major manufacturers (Samsung, SK Hynix, and Micron) remain cautious, currently focusing on controlling production capacity as their primary strategy and gradually digesting inventory quarter by quarter. With the destocking trend in notebooks and the continuous increase in average per-device DRAM capacity across various product categories, DRAM demand is expected to improve gradually. Overall, the market shows signs of recovery in demand, and with manufacturers keep controlling production plan, it is anticipated that DRAM prices will continue to raise.

For DRAM application, calculated in units of 2Gbs, the actual shipment in 2023 is 100.1 Billion units, and it is estimated to be 118.2 Billion units in 2024, with a compound annual growth rate of approximately 18.2%. The overall capacity allocation still focuses on Server and Mobile. It is estimated that Server will decrease from 37% to 36%, Mobile will slightly decrease from 36% to 35.3%, PC will account for about 12%, Consumer will account for about 7.9%, and Graphics will account for about 8.8%.

In terms of DRAM processes, the major manufacturers continue to advance toward 12nm process technology. Their capital expenditures for 2024 are estimated to increase by 3% compared to 2023. Due to the surge in demand driven by AI server, there is increased demand for High Bandwidth Memory (HBM). Additionally, with the market shifting toward DDR5 as the mainstream, it is estimated that the major manufacturers will allocate some capacity from DDR4 to HBM. The supply of PC DRAM for 2024 H2 is estimated to be tight.

■ NAND flash

In 2023 H1, on the supply side, major storage manufacturers implemented aggressive production cuts to address losses in their NAND Flash product lines. The demand side is not strong due to the global inflation and resulted in an oversupply situation for NAND Flash. In 2023 H2, the significant impact of production cuts by manufacturers led to a rebound in NAND Flash prices starting from 2023 Q4. The price of NAND Flash is expected to increase or remain stable by the market situation.

In terms of NAND Flash process nodes, suppliers continue to progress towards higher stack layers. In 2023 H2, SK Hynix announced the development of 321-layer NAND Flash and expected to produce in 2025 H1, while Micron announced the production of NAND Flash with over 250 layers in 2024 H1 after previously achieving 232 layers. However, the pace of transitioning to higher layer may slow down due to suppliers reducing capital expenditures.

■ Battery

In 2022, the uptrend of laptop battery prices caused by cobalt, and persisted until 2022 Q4. The demand for electric vehicles slowed down in 2023 and electric vehicle manufacturers began shifting away from ternary batteries (nickel-cobalt-manganese or nickel-cobalt-aluminum) to the cheaper LFP batteries. As a result of the transformation in the electric vehicle market, laptop battery prices began to decline in 2023 and continued to the flattened curve in 2023 Q4.

The laptop battery shipments from packers are decreasing, and more and more battery cell manufacturers choose to assemble packs by themselves. The proportion of packers decreased from 72% in 2022 Q1 to 69% in 2023 Q4, and it is estimated to further decrease to 66% by 2024. As more mainland China battery cell manufacturers begin to assemble packs themselves, and Japanese and Korean battery manufacturers gradually shift to power and energy storage applications, the proportion of mainland China manufacturers in the laptop battery pack market is expected to keep increasing.

- LCD

Affected by inflation, the demand of laptops remains weak, and PC brands are actively clearing inventory. Interestingly, the proportion of affordable traditional non-silicon-crystal panels is increasing rather than decreasing. However, it is expected that this trend will continue to decline year by year due to the replacement of other high-end display technologies. OLED panels, which were previously optimistic, have not been widely adopted due to cost and yield issues. The shipment penetration rate in 2024 is estimated to be 3.1%.

The mainstream sizes of laptop panels still remain at 14 inches and 15.6 inches. However, laptops have started transitioning from the 16:9 aspect ratio to 16:10, and it is anticipated that the market share will reach 46.0% in 2024 and 53.2% in 2025.

Windows 10 is going to be phased out soon, and with AI PC topic are expected to be new drivers for commercial laptop panels. Additionally, there is a growing demand for high-end panels with high refresh rates in gaming laptops. Those reasons could anticipated to help the panel industry recover from the downturn, and support the notebook panel price stable.

5.2.4 Major Suppliers and Clients

1. Major Suppliers in the Last Two Calendar Years

Unit: TWD Thousands

Party	2022				2023			
	Name	Amount	Percentage of 2022 net purchases (%)	Relationship with the issuer	Name	Amount	Percentage of 2023 net purchases (%)	Relationship with the issuer
1	Company E	330,815,052	34.18	N.A.	Company E	281,375,768	32.19	N.A.
2	Company J	75,916,569	7.84	N.A.	Company J	93,528,302	10.70	N.A.
	Others	561,263,037	57.98		Others	499,129,820	57.11	
	Net Purchase	967,994,658	100.00		Net Purchase	874,033,890	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	2022				2023			
	Name	Amount	Percentage of 2022 net sales (%)	Relationship with the issuer	Name	Amount	Percentage of 2023 net sales (%)	Relationship with the issuer
1	Company a	96,621,806	9.00	N.A.	Company a	95,644,980	10.10	N.A.
2	Company d	460,236,878	42.88	N.A.	Company d	379,263,553	40.06	N.A.
3	Company e	102,969,721	9.59	N.A.	Company e	125,647,532	13.27	N.A.
4	Company f	170,398,727	15.88	N.A.	Company f	121,450,902	12.83	N.A.
	Others	243,018,783	22.65		Others	224,707,833	23.74	
	Net sales	1,073,245,915	100.00		Net sales	946,714,800	100.00	

• Causes of changes: The decrease in sales to Customer a, d, and f in the year of 2023 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 / Main products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
5C electronics	152,068	112,581	1,039,628,777	132,142	95,974	895,277,898

5.2.6 Shipments and Sales in the Last Two Years

Unit: 000 Units; TWD Thousands

Year / Sales volume / Main products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
5C electronics	1,100	3,047,804	110,122	1,070,198,111	966	2,955,467	95,852	943,759,333

5.3 Human Resources

Year		December 31, 2022	December 31, 2023	April 2, 2024
Number of employees		73,120	58,249	56,671
Average age		29.12	29.85	30.40
Average years of service		2.85	3.45	3.40
Academic qualifications	Doctoral Degree	0.07%	0.09%	0.07%
	Master’s degree	5.05%	6.52%	6.30%
	University	23.93%	28.93%	26.85%
	High school/Below/others	70.95%	64.46%	66.78%

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 with non-high energy consumption, high water consumption, and a high pollution industry. In order to protect the environment, it fulfills its social responsibilities, saves energy and reduces carbon, and reduces the impact of global warming. The Taiwan and Mainland China plants together incurred expenses of TWD 42,209 thousand (excluding regular maintenance and green R&D) in 2023. 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 2023, 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 our company's products comply with the limits required by the RoHS directive, and there are no returns due to exceeding the limits.
- 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 cover 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 and 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 2023, the Company had provided TWD 226.31 million in maternity allowances and bonuses. There were 35 counts of employees who took parenting leave, with the right to return to work, in 2023.

■ 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 into an online learning platform to further assist the competent staff in keeping abreast of learning progress.

In 2023, 721 training sessions (both internal and external) were organized; these courses delivered 208,483 hours of training and 115,751 persons enrolled. The total training expenses were TWD 24,856,000. 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 give 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 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 the Company's 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 the 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 of 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 a 6%

pension into personal accounts 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 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 are 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 2023 and as of the date of the report published, Company did not suffer any losses due to employment disputes: None
- Future plans and potential expenses: None

5.6 Information Security Management

1. Information security 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 strategy meetings have been held to discuss and implement 17 information security strategy topics in 2023 in response to the ever-changing information security issues.

2. Information security policy

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.
- Identify internal and external issues of the information security management system every six months, and confirm the needs of the stakeholder groups for the information security management system (including the customer's requirements for information security).
- Backup & restore drills are executed every six months and BCP restoration drills are executed every year to ensure the validity of the Business Continuity Plan and that it meets the system recovery goals.
- Annual information security incident response drills are conducted to quickly isolate and eliminate

threats to information security incidents, and reduce the scope and extent of impact.

- To boost employees' awareness of information security, our employees are required to receive quarterly social engineering exercises and a briefing on information security and annual training.
- Network and system vulnerability detection, regularly perform vulnerability scanning, and entrust a third-party professional unit to conduct network and system penetration testing every year to verify the information security protection and effectiveness.
- 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 the verification body. It gradually expanded its scope of verification, which is tracked twice a year for internal self-audit and external impartial third-party audit, and re-audited by external third-party every three years. Internal audit includes NIST CSF, ISO/IEC 27001:2022 and TISAX standards; The external third-party audit is conducted in accordance with the ISO/IEC 27001:2022 standard and the customer's information security requirements. 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 an ISO27001 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 company password policy, and adjusts the original password setting of the previous 3 generations that cannot be reused repeatedly to 10 generations. Also, it has strengthened the identity authentication mechanism for 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. From time to time, it will, through announcements and quarterly advocacy to enhance employee awareness of 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 started the third-party cybersecurity network assessment in 2020, and the average score of the 2023 assessment results is 94 points, which is higher than the average score of global manufacturing companies.

■ Strengthened employees' awareness of information security

Compal provides eLearning courses and quarterly social engineering drills to simulate hackers' phishing emails, and detect employees' information security risk awareness, supplemented by daily boot up with pop-out 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 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, the validity of the training will be evaluated, and the evaluation will be logged. 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 the 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 2023. In response to the government's "Cyber Security Guidelines for TWSE/TPEx-Listed Companies", Compal applied to become a member of the 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
Patent licensing agreement	Phoenix Technologies Ltd.	Since 2010.1.1 Auto-renewed upon expiry	1. Tool Licenses 2. Source Code licenses 3. Maintenance
Trading and manufacturing agreement	Dell Products L.P.	Since 1997.06.26 Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, while the seller will grant the buyer proper licenses to use the products and provide after-sales technical services.
Trading and manufacturing agreement	Acer Inc.	Since 2001.10.01 Yearly Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, along with after-sales technical services provided by the seller.

VI. Financial Information

6.1 Five-Year Financial Summary

1. Condensed Balance Sheet and Statement of Comprehensive Income

■ Consolidated Condensed Balance Sheet

Unit: TWD Thousands

Year / Analysis		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		343,154,813	424,460,635	487,115,390	390,706,503	368,924,297
Property, plant, and equipment		19,972,347	22,085,340	26,990,364	28,808,211	29,040,525
Intangible assets		1,553,342	1,506,101	1,548,508	1,722,165	1,462,162
Other assets		17,967,917	18,873,622	21,441,078	32,247,554	37,343,990
Total assets		382,648,419	466,925,698	537,095,340	453,484,433	436,770,974
Current liabilities	Prior to distribution	255,820,033	335,524,716	402,242,095	302,384,911	277,252,062
	After distribution	261,048,588	342,496,124	410,956,354	307,613,466	282,540,638 (Note 2)
Non-current assets		12,069,042	15,411,332	13,313,442	23,689,679	26,746,059
Total liabilities	Prior to distribution	267,889,075	415,555,537	412,506,626	326,074,590	303,998,121
	After distribution	273,117,630	357,907,456	424,269,796	331,303,145	309,286,697 (Note 2)
Equity attributable to parent company shareholders		105,972,633	106,832,505	111,360,265	116,294,754	119,621,995
Ordinary shares		44,071,466	44,071,466	44,071,466	44,071,466	44,071,466
Capital reserves		9,159,259	8,342,813	6,724,856	5,078,580	4,270,915
Retained earnings	Prior to distribution	57,726,604	62,566,181	69,651,940	69,969,059	72,548,155
	After distribution	53,319,457	57,277,605	62,600,505	65,561,912	68,141,008 (Note 2)
Other equity interests		(4,103,449)	(7,266,708)	(8,206,750)	(1,943,104)	(387,294)
Treasury stock		(881,247)	(881,247)	(881,247)	(881,247)	(881,247)
Non-controlling interests		8,786,711	9,157,145	10,179,538	11,115,089	13,150,858
Total equity	Prior to distribution	114,759,344	115,989,650	121,539,803	127,409,843	132,772,853
	After distribution	109,530,789	109,018,242	112,825,544	122,181,288	127,544,298 (Note 2)

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

2. The amounts are approved by the Board of Directors meeting on February 29, 2024.

■ Consolidated Condensed Statement of Comprehensive Income

Unit: TWD Thousands

Year / Analysis	Financial Summary for The Last Five Years (Note)				
	2019	2020	2021	2022	2023
Net sales revenue	980,442,346	1,048,929,251	1,235,682,015	1,073,245,915	946,714,800
Gross profit	33,908,828	35,458,522	41,491,574	40,364,179	42,396,894
Net operating income	10,586,368	11,492,545	13,348,593	9,218,997	12,047,711
Non-operating income and expense	(578,492)	1,630,171	4,119,242	1,505,133	(157,286)
Net income before taxes	10,007,876	13,122,716	17,467,835	10,724,130	11,890,425
Net income from continuing operations	7,895,719	10,409,512	13,740,488	8,541,527	9,130,678
Net loss from discounting operations	-	-	-	-	-
Net income (loss)	7,895,719	10,409,512	13,740,488	8,541,527	9,130,678
Income (Loss) from Other comprehensive income (loss) (net after tax)	(1,534,980)	(3,341,346)	(1,237,908)	6,535,651	898,965
Comprehensive income	6,360,739	7,068,166	12,502,580	15,077,178	10,029,643
Net income attributes to shareholders of the Parent	6,955,899	9,361,893	12,632,667	7,288,292	7,667,627
Net income attributes to non-controlling interests	939,820	1,047,619	1,107,821	1,253,235	1,463,051
Comprehensive income attributed to owners of parent	5,456,508	6,083,542	11,445,530	13,636,212	8,558,794
Comprehensive income attributed to non-controlling interests	904,231	984,624	1,057,050	1,440,966	1,470,849
Earnings per share (unit: dollar)	1.60	2,15	2.90	1.67	1.76

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

Parent-Company-Only Condensed Balance Sheet

Unit: TWD Thousands

Analysis \ Year		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		245,522,829	296,383,073	348,914,103	271,829,340	259,853,419
Property, plant, and equipment		2,620,638	2,604,893	2,484,963	2,417,309	2,234,288
Intangible assets		438,334	436,548	431,936	529,906	349,922
Other assets		89,201,687	89,526,637	95,517,212	104,756,856	115,856,133
Total assets		337,783,488	388,951,151	447,348,214	379,533,411	378,293,762
Current liabilities	Prior to distribution	220,871,943	268,466,052	324,236,031	248,511,419	242,274,702
	After distribution	226,160,519	275,517,487	333,050,325	253,799,995	247,563,278 (Note 2)
Non-current assets		10,938,912	13,652,594	11,751,918	14,727,238	16,397,065
Total liabilities	Prior to distribution	231,810,855	282,118,646	335,987,949	263,238,657	258,671,767
	After distribution	237,099,431	289,170,081	344,802,243	268,527,233	263,960,343 (Note 2)
Ordinary shares		44,071,466	44,071,466	44,071,466	44,071,466	44,071,466
Capital reserves		9,159,259	8,342,813	6,724,856	5,078,580	4,270,915
Retained earnings	Prior to distribution	57,726,604	62,566,181	69,651,940	69,969,059	72,548,155
	After distribution	53,319,457	57,277,605	62,600,505	65,561,912	68,141,008 (Note 2)
Other equity interests		(4,103,449)	(7,266,708)	(8,206,750)	(1,943,104)	(387,294)
Treasury stock		(881,247)	(881,247)	(881,247)	(881,247)	(881,247)
Total equity	Prior to distribution	105,972,633	106,832,505	111,360,265	116,294,754	119,621,995
	After distribution	100,744,078	99,861,097	102,646,006	111,066,199	114,393,440 (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 February 29, 2024.

Parent-Company-Only Condensed Statement of Comprehensive Income

Unit: TWD Thousands

Analysis \ Year	Financial Summary for The Last Five Years (Note)				
	2019	2020	2021	2022	2023
Net sales revenue	916,280,028	991,279,270	1,171,613,858	1,003,642,791	874,914,215
Gross profit	24,849,149	23,218,044	27,904,355	28,567,835	28,050,066
Net operating income	8,536,952	6,079,726	7,578,392	7,262,023	7,327,971
Non-operating income and expense	(713,273)	4,347,551	6,864,576	771,589	1,381,729
Net income before taxes	7,823,679	10,427,277	14,442,968	8,033,612	8,709,700
Net income from continuing operations	6,955,899	9,361,893	12,632,667	7,288,292	7,667,627
Net loss from discounting operations	-	-	-	-	-
Net income (loss)	6,955,899	9,361,893	12,632,667	7,288,292	7,667,627
Income (loss) from other comprehensive income (net after tax)	(1,499,391)	(3,278,351)	(1,187,137)	6,347,920	891,167
Comprehensive income	5,456,508	6,083,542	11,445,530	13,636,212	8,558,794
Earnings per share (unit: dollar)	1.60	2.15	2.90	1.67	1.76

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

Auditors' Opinions

Year	Accounting Firm	CPA	Audit 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
2023	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				
		2019	2020	2021	2022	2023
Capital Structure (%)	Debt ratio	70.01	75.16	77.37	71.90	69.60
	Long term fund to property, plants, and equipment ratio	635.02	594.97	499.63	524.50	549.30
Liquidity analysis	Current ratio (%)	134.14	126.51	121.10	129.21	133.06
	Quick ratio (%)	102.94	97.39	92.13	91.61	98.18
	Interest coverage	4.67	12.42	17.65	4.30	3.35
Operating Performance Analysis	Accounts receivable turnover (times)	4.96	4.95	4.73	4.46	4.92
	Average collection turnover	73.58	73.73	77.16	81.83	74.18
	Inventory turnover (times)	12.01	11.61	11.31	9.12	8.75
	Accounts payable turnover (times)	6.34	5.89	5.64	5.35	5.64
	Average inventory turnover days	30.39	31.43	32.27	40.02	41.71
	Property, plants, and equipment turnover (times)	48.55	49.88	50.36	38.47	32.73
	Total assets turnover(times)	2.51	2.47	2.46	2.17	2.13
Profitability Analysis	Return on total assets (%)	2.57	2.67	2.90	2.25	2.92
	Return on equity (%)	6.93	9.02	11.57	6.86	7.02
	Operating income to paid-in capital ratio (%)	22.71	29.78	39.64	24.33	26.98
	Net margin (%)	0.81	0.99	1.11	0.80	0.96
	Earnings per share (dollar)	1.60	2.15	2.90	1.67	1.76
Cash flow	Cash flow ratio (%)	8.18	4.25	(Note1)	19.39	10.70
	Cash flow adequacy ratio (%)	37.92	35.94	27.41	81.74	115.31
	Cash reinvestment ratio (%)	9.89	5.48	(Note1)	27.65	12.84
Leverage	Operating leverage	1.61	1.54	1.52	1.82	1.65
	Financial leverage	1.35	1.11	1.09	1.54	1.72

Note: 1. The ratio is negative.

2. The financial ratio has changed by up to 20% in the past two years:
   - Interest coverage ratio: Mainly due to the increase in interest expenses for the current period.
   - Return on assets and net profit margin: Mainly due to the increase in current period earnings.
   - Cash flow ratio: Mainly due to the decrease in net cash inflow from operating activities compared to the earlier period.
   - Cash Flow Adequacy Ratio: Mainly due to the decrease in net cash flow from operating activities in the current period.
   - Cash reinvestment ratio: Mainly due to the increase in net cash flow from operating activities in the past five years.
   - Financial leverage: primarily due to an increase in long-term investments.

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 sates
(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 = (Nest 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				
		2019	2020	2021	2022	2023
Capital Structure (%)	Debt ratio	68.63	72.53	75.11	69.36	68.38
	Long term fund to property, plants, and equipment ratio	4,461.19	4,625.34	4,954.29	5,420.16	6,087.80
Liquidity analysis	Current ratio (%)	111.16	110.40	107.61	109.38	107.26
	Quick ratio (%)	88.45	89.44	88.77	87.83	85.78
	Interest coverage	4.97	15.81	21.84	4.15	3.15
Operating Performance Analysis	Accounts receivable turnover (times)	4.97	4.87	4.64	4.37	4.78
	Average collection turnover	73.46	75.01	78.73	83.48	76.36
	Inventory turnover (times)	17.55	18.29	19.59	17.10	16.27
	Accounts payable turnover (times)	5.86	5.73	5.72	5.34	5.33
	Average inventory turnover days	20.79	19.95	18.62	21.34	22.43
	Property, plants, and equipment turnover (times)	385.90	379.40	460.37	409.46	376.18
	Total assets turnover(times)	2.64	2.73	2.80	2.43	2.31
Profitability Analysis	Return on total assets (%)	2.46	2.73	3.15	2.26	2.88
	Return on equity (%)	6.57	8.80	11.58	6.40	6.50
	Operating income to paid-in capital ratio (%)	17.75	23.66	32.77	18.23	19.76
	Net margin (%)	0.76	0.94	1.08	0.73	0.88
	Earnings per share (dollar)	1.60	2.15	2.90	1.67	1.76
Cash flow	Cash flow ratio (%)	6.80	(Note1)	(Note1)	22.15	6.36
	Cash flow adequacy ratio (%)	(Note1)	(Note1)	(Note1)	55.25	130.80
	Cash reinvestment ratio (%)	8.29	(Note1)	(Note1)	35.06	7.42
Leverage	Operating leverage	2.43	3.17	2.94	3.11	3.19
	Financial leverage	1.30	1.13	1.10	1.54	2.24

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 increase in interest expense compared to the earlier period.
   - Net margin: Mainly due to the increase in net income compared to the earlier period.
   - Cash flow ratio: Mainly due to the decrease in net cash inflow from operating activities compared to the earlier period.
   - Cash flow adequacy ratio: Mainly due to the increase in most recent 5-year Cash flow from operating activities compared to the earlier period.
   - Cash reinvestment ratio: Mainly due to the decrease 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 sates
(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 = (Nest 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 2023 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 2023 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. 2024 Annual General Shareholders’ Meeting

Chairman of the Audit Committee: Min Chih Hsuan
March 20, 2024

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 2023 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	2023	2022	Difference	
			Amount	%
Current Assets	368,924,297	390,706,503	(21,782,206)	(5.58)
Investments accounted for using the equity method	7,448,351	8,047,569	(599,218)	(7.45)
Property, plant and equipment	29,040,525	28,808,211	232,314	0.81
Other Assets	31,357,801	25,922,150	5,435,651	20.97
Total Assets	436,770,974	453,484,433	(16,713,459)	(3.69)
Current Liabilities	277,252,062	302,384,911	(25,132,849)	(8.31)
Other Liabilities	26,746,059	23,689,679	3,056,380	12.90
Total Liabilities	303,998,121	326,074,590	(22,076,469)	(6.77)
Ordinary Share	44,071,466	44,071,466	-	-
Capital surplus	4,270,915	5,078,580	(807,665)	(15.90)
Retained Earnings	72,548,155	69,969,059	2,579,096	3.69
Other Equity Interests	(387,294)	(1,943,104)	1,555,810	(80.07)
Treasury stock	(881,247)	(881,247)	-	-
Non-controlling Equity	13,150,858	11,115,089	2,035,769	18.32
Total Equity	132,772,853	127,409,843	5,363,010	4.21

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

- Increase in other assets: Mainly due to the increase in the financial assets measured at fair value through profit or loss - non-current and deferred income tax assets.
- Increase in other equity interests: Mainly due to the increase in unrealized gains or losses on financial assets measured at fair value through other comprehensive income.

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

Judging from the aforementioned causes, the effect of 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

Year / Analysis	2023	2022	Difference	
			Amount	%
Net Sales	946,714,800	1,073,245,915	(126,531,115)	(11.79)
Cost of Sales	904,317,906	1,032,881,736	(128,563,830)	(12.45)
Gross Profit	42,396,894	40,364,179	2,032,715	5.04
Operating Expenses	30,349,183	31,145,182	(795,999)	(2.56)
Operating Income	12,047,711	9,218,997	2,828,714	30.68
Non-operating Income and Expenses	(157,286)	1,505,133	(1,662,419)	(110.45)
Profit Before Tax	11,890,425	10,724,130	1,166,295	10.88
Less: Income Tax Expense	2,759,747	2,182,603	577,144	26.44
Net Profit (loss)	9,130,678	8,541,527	589,151	6.90
Other Comprehensive Income (after tax)	898,965	6,535,651	(5,636,686)	(86.25)
Total Comprehensive Income	10,029,643	15,077,178	(5,047,535)	(33.48)

Note: Analysis of variations exceeding 20%:

- Increase in net profit: Mainly due to the increase in gross profit from operating activities in the current period.
- Decrease in no-operation income & expenses: Mainly due to the increase in interest expenses.
- Increase in income tax expense: Mainly due to an increase in operating income..
- Other comprehensive income and total comprehensive income for the period decreased: mainly due to changes in the translation differences of financial statements of foreign operating entities.

■ **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
  The global inflation pressure and geopolitical issues continue to develop in 2024. Although market research institutions are looking forward to a recovery of the industry in 2024, their estimates are relatively conservative. The expectation of an economic soft landing indicates that there are still significant challenges and uncertainties in the market development this year. Our company faces a rapidly changing environment and will continue to invest in innovation, talent, and execution to establish long-term competitive advantages. Artificial Intelligence (AI), Cloud Servers, Auto Electronics, Communication, and MedTech are the five important emerging businesses for Compal. We will continue to strategically position ourselves and steadily move forward, serving as the pillars of growth in the mid- to long-term. For further market analysis, please refer to page 147~152 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 operations 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
79,665,302	29,677,204	(36,863,026)	72,479,480	-	-

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

2. Analysis of the change in 2023 cash flows:
   - Net cash inflow in operating activities: Mainly due to the net changes of accounts receivable, inventory, and accounts payables from operating activities.
   - Net cash outflow in investing activities: Mainly due to the financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income in the current period.
   - Net outflow of financing activities: Mainly due to repayment of the loan and distribution of cash dividends.
3. Financing of cash deficits and liquidity analysis: There is no cash deficit situation.

7.3.2 Cash Flow Analysis for the Coming Year

The Company takes prudent planning and aims to maintain stable cash liquidity, as the cash balance at 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 2023
Property, plant and equipment	Cash flow generated from operations and loans	2023	7,169,728	7,169,728

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, strategic investments or acquisitions, and 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 2023 consolidated loss from investment using the equity method came to approximately TWD 467 million. The reason for the loss was mainly because of the negative impact of the sluggish market or lagging economies of scale.

3. 2024 investment plans

The long-term investment plan for 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	2023
Net interest revenue and expense	(345,445)
Net gain on foreign currency exchange transaction (including valuation of financial instruments)	216,167

Regarding interest rates and inflation, the company will monitor interest rate changes closely and strive for the most favorable loan rate, using 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 purchases of the Company are mainly accounted for 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 trends of the foreign currency market, and accommodates the needs of funds and makes foreign currency exchange transactions 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

In addition to being committed to product innovation and improvement of computers and smart device products, the Company regards innovative research and development as the 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, understanding of market trends, and integration of add-on functions. 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 to whether the Company can achieve its business target and whether the existing customers continue their cooperation with the Company. The 2024 R&D expenses are expected to be TWD 18.1 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 2023, the Company made all the necessary responses to significant changes in international and domestic policies and regulations, without a significant impact on Company operations.

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 in the 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 which 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. Regarding internal and external information security issues, appropriate resources should be invested, and control measures should be improved to reduce risks. There were no major information security events in 2023, nor did the leakage of confidential information affect our customers and business, and cause 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 established a good corporate image. As the Company scale and business complexity have 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 been placed among 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 2023 nor was there any significant event that affected the Company's 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 the stable development of existing businesses and move ahead of the curve in other areas with 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 who 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 are 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 clients 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 opportunities. 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.

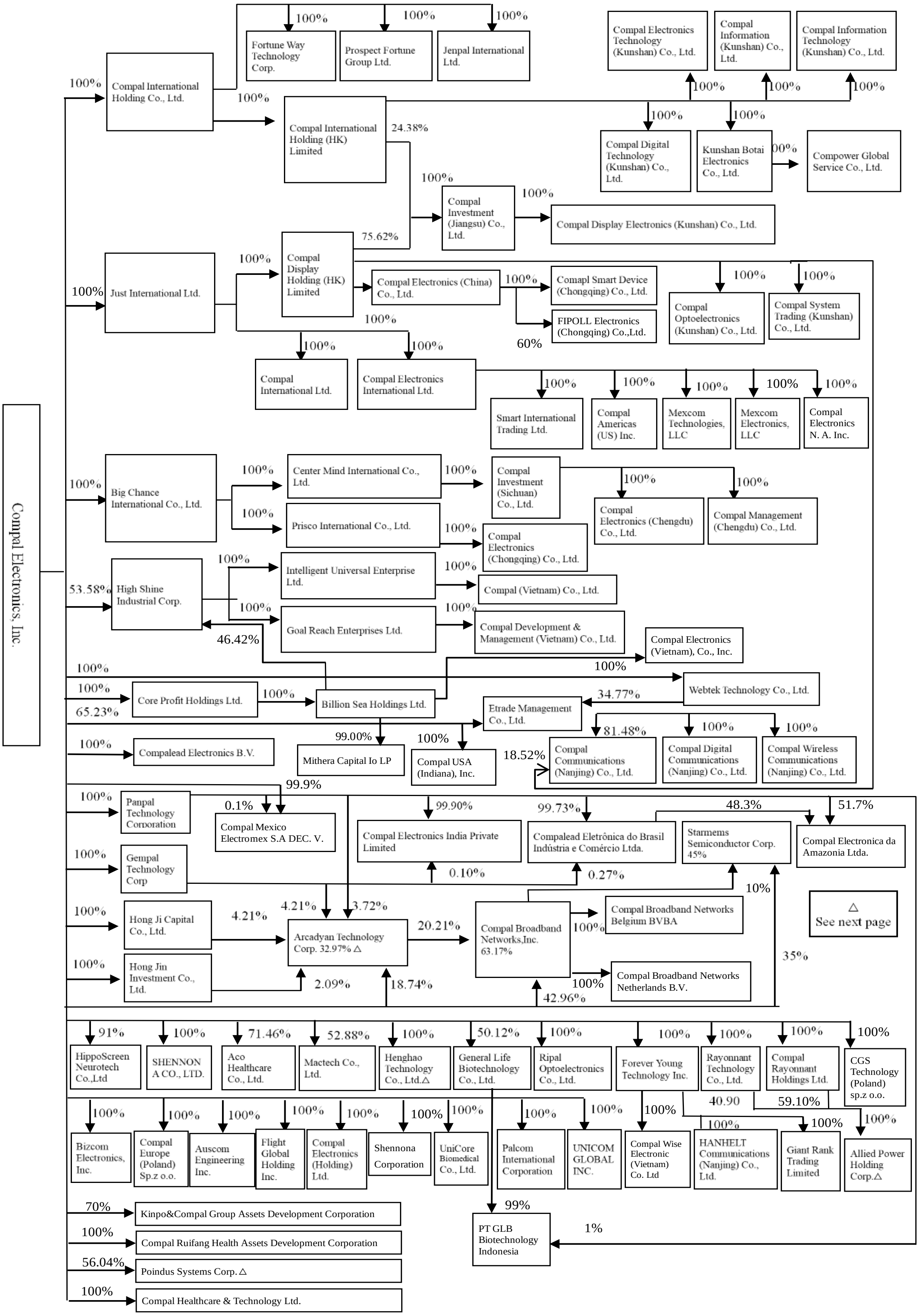
7.7 Other Material Issues: None

VIII. Special Disclosure

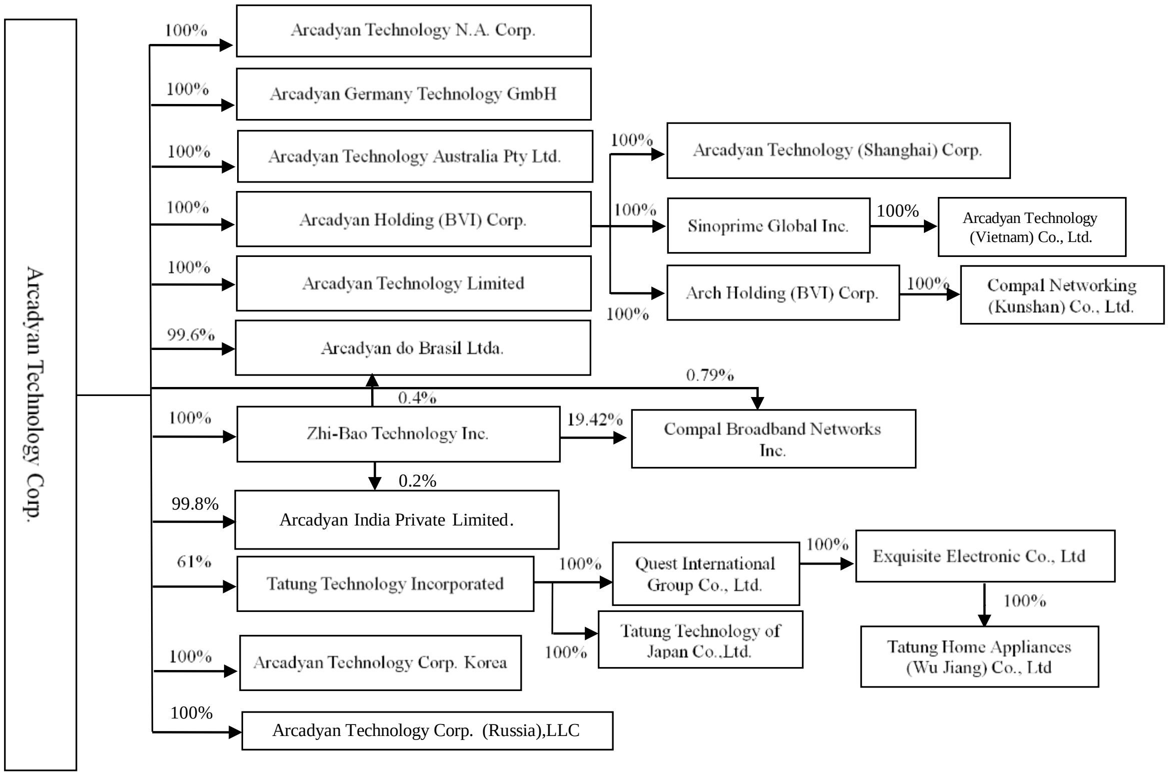
8.1 Summary of Affiliated Companies (As of Dec 31, 2023)

8.1.1 Affiliated enterprises report

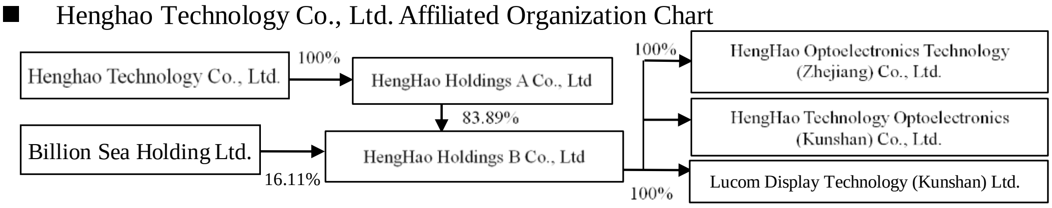
1. Chart



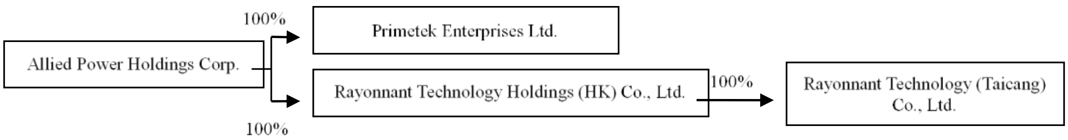
■ Arcadyan Technology Affiliated Business Organization Chart



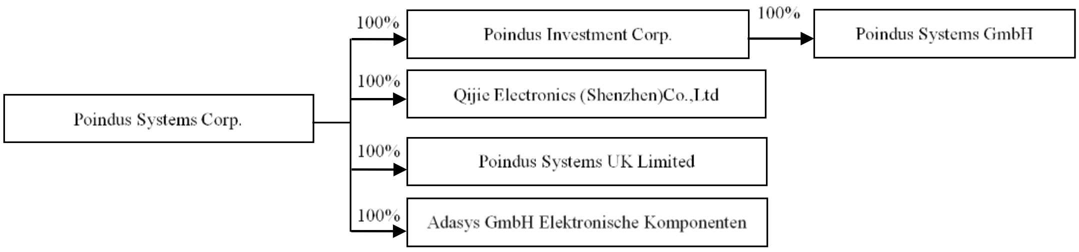
■ Henghao Technology Co., Ltd. Affiliated Organization Chart



■ Allied Power Affiliated Business Organization Chart



■ Poindus Systems Affiliated Business Organization Chart



2. Backgrounds of affiliated enterprises (December 31, 2023)

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.D05,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
FIPOLL Electronics (Chongqing) Co.,Ltd.	2023.10.18	No.5,FengCai Road,ZoneP,WangJia Subdistrict, LiangJiang New District, Chongqing, China (AirPort Section of LiangLu CunTan Free Trade Port Area)	RMB 70,000	Manufacturing of auto parts and accessories.
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 12,745	General investments
Compal Americas (US) Inc.	2024.02.13	2140 South Dupont Highway, Camden, DE 19934 USA	USD 2,500	Sales of automotive electronic products
Compal Electronics N.A. Inc.	2024.02.14	2140 South Dupont Highway, Camden, DE 19934 USA	USD 2,500	Sales of automotive electronic product
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
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.	2010.01.05	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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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
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.	2011.06.03	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 Io 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 Electronics (Vietnam) Co., Ltd	2023.05.26	B1-2 Lot (belong to Lot B1), Lien Ha Thai (Green iP-1) Industrial Park, Diem Dien town, Thai Thuy District, Thai Binh Province, Vietnam	USD 54,000	R&D, manufacturing, sales and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication devices and other electronic devices
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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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
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
COMPAL MEXICO ELECTROMEX, S.A DE C.V.	2024.04.27	Avenida de los Encinos, No. 1080-A, Parque Industrial Villa Florida, Reynosa, Tamaulipas, C.P. 88710, México	USD 2,500	Production of automotive electronic products
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 n° 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 198,000	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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or 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
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	Building 005,No. 526 Nanbang Road,Economic & Technical Development Zone, Kunshan, JiangSu, 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	4F., No. 70, Ruiguang Rd., Neihu Dist., 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 12,105	Manufacturing of wireless network products
Compal Broadband Networks Inc.	2009.08.19	13F-1, No. 1, Taiyuan 1st Street, Zhubei City, Hsinchu County	TWD 679,381	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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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 55,882	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
HengHao Optoelectronics Technology (Zhejiang) Co., Ltd.	2023.03.27	No. 555, Xinjia Avenue, Jiashan County, Jiaxing City, Zhejiang Province	USD 9,000	Production of touch panels and related components
Mactech Inc.	2000.05.23	No. 89, Land 36, Section 2, Tanxing Road, Tanyang Village, Tanzi District, Taichung City	TWD 411,458	Manufacturing of machinery and lighting equipment, retail sale of machinery, and international trade
Ripal Optotronics Co, Ltd.	2013.8.26	2F, No. 256, Section 3, Zhongzheng Road, Rende District, Tainan City	TWD 60,000	Manufacturing of home appliances and audiovisual electronics
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.	2011.08.05	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	178 Baihua South Road, Shaxi Town, 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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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	Basisweg 10, 1043 AP 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
PT GLB Biotechnology Indonesia	2023.09.12	Jalan Denpasar Raya Blok C4 nomor 24, Desa/Kelurahan Kuningan Timur, Kec. Setiabudi, Kota Adm. Jakarta Selatan, Provinsi DKI Jakarta, Kode Pos: 12950	USD 2,850	Production and wholesaling of medical equipment
Etrade Management Co., Ltd.	2000.07.05	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, VG 1110, British Virgin Islands	USD 71,900	General investments
Compal Communications (Nanjing) Co., Ltd.	2003.09.23	No.68-2, Suyuan Road, Export Processing Zone (South Area). Jiangning Nanjing China	USD 27,000	Production of cellphones and tablets
Compal Digital Communications (Nanjing) Co., Ltd.	2004.03.26	No.77 Gaohu Street, Jiangning Economic and Technological Development Zone, Nanjing, China	USD 5,800	Production of cellphones and tablets
Compal Wireless Communications (Nanjing) Co., Ltd.	2006.02.13	No.68-2, Suyuan Road, Export Processing Zone (South Area). Jiangning, Nanjing, China	USD 49,000	Production of cellphones and tablets
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,N0.70# 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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
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 1,605	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 20,000	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 73,948	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
Kinpo&Compal Group Assets Development Corporation	2021.12.21	No. 581 &581-1, Ruiguang Road, Neihu District, Taipei City	TWD 5,750,000	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 300,000	Investment and development of public construction and specific areas, etc.
Compal Healthcare & Technology Ltd.	2023.12.11	No. 581-1, Ruiguang Road, Neihu District, Taipei City	TWD 20,000	Information software service industry, capital Material handling services, electronics Information supply service industry
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

Company name	Date of establishment	Address	Paid-up capital	Main business activities or products
Adasys GmbH Elektronische Komponenten	1994.03.29	Max-Planck-Strasse 10 70806 Kornwestheim	EUR 100	Sales of computers and peripherals
QIJIE ELECTRONICS(SHENZHEN)CO.,LTD	2019.01.25	10G, Jindacheng Building, Zhongxin Road, Xinqiao Street, Bao'an District, Shenzhen City.	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, 2023)

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., Mexcom Technologies, LLC, and Mexcom Electronics, LLC
	Mexcom Technologies, LLC	General investments
	Mexcom Electronics, LLC	General investments
	Big Chance International Co., Ltd.	Holds investment interest in Center Mind International Co., Ltd. and Prisco International Co., Ltd.
	Center Mind International Co., Ltd.	Holds investment interest in Compal Investment (Sichuan) Co., Ltd.
	Compal Investment (Sichuan) Co., Ltd.	Holds investment interest in Compal Electronics (Chengdu) Co., Ltd. and Compal Management (Chengdu) Co., Ltd.
	Prisco International Co., Ltd.	Holds investment interest in Compal Electronics (Chongqing) Co., Ltd.
	Core Profit Holdings Ltd.	Holds investment interest in Billion Sea Holdings Ltd.
	Billion Sea Holdings Ltd.	Holds investment interest in High Shine Industrial Corp., Mithera Capital Io LP., and Compal USA (Indiana), Inc.
	Mithera Capital Io LP	General investments
	High Shine Industrial Corp.	Holds investment interest in Intelligent Universal Enterprise Ltd. and Goal Reach Enterprises Ltd.
	Intelligent Universal Enterprise Ltd.	Holds investment interest in Compal (Vietnam) Co., Ltd.
	Goal Reach Enterprises Ltd.	Holds investment interest in Compal Development and Management (Vietnam) Co., Ltd.
	Panpal Technology Corporation	General investments
	Gempal Technology Co., Ltd.	General investments
	Hong Ji Capital Co., Ltd.	General investments
	Hong Jin Investment Co., Ltd.	General investments
	Compal Rayonnant Holdings Ltd.	General investments

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	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
	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
	Compal Americas (US) Inc.	Sales of automotive electronic products
	Compal Electronics N.A. Inc.	Sales of automotive electronic products

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

Industry category	Name of affiliated enterprise	Business relationship with other affiliated enterprises
	Lucom Display Technology (Kunshan) Ltd.	Productio7 panels and LCD displays
	HengHao Optoelectronics Technology (Zhejiang) Co., Ltd.	Production of touch panels and related components
	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 Electronics (Vietnam) Co., Ltd	R&D, manufacturing, sales and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication devices and other electronic devices
	Compal USA (Indiana), Inc.	OEM of automotive electronic products
	POINDUS SYSTEMS CORP.	Sales of computers and peripherals
	COMPAL MEXICO ELECTROMEX, S.A DE C.V.	Production of automotive electronic products
	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.	Construction and investment of infrastructures at Ba-Thien Industrial Zone, Vietnam
	Kinpo&Compal Group Assets Development Corporation	Real estate development leasing and related management business
	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
Manufacturing and sale of medical equipment	General Life Biotechnology Co., Ltd.	Manufacturing and sale of medical equipment
	PT GLB Biotechnology Indonesia	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
	Compal Healthcare & Technology Ltd.	Information software service industry, capital Material handling services, electronics Information supply service industry

4. Directors, Supervisors, and President of affiliated enterprises

December 31, 2023 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 368,460	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 368,460	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 368,460	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 368,460	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Information (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu)	TWD 368,460	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 368,460	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 368,460	100.00%
	Supervisor	Compal International Holding (HK)	TWD 368,460	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 Technology (Kunshan) Co., Ltd.	Chairman	Compal International Holding (HK) Limited (Representative: Sheng-Hsiung Hsu)	TWD 736,920	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 736,920	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 736,920	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 736,920	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 614,100	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 614,100	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 614,100	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 614,100	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 30,705	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 30,705	100.00%
	Director	Compal International Holding (HK) Limited (Representative: Ming-Chih Chang)	TWD 30,705	100.00%
	Supervisor	Compal International Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 30,705	100.00%
	President	Ming-Chih Chang	0	0.00%
Compower Global Service Co., Ltd.	Managing Director	Kunshan Botai Electronics Co., Ltd. (Representative: Chung-Pin Wong)	TWD 8,655	100.00%
	Supervisor	Kunshan Botai Electronics Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 8,655	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%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
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 1,136,085	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 1,136,085	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 1,136,085	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 1,136,085	100.00%
	President	Fu-Chuan Chang	0	0.00%
Compal Smart Device (Chongqing) Co., Ltd.	Chairman	Compal Electronics (China) Co., Ltd. (Representative: Jui-Tsung Chen)	TWD 259,652	100.00%
	Director	Compal Electronics (China) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 259,652	100.00%
	Director	Compal Electronics (China) Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 259,652	100.00%
	Supervisor	Compal Electronics (China) Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 259,652	100.00%
	President	Sheng-Hua Peng	0	0.00%
FIPOLL Electronics (Chongqing) Co.,Ltd.	Chairman	Compal Smart Device (Chongqing) Co., Ltd. (Representative: Ming-Chih Chang)	TWD 259,652	60.00%
	Director	Compal Smart Device (Chongqing) Co., Ltd. (Representative: Pao-Jui Cheng)	TWD 259,652	60.00%
	Supervisor	Compal Smart Device (Chongqing) Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 259,652	60.00%
	President	Ming-Chih Chang	0	0.00%
Compal Optoelectronics (Kunshan) Co., Ltd.	Chairman	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu)	TWD 371,531	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 371,531	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 371,531	100.00%
	Supervisor	Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 371,531	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 42,987	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Sheng-Hsiung Hsu)	TWD 42,987	100.00%
	Director	Compal Display Holding (HK) Limited (Representative: Chung-Pin Wong)	TWD 42,987	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Supervisor	Compal Display Holding (HK) Limited (Representative: Cheng-Chiang Wang)	TWD 42,987	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 478,998	100.00%
	Director	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Jui-Tsung Chen)	TWD 478,998	100.00%
	Director	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Sheng-Hua Peng)	TWD 478,998	100.00%
	Supervisor	Compal International Holding (HK) Limited and Compal Display Holding (HK) Limited (Representative: Ching-Hsiung Lu)	TWD 478,998	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 460,575	100.00%
	Director	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Jui-Tsung Chen)	TWD 460,575	100.00%
	Director	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Sheng-Hua Peng)	TWD 460,575	100.00%
	Supervisor	Compal Investment (Jiangsu, China) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 460,575	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)	12,745,000	100.00%
	Director	Just International Ltd. (Representative: Jui-Tsung Chen)	12,745,000	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 252,825	100.00%
Big Chance International Co., Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu)	90,820,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	90,820,000	100.00%
Center Mind	Director	Big chance International Co., Ltd.	80,820,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
International Co., Ltd.		(Representative: Sheng-Hsiung Hsu)		
	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 2,481,578	100.00%
	Director	Center Mind International Co., Ltd. (Representative: Jui-Tsung Chen)	TWD 2,481,578	100.00%
	Director	Center Mind International Co., Ltd. (Representative: Chung-Pin Wong)	TWD 2,481,578	100.00%
	Supervisor	Center Mind International Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 2,481,578	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 2,456,400	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Jui-Tsung Chen)	TWD 2,456,400	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 2,456,400	100.00%
	Supervisor	Compal Investment (Sichuan) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 2,456,400	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Management (Chengdu) Co., Ltd.	Chairman	Compal Investment (Sichuan) Co., Ltd. (Representative: Sheng-Hsiung Hsu)	TWD 24,564	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Jui-Tsung Chen)	TWD 24,564	100.00%
	Director	Compal Investment (Sichuan) Co., Ltd. (Representative: Chung-Pin Wong)	TWD 24,564	100.00%
	Supervisor	Compal Investment (Sichuan) Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 24,564	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 307,050	100.00%
	Director	Prisco International Co., Ltd. (Representative: Jui-Tsung Chen)	TWD 307,050	100.00%
	Director	Prisco International Co., Ltd. (Representative: Chung-Pin Wong)	TWD 307,050	100.00%
	Supervisor	Prisco International Co., Ltd. (Representative: Ching-Hsiung Lu)	TWD 307,050	100.00%
	President	Ming-Chih Chang	0	0.00%
Core Profit Holdings Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu)	147,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	147,000,000	100.00%
Billion Sea Holdings Ltd.	Director	Core Profit Holdings Ltd. (Representative: Sheng-Hsiung Hsu)	147,000,000	100.00%
	Director	Core Profit Holdings Ltd. (Representative: Jui-Tsung Chen)	147,000,000	100.00%
Mithera Capital Lo LP	Director	Billion Sea Holdings Ltd. (Representative: David Liao)	TWD 153,525	99.00%
Compal USA	Chairman	Billion Sea Holdings Ltd.	1,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
(Indiana), Inc.		(Representative: Chung-Pin Wong)		
	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 2,057,235	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 389,954	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 President	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	29,500,000	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	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	Cheng-Hua Sun	0	0.00%
	Director and President	Chao-Peng Tseng	162,669	0.07%
	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	Arcadyan Technology Corp. (Representative: 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%
Arcadyan Holding (BVI) Corp.	Chairman	Arcadyan Technology Corp. (Representative: Jui-Tsung Chen)	47,780,148	100.00%
	Director	Arcadyan Technology Corp.	47,780,148	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Chao-Peng Tseng)		
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 382,277	100.00%
	Director	Arch Holding (BVI) Corp. (Representative: Jui-Tsung Chen)	TWD 382,277	100.00%
	Director	Arch Holding (BVI) Corp. (Representative: Chao-Peng Tseng)	TWD 382,277	100.00%
	Supervisor	Arch Holding (BVI) Corp. (Representative: Ching-Hsiung Lu)	TWD 382,277	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: Shih-Wei Huang)	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. (Representative: Fong-Yu, Lu)	25,027,910	61.04%
	Director	Arcadyan Technology Corp. (Representative: Chih-Fang Lee)	25,027,910	61.04%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Shang Chi Investment Co., Ltd. (Representative: Chia-Tien Lin)	1,027,056	2.51%
	Director	Chunghwa Investment Holding Company (Representative: Chih-Cheng Lo)	4,570,830	11.15%
	Supervisor	Ya-Ling Chiang	0	0.00%
	Supervisor	Yu-Fang Lin	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)	19,765,000	99.80%
	Director	Zhi-Bao Technology Inc. (Representative: Chen-Lung Fan)	35,000	0.20%
	Director	Arcadyan Technology Corp. (Representative: RAJ KUMAR BHOLA)	19,765,000	99.80%
Compal Broadband Networks Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,060,176	42.96%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	29,060,176	42.96%
	Director	Realsun Investment Co., Ltd (Representative: Tsai , Jon-Jinn)	3,575,000	5.28%
	Director	Compal Electronics, Inc. (Representative: Yu- Ho Wang)	29,060,176	42.96%
	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 BVBA	Director	Compal Broadband Networks Inc. (Representative: Yu- Ho Wang)	20,300	100.00%
Compal Broadband Networks	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
Netherlands B.V.				
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. & Billion Sea Holdings Ltd. (Representative: Sheng-Hsiung Hsu)	52,882,000	100.00%
	Director	HengHao Holdings A Co., Ltd. & Billion Sea Holdings Ltd. (Representative: Chung-Pin Wong)	52,882,000	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: Ming-Yung Chang)	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 460,575	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Ming-Yung Chang)	TWD 460,575	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Jui-Hsiang Yang)	TWD 460,575	100.00%
	Supervisor	HengHao Holdings B Co., Ltd. (Representative: Hsiu-Chuan Hsu)	TWD 460,575	100.00%
	President	Chen-Chang Hsu	0	0.00%
Henghao Optoelectronics Technology (ZheJiang) Co., LTD.	Chairman	HengHao Holdings B Co., Ltd. (Representative: Chen-Chang Hsu)	62,649	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Ming-Yung Chang)	62,649	100.00%
	Director	HengHao Holdings B Co., Ltd. (Representative: Jui-Hsiang Yang)	62,649	100.00%
	Supervisor	HengHao Holdings B Co., Ltd. (Representative: Cheng-Chiang Wang)	62,649	100.00%
	President	HengHao Holdings B Co., Ltd. (Representative: Chen-Chang Hsu)	62,649	100.00%
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%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	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	1,720,172	4.18%
	Supervisor	Chyou-Jui Wei	0	0.00%
Rayonnant Technology Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	29,500,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Pao-Jui Cheng)	29,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Hsi-Kuan Chen)	29,500,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	29,500,000	100.00%
Compal Rayonnant Holdings Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu)	12,500,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	12,500,000	100.00%
Allied Power Holding Corp.	Director	Compal Rayonnant Holdings Ltd. (Representative: Chung-Pin Wong)	12,500,000	59.10%
	Director	Rayonnant Technology Co., Ltd. (Representative: Pao-Jui Cheng)	8,651,000	40.90%
Primetek Enterprises Ltd.	Director	Allied Power Holding Corp. (Representative: Chung-Pin Wong)	3,151,000	100.00%
	Director	Allied Power Holding Corp. (Representative: Pao-Jui Cheng)	3,151,000	100.00%
Rayonnant Technology Holdings (HK) Co., Ltd.	Director	Allied Power Holding Corp. (Representative: Chyou-Jui Wei)	18,000,000	100.00%
	Director	Allied Power Holding Corp. (Representative: Pao-Jui Cheng)	18,000,000	100.00%
Rayonnant Technology (Taicang) Co., Ltd.	Chairman	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Pao-Jui Cheng)	TWD 552,690	100.00%
	Director	Rayonnant Technology Holdings (HK) Co., Ltd (Representative: Cheng-Chiang Wang).	TWD 552,690	100.00%
	Director	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Hsi-Kuan Chen)	TWD 552,690	100.00%
	Supervisor	Rayonnant Technology Holdings (HK) Co., Ltd. (Representative: Chyou-Jui Wei)	TWD 552,690	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.	136,080	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
		(Representative: Ming-Chih Chang)		
CGS Technology (Poland) Sp. z o.o.	Director	Compal Electronics, Inc. (Representative: Ming-Chih Chang)	245,911	100.00%
	Director	Compal Electronics, Inc. (Representative: Po-Tang Wang)	245,911	100.00%
Auscom Engineering Inc.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	3,000,000	100.00%
	Director and President	Compal Electronics, Inc. (Representative: Min-Tung Weng)	3,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	3,000,000	100.00%
Flight Global Holding Inc.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu)	89,755,495	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	89,755,495	100.00%
RiPAL Optotronics Co., Ltd.	Chairman	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	6,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	6,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Sheng-Hua Peng)	6,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	6,000,000	100.00%
Compal Electronics (Holding) Ltd.	Director	Compal Electronics, Inc. (Representative: Sheng-Hsiung Hsu)	1,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	1,000	100.00%
Etrade Management Co., Ltd.	Director	Compal Electronics, Inc. & 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 829,035	100.00%
	Director	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Cheng-Chiang Wang)	TWD 829,035	100.00%
	Director	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Chung-Shing Tan)	TWD 829,035	100.00%
	Supervisor	Etrade Management Co., Ltd. and Compal Display Holding (HK) Limited (Representative: Guo-Dung Yu)	TWD 829,035	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 178,089	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 178,089	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Chung-Shing Tan)	TWD 178,089	100.00%
	Supervisor	Etrade Management Co., Ltd. (Representative: Guo-Dung Yu)	TWD 178,089	100.00%
	President	Ming-Chih Chang	0	0.00%
Compal Wireless	Chairman	Etrade Management Co., Ltd.	TWD 1,504,545	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Communications (Nanjing) Co., Ltd.		(Representative: Sheng-Hua Peng)		
	Director	Etrade Management Co., Ltd. (Representative: Cheng-Chiang Wang)	TWD 1,504,545	100.00%
	Director	Etrade Management Co., Ltd. (Representative: Chung-Shing Tan)	TWD 1,504,545	100.00%
	Supervisor	Etrade Management Co., Ltd. (Representative: Guo-Dung Yu)	TWD 1,504,545	100.00%
	President	Ming-Chih Chang	0	0.00%
Webtek Technology Co., Ltd	Director	Compal Electronics, Inc. (Representative: Jui-Tsung Chen)	100,000	100.00%
Forever Young Technology Inc.	Director	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	50,000	100.00%
HANHELT Communications (Nanjing) Co., Ltd.	Chairman and President	Forever Young Technology Inc. (Representative: Sheng-Hua Peng)	TWD 61,410	100.00%
	Director	Forever Young Technology Inc. (Representative: Chung-Shing Tan)	TWD 61,410	100.00%
	Director	Forever Young Technology Inc. (Representative: Wen-Da Hsu)	TWD 61,410	100.00%
	Supervisor	Forever Young Technology Inc. (Representative: Jyh-Shyan Liang)	TWD 61,410	100.00%
Compal Wise Electronic (Vietnam) Co., Ltd.	Director	Forever Young Technology Inc. (Representative：Jui-Tsung Chen)	TWD 61,410	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: Cheng-Chiang Wang)	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%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Supervisor	Sheng-Hua Peng	0	0.00%
PT GLB Biotechnology Indonesia	Chairman	Chyou-Jui Wei	NT$84,150	100.00%
	Director	Cheng-Ta Chen	NT$84,150	100.00%
	Director	Cheng-Chiang Wang	NT$84,150	100.00%
	Director	Handi Putranto Wilamarta	NT$84,150	100.00%
	Director	Shih-Yu Lin	NT$84,150	100.00%
	Supervisor	Guo-Dung Yu	NT$84,150	100.00%
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: Cheng-Chiang Wang)	20,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Chyou-Jui Wei)	20,000,000	100.00%
Shennona Corporation	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	TWD 48,210	100.00%
	Director	Compal Electronics, Inc. (Representative: Wei Chang Chen)	TWD 48,210	100.00%
	Director	Compal Electronics, Inc. (Representative: Chun-Te Shen)	TWD 48,210	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	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)	2,000,000	100.00%
Aco Healthcare Co.,Ltd.	Chairman	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	330,276,403	71.46%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	330,276,403	71.46%
	Director	Compal Electronics, Inc. (Representative: Hsuan-Bin Chen)	330,276,403	71.46%
	Director	Jian-Hung Liu	25,561,111	5.53%
	Director	Shu-Chin Su	25,561,111	5.53%
	Supervisor	Chyou-Jui Wei	2,250,000	0.49%
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	Chairman	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	402,500,000	70.00%
	Director	Compal Electronics, Inc.	402,500,000	70.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
Corporation		(Representative: Chung-Pin Wong)		
	Director	Compal Electronics, Inc. (Representative: Sheng-Chieh Hsu)	402,500,000	70.00%
	Director	AcBel Polytech Inc. (Representative: Chieh-Li Hsu)	172,500,000	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%
	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	President	Shuo-Chien Ma	-	100.00%
QiJie Electronics (ShenZhen) Co.,Ltd.	Chairman and President	Wei-Ho Wang	0	100.00%
	Supervisor	Muh-Perng Hu	0	100.00%
Poindus Systems UK Limited	Director	Poindus Systems Corp,Ltd. (Representative: Mu-Cheng Hu)	300	100.00%
	Director	Poindus Systems Corp,Ltd. (Representative: Tai-Shan Wu)	300	100.00%
Poindus Systems GmbH	Director	Poindus Investment Co.,Ltd. (Representative: Mu-Cheng Hu)	NT$1,721	100.00%
Compal Ruifang Health Assets Development Corporation	Chairman	Compal Electronics, Inc. (Representative:Jui-Tsung Chen)	30,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	30,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Chieh-Li Hsu)	30,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Cheng-Chiang Wang)	30,000,000	100.00%
Compal Healthcare & Technology LTD.	Chairman	Compal Electronics, Inc. (Representative: Chung-Pin Wong)	4,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Jui-Chun Shyur)	4,000,000	100.00%
	Director	Compal Electronics, Inc. (Representative: Kun-Sung, Chen)	4,000,000	100.00%
	Supervisor	Compal Electronics, Inc. (Representative: Shih-Chang, Chia)	4,000,000	100.00%
Compal Americas (US) Inc.	Director	Compal Electronics International Ltd. (Representative:Jui-Tsung Chen)	NT 76,763	100.00%
	Director	Compal Electronics International Ltd. (Representative: Chyou-Jui Wei)	NT 76,763	100.00%

Company name	Title	Name or name of representative	Shares held	
			Shares (Note)	Shareholding percentage
	Director	Compal Electronics International Ltd. (Representative: Ta-Chun Wang)	NT 76,763	100.00%
	President	Compal Electronics International Ltd. (Representative: Ta-Chun Wang)	NT 76,763	100.00%
Compal Electronics N.A. Inc.	Director	Compal Electronics International Ltd. (Representative:Jui-Tsung Chen)	NT 76,763	100.00%
	Director	Compal Electronics International Ltd. (Representative: Chyou-Jui Wei)	NT 76,763	100.00%
	Director	Compal Electronics International Ltd. (Representative: Ta-Chun Wang)	NT 76,763	100.00%
	President	Compal Electronics International Ltd. (Representative: Ta-Chun Wang)	NT 76,763	100.00%
Compal Electronics (Vietnam) Co., Ltd.	responsible person	Jui-Tsung Chen	NT 1,658,070	100.00%
Compal Mexico Electromex, S.A. de C.V.	Director	Compal Electronics, Inc. & Panpal Technology Co., Ltd. (Representative: Sheng-Hsiung Hsu)	NT 77,997	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 30.705, CNY 1: TWD 4.3275, and VND 1: TWD 0.001276.)

5. Overview of Operating Status for Affiliated Companies in 2023

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	94,627,030	49,566,102	45,060,928	144,368,593	1,029,632	2,551,767	48.15
Just International Ltd. and subsidiaries	1,460,443	29,382,195	18,796,419	10,585,776	117,107,160	(292,999)	286,164	5.96
Big Chance International Co., Ltd. and subsidiaries	2,636,051	23,124,658	13,996,411	9,128,247	37,146,475	228,382	572,422	6.30
Core Profit Holdings Ltd.	4,318,860	8,744,035	664,195	8,079,840	956,481	29,668	417,529	2.84
High Shine Industrial Corp. and subsidiaries	2,482,899	48,343,273	47,893,993	449,280	70,072,892	503,340	413,513	5.19
Panpal Technology Corporation and subsidiaries	5,000,000	15,174,656	9,234,093	5,940,563	10,737,440	220,082	(107,077)	(0.21)
Gempal Technology Co., Ltd.	900,000	2,462,434	50,239	2,412,195	-	(302)	148,827	1.65
Hong Ji Capital Co., Ltd.	1,000,000	1,193,703	783	1,192,920	-	(233)	111,601	1.12
Hong Jin Investment Co., Ltd.	295,000	387,120	70	387,050	-	(223)	51,046	1.73
UniCore Biomedical Co., Ltd. and subsidiaries	200,000	80,035	12,796	67,239	22,670	(9,307)	(17,243)	(0.86)
Shennona Corporation	48,209	16,232	-	16,232	-	(472)	(430)	-
Arcadyan Technology Corp. and subsidiaries	2,203,543	38,458,659	23,648,592	14,810,067	51,158,122	3,164,367	2,389,606	10.98
Compal Broadband Networks Inc. and subsidiaries	676,381	1,671,122	520,463	1,150,659	1,164,054	(318,329)	(326,109)	(4.84)
Henghao Technology Co., Ltd. and subsidiaries	200,150	5,961,230	6,729,193	(767,963)	8,825,599	175,732	15,876	0.79
Mactech Co., Ltd.	411,458	699,341	117,416	581,925	304,097	37,145	41,491	1.01

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	189,398	74,938	114,460	134,558	(1,077)	(1,751)	(0.29)
General life Biotechnology Co., Ltd. and subsidiaries	300,000	787,879	250,394	537,485	440,590	48,349	50,433	1.68
Rayonnant Technology Holdings Ltd.,	295,000	456,458	240,560	215,898	1,524,255	(2,338)	18,969	0.64
Compal Rayonnant Holdings Ltd. and subsidiaries	377,328	1,305,563	998,902	306,661	1,591,257	37,922	19,254	1.54
Bizcom Electronics, Inc.	36,369	502,994	39,461	463,533	146,814	5,684	11,411	114.11
Compal Europe (Poland) Sp.z o.o.	90,156	205,918	230,025	(24,107)	205,565	27,603	14,324	105.26
CGS Technology (Poland) Sp.z o.o.	89,669	93,337	584	92,753	-	(1,286)	(1,399)	(5.69)
Auscom Engineering Inc.	101,747	210,412	56,226	154,186	197,366	12,912	4,718	1.57
Flight Global Holding Inc.	2,754,741	4,244,427	82,737	4,161,690	-	(183)	(246,117)	(2.74)
Compalead Electronics B.V.	197,463	908,513	10,343	898,170	-	(962)	34,757	5.41
Etrade Management Co., Ltd.& subsidiaries	2,299,654	2,011,917	2,271,724	(259,807)	3,193,242	(358,495)	(463,604)	(6.45)
Webtek Technology Co., Ltd.	3,340	765,547	154,553	610,994	-	(136)	(151,389)	(1,513.89)
Forever Young Technology Inc. & subsidiaries	1,575	2,157,601	611,794	1,545,807	334,467	1,069	17,232	344.64
Unicom Global Inc.	200,000	452,150	369,683	82,467	442,373	(77,412)	(81,407)	(4.07)
Palcom International Corporation	100,000	116,153	18,001	98,152	110,513	(11,955)	(11,342)	(1.13)
Compal Electronics (Holding) Ltd.	34	3,616,638	-	3,616,638	-	-	-	-
HippoScreen Neurotech Corp.	100,000	23,761	25,851	(2,090)	2,012	(26,630)	(26,827)	(2.68)
SHENNONA CO., LTD.	20,000	35,554	17,695	17,859	43,560	(15)	63	0.03
Aco Healthcare Co.,Ltd.	73,948	72,488	20,214	52,274	18,995	(60,495)	(60,467)	(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	44,535	9,508	35,027	79	(36,899)	(36,374)	(3.64)
Kinpo&Compal Group Assets Development Corporation	5,750,000	18,039,705	12,344,846	5,694,859	-	(20,099)	(27,399)	(0.05)
POINDUS SYSTEMS CORP.	210,000	740,148	203,298	536,850	693,223	9,133	18,886	0.90
Compal Ruifang Health Assets Development Corporation	300,000	300,768	290	300,478	-	(506)	538	0.02
Compal Healthcare & Technology Ltd.	20,000	20,003	-	20,003	-	-	3	0.00
Compal Mexico Electromex, S.A. de C.V.	78,075	127,033	34,298	92,735	38,641	16,449	15,033	-

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, 2023 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: Feburary 29, 2024

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, 2024	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

Stock Code:2324

COMPAL ELECTRONICS, INC.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: No.581 & 581-1, Ruiguang Rd., Neihu District, Taipei, Taiwan
Telephone: (02)8797-8588

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Representation Letter

The entities that are required to be included in the combined financial statements of COMPAL ELECTRONICS, INC. as of and for the year ended December 31, 2023 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: February 29, 2024

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 sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 identification, 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, 2023 and 2022, 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.

KPMG

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 72,479,480	16.6	79,665,302	17.6
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	52,062	-	187	-
1170	Notes and accounts receivable, net (Note (6)(e))	187,280,320	42.9	186,804,648	41.2
1180	Notes and accounts receivable due from related parties, net (Notes (6)(e) and (7))	6,434,296	1.5	4,416,073	1.0
1200	Other receivables, net (Notes (6)(e) and (7))	2,372,980	0.5	2,369,411	0.5
1310	Inventories (Notes (6)(f) and (8))	95,102,692	21.8	111,593,984	24.6
1470	Other current assets (Note (8))	5,202,467	1.1	5,856,898	1.3
		368,924,297	84.4	390,706,503	86.2
	Non-current assets:				
1550	Investments accounted for using equity method (Note (6)(g))	7,448,351	1.7	8,047,569	1.7
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	1,217,512	0.3	558,909	0.1
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	9,116,008	2.1	5,425,908	1.2
1600	Property, plant and equipment (Notes (6)(k), (6)(l) and (8))	29,040,525	6.7	28,808,211	6.4
1755	Right-of-use assets (Note (6)(l))	13,793,968	3.2	13,705,316	3.0
1780	Intangible assets (Note (6)(h))	1,462,162	0.3	1,722,165	0.4
1840	Deferred tax assets (Note (6)(s))	3,615,912	0.8	2,393,778	0.5
1990	Other non-current assets (Note (8))	2,152,239	0.5	2,116,074	0.5
		67,846,677	15.6	62,777,930	13.8
	Total assets	**$ 436,770,974**	**100.0**	**453,484,433**	**100.0**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note (6)(m))	$ 58,974,271	13.5	74,832,426	16.5
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	164,535	-	62,527	-
2125	Current financial liabilities for hedging (Note (6)(d))	14,246	-	47,809	-
2130	Current contract liabilities (Note (6)(w))	767,327	0.2	784,238	0.2
2170	Notes and accounts payable	148,398,334	34.0	152,137,066	33.6
2180	Notes and accounts payable to related parties (Note (7))	10,597,650	2.4	9,701,032	2.1
2200	Other payables (Note (7))	30,464,866	7.0	29,622,760	6.5
2230	Current tax liabilities	7,594,694	1.7	7,202,033	1.6
2250	Current provisions (Note (6)(q))	787,396	0.2	734,061	0.2
2280	Current lease liabilities (Note (6)(p))	2,001,766	0.5	1,813,555	0.4
2300	Other current liabilities (Note (7))	2,528,809	0.6	3,352,565	0.7
2365	Current refund liabilities	3,573,141	0.8	2,632,039	0.6
2322	Long-term borrowings, current portion (Note (6)(n))	11,385,027	2.6	19,462,800	4.3
		277,252,062	63.5	302,384,911	66.7
	Non-Current liabilities:				
2540	Long-term borrowings (Note (6)(n))	15,285,590	3.5	11,674,322	2.6
2570	Deferred tax liabilities (Note (6)(s))	1,985,324	0.5	1,247,342	0.3
2580	Non-current lease liabilities (Note (6)(p))	8,329,451	1.9	9,533,209	2.1
2640	Non-current net defined benefit liability (Note (6)(r))	651,272	0.1	660,019	0.1
2670	Non-current liabilities, others (Note (6)(g))	494,422	0.1	574,787	0.1
		26,746,059	6.1	23,689,679	5.2
	Total liabilities	303,998,121	69.6	326,074,590	71.9
	Equity:				
	Equity attributable to owners of parent (Note (6)(t)):				
3110	Ordinary share	44,071,466	10.1	44,071,466	9.7
3200	Capital surplus	4,270,915	1.0	5,078,580	1.1
3300	Retained earnings	72,548,155	16.6	69,969,059	15.4
3400	Other equity interest	(387,294)	(0.1)	(1,943,104)	(0.4)
3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
		119,621,995	27.4	116,294,754	25.6
36XX	**Non-controlling interests**	13,150,858	3.0	11,115,089	2.5
	Total equity	132,772,853	30.4	127,409,843	28.1
	Total liabilities and equity	**$ 436,770,974**	**100.0**	**453,484,433**	**100.0**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	**%**	**Amount**	**%**
4000	**Net sales revenue** (Notes (6)(w) and (7))	$ 946,714,800	100.0	1,073,245,915	100.0
5000	**Cost of sales** (Notes (6)(f), (6)(r), (7) and (12))	904,317,906	95.5	1,032,881,736	96.2
	Gross profit	42,396,894	4.5	40,364,179	3.8
	Operating expenses: (Notes (6)(r) and (12))				
6100	Selling expenses	6,372,101	0.7	8,232,253	0.8
6200	Administrative expenses	4,896,947	0.5	4,983,404	0.4
6300	Research and development expenses	19,080,135	2.0	17,929,525	1.7
		30,349,183	3.2	31,145,182	2.9
	Net operating income	12,047,711	1.3	9,218,997	0.9
	Non-operating income and expenses:				
7100	Interest income (Note (6)(y))	4,706,927	0.5	3,089,926	0.3
7210	Other gains and losses, net (Notes (6)(d), (6)(y) and (6)(aa))	260,934	-	1,363,841	0.1
7050	Finance costs (Notes (6)(o) and (6)(p))	(5,052,372)	(0.5)	(3,245,701)	(0.3)
7190	Other income (Note (6)(y))	456,861	-	652,426	-
7590	Miscellaneous disbursements	(62,559)	-	(73,104)	-
7670	Impairment loss	-	-	(9,431)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	(467,077)	-	(272,824)	-
	Total non-operating income and expenses	(157,286)	-	1,505,133	0.1
7900	**Profit from continuing operations before tax**	11,890,425	1.3	10,724,130	1.0
7950	**Less: Income tax expenses** (Note (6)(s))	2,759,747	0.3	2,182,603	0.2
	Profit	9,130,678	1.0	8,541,527	0.8
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	2,602	-	161,558	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,221,169	0.1	(1,074,884)	(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	105,613	-	(21,325)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s))	170,975	-	(49,117)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,158,409	0.1	(885,534)	(0.1)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(184,799)	-	7,375,388	0.7
8368	Gains (losses) on hedging instrument (Note (6)(z))	33,563	-	(47,809)	-
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	(103,664)	-	81,580	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))	4,544	-	(12,026)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(259,444)	-	7,421,185	0.7
8300	**Other comprehensive income (after tax)**	898,965	0.1	6,535,651	0.6
8500	**Total comprehensive income**	**$ 10,029,643**	**1.1**	**15,077,178**	**1.4**
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	$ 7,667,627	0.8	7,288,292	0.7
8620	Profit, attributable to non-controlling interests	1,463,051	0.2	1,253,235	0.1
		$ 9,130,678	**1.0**	**8,541,527**	**0.8**
	Comprehensive income attributable to:				
8710	Comprehensive income (loss), attributable to owners of parent	$ 8,558,794	0.9	13,636,212	1.3
8720	Comprehensive income (loss), attributable to non-controlling interests	1,470,849	0.2	1,440,966	0.1
		$ 10,029,643	**1.1**	**15,077,178**	**1.4**
	Earnings per share (Note (6)(v))				
9750	**Basic earnings per share**	**$**	**1.76**		**1.67**
9850	**Diluted earnings per share**	**$**	**1.75**		**1.66**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
			Retained earnings				Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 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
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	1,217	-	-	-	-	-	-	-	-	-	1,217	-	1,217
Others	-	-	-	-	2,838	2,838	-	(2,838)	-	(2,838)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(505,415)	(505,415)
Balance at December 31, 2022	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
Profit for the year ended December 31, 2023	-	-	-	-	7,667,627	7,667,627	-	-	-	-	-	7,667,627	1,463,051	9,130,678
Other comprehensive income	-	-	-	-	(2,238)	(2,238)	(277,619)	1,162,170	8,854	893,405	-	891,167	7,798	898,965
Total comprehensive income	-	-	-	-	7,665,389	7,665,389	(277,619)	1,162,170	8,854	893,405	-	8,558,794	1,470,849	10,029,643
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	736,855	-	(736,855)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(6,263,646)	6,263,646	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)
Changes in ownership interests in subsidiaries	-	2,213	-	-	(16,652)	(16,652)	-	3,469	-	3,469	-	(10,970)	-	(10,970)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,490	-	-	(16,991)	(16,991)	-	13,433	-	13,433	-	6,932	-	6,932
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Others	-	1,040	-	-	-	-	-	-	-	-	-	1,040	-	1,040
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(645,503)	(645,503)	-	645,503	-	645,503	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	564,920	564,920
Balance at December 31, 2023	$ 44,071,466	4,270,915	23,313,701	1,943,104	47,291,350	72,548,155	(1,747,330)	1,363,472	(3,436)	(387,294)	(881,247)	119,621,995	13,150,858	132,772,853

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 11,890,425	10,724,130
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	7,873,526	7,544,408
Expected credit loss	70,161	30,177
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(44,367)	23,672
Finance cost	5,052,372	3,245,701
Interest income	(4,706,927)	(3,089,926)
Dividend income	(148,092)	(128,597)
Compensation cost of share-based payments	(2,972)	22,025
Share of loss of associates and joint ventures accounted for using equity method	467,077	272,824
Gain on disposal of property, plant and equipment, and intangible assets	(43,977)	(7,086)
Impairment loss on financial assets	-	9,431
Others	(790)	(158)
Total adjustments to reconcile profit (loss)	8,516,011	7,922,471
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in financial assets at fair value through profit or loss	(51,875)	400,567
(Increase) decrease in notes and accounts receivable	(2,547,159)	99,026,904
Decrease in other receivable	55,383	357,505
Decrease in inventories	16,491,292	3,761,054
Increase in other current assets	(614,508)	(1,523,444)
(Increase) decrease in other non-current assets	(431,265)	438,312
Total changes in operating assets	12,901,868	102,460,898
Changes in operating liabilities:		
Increase in financial liabilities at fair value through profit or loss	102,008	60,938
Decrease in notes and accounts payable	(2,842,114)	(62,369,969)
Increase in other payables	2,190,306	976,433
Increase in refund liabilities	941,102	596,602
Increase (decrease) in provisions	53,335	(472,840)
Decrease in contract liabilities	(16,911)	(281,716)
(Decrease) increase in other current liabilities	(823,756)	1,309,581
Others	(6,193)	(18,337)
Total changes in operating liabilities	(402,223)	(60,199,308)
Total changes in operating assets and liabilities	12,499,645	42,261,590
Total adjustments	21,015,656	50,184,061
Cash inflow generated from operations	32,906,081	60,908,191
Interest received	4,636,183	2,813,791
Dividends received	347,078	270,042
Interest paid	(5,183,213)	(2,697,025)
Income taxes paid	(3,028,925)	(2,656,389)
Net cash flows from operating activities	29,677,204	58,638,610
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(3,148,973)	(587,240)
Proceeds from disposal of financial assets at fair value through other comprehensive income	47,921	10,028
Acquisition of investments accounted for using equity method	(98,160)	(54,000)
Net cash flow from acquisition of subsidiaries	-	(135,971)
Proceeds from capital reduction and liquidation of investments	3,992	2,010
Acquisition of property, plant and equipment	(7,169,728)	(7,727,184)
Proceeds from disposal of property, plant and equipment	326,557	185,814
Acquisition of intangible assets	(373,363)	(659,132)
Decrease (increase) in restricted assets	697,049	(795,029)
Others	194,245	(154,230)
Net cash flows used in investing activities	(9,520,460)	(9,914,934)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(15,858,155)	(43,590,249)
Repayments of bonds payable	-	(7,400)
Proceeds from long-term borrowings	47,192,669	79,108,377
Repayments of long-term borrowings	(51,659,174)	(72,931,768)
Payment of lease liabilities	(2,114,467)	(2,422,290)
Cash dividends paid	(5,228,555)	(8,714,259)
Change in non-controlling interests	553,966	(1,062,788)
Others	(35,568)	207,983
Net cash flows used in financing activities	(27,149,284)	(49,412,394)
Effect of exchange rate changes on cash and cash equivalents	(193,282)	5,191,917
Net (decrease) increase in cash and cash equivalents	(7,185,822)	4,503,199
Cash and cash equivalents at beginning of period	79,665,302	75,162,103
Cash and cash equivalents at end of period	**$ 72,479,480**	**79,665,302**

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(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 February 29, 2024.

(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, 2023:

- 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"

In addition, the Group has adopted Amendments to IAS 12"International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Group operates and no related deferred taxes were recognised at that date, the retrospective application has no impact on the Group's condensed financial statements. The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(Continued)

(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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group does not expect the following 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”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material 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, 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).

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts in the statement of financial position, the consolidated financial statements have been prepared on the historical cost basis:

1) Financial instruments (including derivative financial instruments) at fair value through profit or loss are measured at fair value;

2) Financial assets 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 liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(r).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having 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 amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

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

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
The Company	Panpal Technology Corp. (“Panpal”)	Investment	100%	100%	Panpal held 31,648 thousand shares of the Company as of December 31, 2023, which represented 0.7% of the Company’s outstanding shares.
〃	Gempal Technology Corp. (“Gempal”)	〃	100%	100%	Gempal held 18,369 thousand shares of the Company as of December 31, 2023, which represented 0.4% of the Company’s outstanding shares.
〃	Hong Ji Capital Co., Ltd. (“Hong Ji”)	〃	100%	100%	
〃	Hong Jin Investment Co., Ltd. (“Hong Jin”)	〃	100%	100%	
The Company, Panpal, et al.	Arcadyan Technology Corp. (“Arcadyan”)	R&D, manufacturing and sales of wireless network, integrated household electronics, and mobile office products	33%	33%	The Group had the ability to control Arcadyan. (Note 1)
The Company and Panpal	Compal Mexico Electromex S.A de C.V. (“CMX”)	Production of automotive electronic products	100 %	-	CMX was established in April 2023.
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%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
The Company	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	71%	52%	
〃	Kinpo&Compal Group Assets Development Corporation ("Kinpo& Compal Group")	Real estate development, leasing and related management business	70%	70%	
〃	Compal Ruifang Health Assets Development Corporation ("Compal Ruifang ")	Investing and developing businesses, such as public construction and specific zones	100%	100%	
〃	Compal Healthcare & Technology Ltd. ("Compal Healthcare")	Information software service, data processing services, and electronic information supply service	100%	-	Compal Healthcare was established in December 2023.
〃	Shennona Corporation ("Shennona")	Medical care IOT business	100%	100%	
〃	Auscom Engineering Inc. ("Auscom")	R&D of notebook PC related products and components	100%	100%	
〃	Just International Ltd. ("Just")	Investment	100%	100%	
〃	Compal International Holding Co., Ltd. ("CIH")	〃	100%	100%	
〃	Compal Electronics (Holding) Ltd. ("CEH")	〃	100%	100%	
〃	Bizcom Electronics, Inc. ("Bizcom")	Warranty services and marketing of monitors and notebook PCs	100%	100%	
〃	Flight Global Holding Inc. ("FGH")	Investment	100%	100%	
The Company and BSH	High Shine Industrial Corp. ("HSI")	〃	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. ("CEP")	Maintenance and warranty services of notebook PCs	100%	100%	
〃	Big Chance International Co., Ltd. ("BCI")	Investment	100%	100%	
〃	Compal Rayonnant Holdings Limited ("CRH")	〃	100%	100%	
〃	Core Profit Holdings Limited ("CORE")	〃	100%	100%	

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
The Company	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%	
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%	
CSD	FIPOLL Electronics (Chongqing) Co., Ltd. ("FIP")	Manufacturing of automotive parts and accessories	60%	-	FIP was established in December 2023.
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	
〃	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	-	100%	The liquidation of the company had been completed on February 15, 2023.
〃	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	
〃	Mexcom Technologies, LLC ("MTL")	〃	100%	100%	
〃	Compal Americas (US) Inc. ("CUS")	Sales of automotive electronic products	100%	-	CUS was established in April 2023.
〃	Compal Electronics N.A. Inc. ("CNA")	〃	100%	-	CNA was established in April 2023.

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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
CIH	Compal International Holding (HK) Limited (“CIH (HK)”)	Investment	100%	100%	
〃	Jenpal International Ltd. (“Jenpal”)	Investment	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. (“CIT”)	〃	100%	100%	
〃	Kunshan Botai Electronics Co., Ltd. (“BT”)	〃	100%	100%	
〃	Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	
BT	Compower Global Service Co., Ltd. (“CGS”)	Maintenance and warranty service of notebook PCs	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. (“CIJ”)	Investment	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	Manufacturing and sales of LCD TVs	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. (“Etrade”)	Investment	100%	100%	
The Company	Webtek Technology Co., Ltd. (“Webtek”)	〃	100%	100%	
〃	Forever Young Technology Inc. (“Forever”)	〃	100%	100%	
〃	UniCom Global, Inc. (“UCGI”)	Manufacturing and sales of computers and electronic components	100%	100%	
〃	Palcom International Corporation (“Palcom”)	Sales of mobile phones	100%	100%	
〃	Poindus Systems Corp, Ltd. (“Poindus Systems”)	Sales of PCs and computer periphery devices	56%	56%	The Group acquired 56% of its shares in March 2022.

(Continued)

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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	December 31, 2022	Description
Poindus Systems	Poindus Investment Co., Ltd. ("Poindus Investment")	Investment holding	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022. The Company had resolved its dissolution and liquidation on December 22, 2022.
〃	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	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")	Sales of PCs and computer periphery devices	100%	100%	〃
〃	Adasys GmbH Elektronische Komponenten ("Adasys")	〃	100%	100%	〃
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	〃	100%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022. The Company had resolved its dissolution and liquidation on December 22, 2022.
GLB and Panpal	PT GLB Biotechnology Indonesia	Wholesale of medical devices	100%	-	PT GLB Biotechnology Indonesia was established in December 2023.
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	〃	100%	100%	
〃	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	〃	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	
〃	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	100%	
〃	Compal Wise Electronic (Vietnam) Co., Ltd. ("CWV")	Manufacturing and sales of mobile phones, tablet PCs, smart watches, communication devices, other electronic devices and providing related technical service.	100%	100%	

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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
Arcadyan	Arcadyan Technology N.A. Corp. (“Arcadyan USA”)	Technical support and 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. (“TTI”)	R&D and sales of household digital electronic products	61%	61%	
〃	AcBel Telecom Inc. (“AcBel Telecom”)	Investment	-	-	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 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%	63%	
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 Group had the ability to control Starmems. (Note 1)
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%	

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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
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 and BSH	HengHao Holdings B Co., Ltd. (“HHB”)	〃	100%	100%	
HHB	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	
〃	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	100%	
〃	HengHao Optoelectronics Technology (Zhejiang) Co., Ltd. (“HengHao Zhejiang”)	Production of touch panels and related components	100%	-	HengHao Zhejiang was established in March 2023.

(Continued)

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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership December 31, 2023	Percentage of ownership December 31, 2022	Description
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%	
〃	Compal Electronics (Vietnam) Co., Ltd. (“CEV”)	R&D, manufacturing, sales and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication devices and other electronic devices	100%	-	CEV was established in May 2023.
Unicore	Raycore Biotech Co., Ltd. (“Raycore”)	Animal medication retail and wholesale	-	-	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 into the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies 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.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) a financial asset designated as at fair value through other comprehensive income;

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 hedges are 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. Exchange differences are recognized in other comprehensive income.

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, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(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 is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. 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 should be recognized 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 (SPPI) on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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 distribation.

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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.

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)

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.

(Continued)

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.

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.

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 join 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.

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.

(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.

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: 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;
- 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 in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, 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.

(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.

(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:

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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.

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.

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(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.

(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.

(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.

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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 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.

(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.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

(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.

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(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 acquire, 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.

(v) Earnings per share

The Group discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Group. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Group divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise employee compensation not yet approved by the Board of Directors.

(Continued)

(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.

(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.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 17,687	17,835
Checking accounts and demand deposits	32,426,802	39,976,385
Time deposits	37,820,891	35,233,038
Cash equivalents	2,214,100	4,438,044
	$ 72,479,480	**79,665,302**

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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stock unlisted in domestic markets	$ 158,680	117,150
Fund in domestic or foreign markets	1,058,832	441,759
Derivative instruments not used for hedging		
Foreign exchange contracts	4,519	187
Swap contracts	47,543	-
Total	**$ 1,269,574**	**559,096**
Current	$ 52,062	187
Non-current	1,217,512	558,909
	$ 1,269,574	**559,096**

	December 31, 2023	December 31, 2022
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Foreign exchange contracts	**$ 164,535**	**62,527**

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:

	December 31, 2023			
	Contract amount (in thousands)		Currency	Maturity date
Derivative financial assets:				
Foreign exchange contracts:				
Forward exchange sold	USD	7,087	USD to TWD	January 5 ~ March 25, 2024
Forward exchange purchased	USD	3,609	USD to INR	January 30, 2024
Swap contracts:				
Currency Swap	USD	70,000	USD to TWD	January 26 ~ March 28, 2024
Derivative financial liabilities:				
Foreign exchange contracts:				
Forward exchange purchased	USD	124,500	USD to BRL	January 11 ~ May 31, 2024
Forward exchange purchased	USD	3,595	USD to INR	January 12, 2024
Forward exchange sold	EUR	17,000	EUR to USD	January 12 ~ April 12, 2024

	December 31, 2022			
	Contract amount (in thousands)		Currency	Maturity date
Derivative financial assets:				
Foreign exchange contracts:				
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
Derivative financial liabilities:				
Foreign exchange contracts:				
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 04 ~ June 15, 2023

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

As of December 31, 2023 and 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Stock listed in domestic markets	$ 4,349,429	2,797,667
Stock listed in foreign markets	2,906,241	579,341
Stock unlisted in domestic markets	1,454,947	1,822,164
Stock unlisted in foreign markets	405,391	226,736
Total	$ 9,116,008	5,425,908

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

For the year ended December 31, 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.

For the year ended December 31, 2023, the Group has sold all of its shareholdings, measured at fair value through other comprehensive income, in Genovior Biotech Corp. The fair value of the shares upon disposal amounted to $47,921, resulting in a cumulative gain of $17,790, which was reclassified from other comprehensive income to retained earnings.

The Group held the shareholdings, measured at fair value through other comprehensive income, in Taiwan Star Telecom Corporation Limited ("Taiwan Star"), which was absorbed and merged by Taiwan Mobile Co., Ltd. ("Taiwan Mobile") on December 1, 2023, as the date of the merger. In this stock swap case, the shareholdings of Taiwan Star were exchanged for the exchange consideration of $318,830 on the date of the merger, resulting in a cumulative loss on disposal of $666,762, which was reclassified from other equity 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, 2023 and 2022, will be $455,800 and $271,295, 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, 2023 and 2022, the Group did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Financial instruments used for hedging

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

	December 31, 2023	December 31, 2022
Cash flow hedge:		
Financial liabilities used for hedging:		
Forward exchange contracts	$ 14,246	47,809

(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, 2023 and 2022 the details related to the items designated as hedge instruments were as follows:

	December 31, 2023			
	Contract amount (in thousands)	**Currency**	**Maturity period**	**Average strike price**
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 32,000	EUR to USD	January 30 ~ June 27, 2024	1.0960

	December 31, 2022			
	Contract amount (in thousands)	**Currency**	**Maturity period**	**Average strike price**
Derivative financial liabilities used for hedging				
Foreign exchange contracts:				
Forward exchange sold	EUR 65,000	EUR to USD	January 30 ~ December 28, 2023	1.0472

(iii) For the year ended December 31, 2023 and 2022, the ineffective portions of cash flow hedge recognized in profits (losses) amounted of $944 and $44,071, respectively, recorded as "other gains and losses, net".

(iv) For the year ended December 31, 2023 and 2022, 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).

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivables from operating activities	$ 44,525	10,645
Accounts receivables – measured at amortized cost	167,289,327	179,043,536
Accounts receivables – fair value through other comprehensive income	30,358,572	16,091,084
	197,692,424	195,145,265
Less: allowance for uncollectible accounts	(3,977,808)	(3,924,544)
	$ 193,714,616	**191,220,721**
Notes and accounts receivable, net	**$ 187,280,320**	**186,804,648**
Notes and accounts receivable – related parties, net	**$ 6,434,296**	**4,416,073**

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:

December 31, 2023				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 171,224,931	0%	-	No
Level B	12,850,108	1.14%	146,162	No
Level C	3,790,493	100%	3,790,493	Yes
	$ 187,865,532		**3,936,655**	

December 31, 2022				
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 168,144,302	0%	-	No
Level B	12,364,116	0.68%	84,412	No
Level C	3,795,534	100%	3,795,534	Yes
	$ 184,303,952		**3,879,946**	

(Continued)

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

	December 31, 2023			
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 3,377,894	0%	-	No
Level B	4,778,380	0.10%	4,832	No
Level C	1,650,599	1.00%	16,302	No
Level D	-	-	-	-
Level E	20,019	100%	20,019	Yes
	$ 9,826,892		**41,153**	

	December 31, 2022			
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
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
	$ 10,841,313		**44,598**	

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

	December 31, 2023	**December 31, 2022**
Overdue 1 to 180 days	$ 3,094,481	3,119,372
Overdue 181 to 365 days	135	-
Overdue 365 days	89,230	8,552
	$ 3,183,846	**3,127,924**

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

	2023	**2022**
Balance at January 1	$ 3,924,544	3,891,948
Acquisition through business combination	-	59
Impairment losses recognized (reversed)	58,369	30,394
Effect of changes in exchange rates	(5,105)	2,143
Balance at December 31	**$ 3,977,808**	**3,924,544**

(Continued)

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, 2023 and 2022, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks was USD 2,215,000 thousand and EUR 1,000 thousand, USD 1,600,000 thousand and EUR 1,000 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 in 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, 2023 and 2022, the factored accounts receivable with no advance amounting to $200 and $447, 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, 2023 and 2022, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of December 31, 2023 and 2022, the details of the factored accounts receivable but unsettled were as follows:

December 31, 2023							
	Accounts receivable factored	Amount advanced		Amount recognized in other		Amount	
Purchaser	(gross)	Unpaid	Paid	receivable	Collateral	derecognized	Interest rate
Financial Institution	$ 13,188,220	-	13,188,020	200	-	13,188,220	2.75%~6.20%

December 31, 2022							
	Accounts receivable factored	Amount advanced		Amount recognized in other		Amount	
Purchaser	(gross)	Unpaid	Paid	receivable	Collateral	derecognized	Interest rate
Financial Institution	$ 30,114,458	-	30,114,011	447	-	30,114,458	2.75%~5.61%

As of December 31, 2023 and 2022, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(Continued)

(f) Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 28,283,848	42,519,903
Work in progress	10,441,483	11,680,487
Raw materials	56,020,648	56,764,510
Raw materials in transit	356,713	629,084
	$ 95,102,692	111,593,984

(i) For the years ended December 31, 2023 and 2022, inventory cost recognized as cost of sales amounted to $904,317,906 and $1,032,881,736, respectively.

(ii) Due to the sale and scrap of slow-moving inventories, the net realizable value of inventory recovered, and the reversal of inventory write-downs and slow-moving losses amounted to $1,333,316 for the year ended December 31, 2023. The loss due to the write-down of inventories to net realizable value amounted to $1,992,685 for the yearended December 31, 2022.

(iii) As of December 31, 2023 and 2022, the Group provided part of its inventories as collaterals for its short-term borrowings. Please refer to note (8).

(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:

	December 31, 2023	December 31, 2022
Associates	$ 7,563,017	8,142,707
Joint venture	6,144	(18,066)
	7,569,161	8,124,641
Plus: credit balance of investment in equity method (recorded as other non-current liability)	-	43,757
Less: unrealized profits or losses	(120,810)	(120,829)
	$ 7,448,351	8,047,569

(i) Associates

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

	December 31, 2023	December 31, 2022
Allied Circuit Co., Ltd. ("Allied Circuit")	$ 2,659,099	1,741,281
Avalue Technology Inc. ("Avalue")	1,783,426	1,214,819
	$ 4,442,525	2,956,100

(Continued)

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

		2023	2022
The Group's share of the loss of associates	$	(491,225)	(270,373)

3) The Group's financial information for investments accounted for using the equity method that are individually immaterial was as follows:

		December 31, 2023	December 31, 2022
Carrying amount of individually immaterial associates	$	7,563,017	8,142,707

		2023	2022
The Group's share of the net income (loss) of associates:			
Loss from continuing operations	$	(491,225)	(270,373)
Other comprehensive income		1,949	60,255
Total comprehensive income	$	(489,276)	(210,118)

(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 liquidation of Zheng Ying had been completed in February 2023.

The Group's financial information for investment accounted for using the equity method that are individually insignificant was as follows:

		December 31, 2023	December 31, 2022
The carrying amount of the Group's interests in all individually insignificant joint ventures	$	6,144	(18,066)

		2023	2022
The Group's share of the net income (loss) of joint ventures:			
Net income (losses) from continuing operations (also the total comprehensive income (losses))	$	24,148	(2,451)

(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.

(Continued)

(iv) As of December 31, 2023 and 2022, the Group did not provide any investments accounted for using equity method as collaterals for its loans.

(h) Acquisition of the subsidiary

In order to 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:

(i) Consideration transferred

Cash	**$ 353,046**

(ii) 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)
	$ 563,868

(Continued)

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

(iii) 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		(563,868)
	$	**37,060**

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.

(i) Changes in subsidiaries' equity

1) Cancellation of subsidiaries' restricted shares and conversion of convertible bonds

Arcadyan canceled 30 restricted shares in the year ended December 31, 2022. Whereas, Arcadyan issued $3,892 new shares due to the conversion of convertible bonds during 2022, resulted in a decrease of 0.59% the ownership of the Group in Arcadyan in the year ended December 31, 2022.

CBN canceled $364 and $469 restricted shares in the years ended December 31, 2023 and 2022, resulted in an increase of 0.32% and 0.43% the ownership of the Group in CBN in the years ended December 31, 2023 and 2022.

2) Issuance of new shares for cash of subsidiaries

The Group purchased newly issued shares of Aco Smartcare amounting to $69,083 at a percentage different from its existing ownership percentage in July, 2023, resulting an increase in the ownership of the Group in Aco Smartcare from 52.04% to 71.46%.

3) Acquire additional equity in a subsidiary

In June 2022, the Group purchased a 0.12% stake in GLB from minority shareholders with cash of $700, resulting an increase of the equity from 50.00% to 50.12%.

4) The following summarizes the effect of changes in equity of the parent due to changes in the ownership interest of subsidiaries:

		2023	2022
Capital surplus – changes in ownership interest in subsidiaries	$	2,213	33,397
Retained earnings		(16,652)	(2,260)
	$	**(14,439)**	**31,137**

(Continued)

(j) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests December 31, 2023	Percentage of non-controlling interests December 31, 2022
Arcadyan	Taiwan	67 %	67 %

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

	December 31, 2023	December 31, 2022
Current assets	$ 31,358,657	33,543,752
Non-current assets	7,190,002	6,476,775
Current liabilities	(23,477,920)	(25,841,325)
Non-current liabilities	(170,672)	(239,941)
Net assets	**$ 14,900,067**	**13,939,261**
Non-controlling interests	**$ 10,137,657**	**9,503,906**

	2023	2022
Sales revenue	**$ 51,158,122**	**47,167,749**
Net income	$ 2,389,606	1,915,053
Other comprehensive income	2,543	283,981
Comprehensive income	**$ 2,392,149**	**2,199,034**
Profit, attributable to non-controlling interests	**$ 1,591,414**	**1,248,748**
Comprehensive income, attributable to non-controlling interests	**$ 1,593,103**	**1,435,919**
Net cash flows from operating activities	$ 5,589,936	2,529,050
Net cash flows from investing activities	(1,267,263)	(1,415,888)
Net cash flows from financing activities	(4,048,832)	(1,577,423)
Effect of exchange rate changes on cash and cash equivalents	3,579	73,033
Net increase (decrease) in cash and cash equivalents	**$ 277,420**	**(391,228)**

(Continued)

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

(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, 2023 and 2022, were as follows:

	Land	Buildings and building improvement	Machinery	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:						
Balance on January 1, 2023	$ 2,485,718	21,658,458	36,234,090	13,405,317	2,295,702	76,079,285
Additions	-	1,052,882	350,442	1,411,529	4,151,768	6,966,621
Disposals and derecognitions	-	(241,168)	(1,353,218)	(1,366,997)	-	(2,961,383)
Reclassifications	-	1,509,753	1,371,671	176,912	(3,058,336)	-
Effect of movements in exchange rates	(15)	(32,968)	(781,106)	(401,822)	(61,431)	(1,277,342)
Balance on December 31, 2023	**$ 2,485,703**	**23,946,957**	**35,821,879**	**13,224,939**	**3,327,703**	**78,807,181**
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	8,459	1,289,824	1,181,719	554,985	313,732	3,348,719
Balance on December 31, 2022	**$ 2,485,718**	**21,658,458**	**36,234,090**	**13,405,317**	**2,295,702**	**76,079,285**
Depreciation and impairments loss:						
Balance on January 1, 2023	$ -	12,555,957	24,546,694	10,168,423	-	47,271,074
Depreciation for the period	-	1,215,405	3,609,728	1,661,074	-	6,486,207
Disposals and derecognitions	-	(201,001)	(1,132,219)	(1,345,635)	-	(2,678,855)
Effect of movements in exchange rates	-	(42,765)	(1,087,622)	(181,383)	-	(1,311,770)
Balance on December 31, 2023	**$ -**	**13,527,596**	**25,936,581**	**10,302,479**	**-**	**49,766,656**
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	**$ -**	**12,555,957**	**24,546,694**	**10,168,423**	**-**	**47,271,074**
Carrying amounts:						
Balance on December 31, 2023	**$ 2,485,703**	**10,419,361**	**9,885,298**	**2,922,460**	**3,327,703**	**29,040,525**
Balance on January 1, 2022	**$ 2,476,919**	**6,394,277**	**10,751,918**	**2,773,768**	**4,593,482**	**26,990,364**
Balance on December 31, 2022	**$ 2,485,718**	**9,102,501**	**11,687,396**	**3,236,894**	**2,295,702**	**28,808,211**

As of December 31, 2023 and 2022, part of the Group’s property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

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(l) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee is presented as below:

	Land	Buildings	Machinery	Vehicles and other	Total
Cost:					
Balance on January 1, 2023	$ 12,180,851	3,320,227	51,104	72,553	15,624,735
Additions	-	1,142,577	-	6,911	1,149,488
Deductions	-	(525,026)	-	(39,714)	(564,740)
Effect of movements in exchange rates	(3,394)	70,321	447	(20)	67,354
Balance on December 31, 2023	**$ 12,177,457**	**4,008,099**	**51,551**	**39,730**	**16,276,837**
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	**$ 12,180,851**	**3,320,227**	**51,104**	**72,553**	**15,624,735**
Depreciation:					
Balance on January 1, 2023	$ 241,063	1,613,228	18,093	47,035	1,919,419
Depreciation for the period	245,676	744,612	5,006	17,089	1,012,383
Deductions	-	(475,682)	-	(39,280)	(514,962)
Effect of movements in exchange rates	(324)	65,975	464	(86)	66,029
Balance on December 31, 2023	**$ 486,415**	**1,948,133**	**23,563**	**24,758**	**2,482,869**
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	**$ 241,063**	**1,613,228**	**18,093**	**47,035**	**1,919,419**
Carrying amount:					
Balance on December 31, 2023	**$ 11,691,042**	**2,059,966**	**27,988**	**14,972**	**13,793,968**
Balance on January 1, 2022	**$ 790,338**	**2,205,205**	**39,702**	**30,973**	**3,066,218**
Balance on December 31, 2022	**$ 11,939,788**	**1,706,999**	**33,011**	**25,518**	**13,705,316**

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 amounting to $224,321 and $130,854 and the interest expenses of lease liabilities amounting to $44,010 and $26,049, which met the conditions for capitalization under property, plant and equipment at the rate of 1.5%, had been recognized as the cost of assets for the years ended December 31, 2023 and 2022, respectively.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 58,965,354	74,823,426
Secured bank loans	8,917	9,000
Total	**$ 58,974,271**	**74,832,426**
Unused credit line for short-term borrowings	**$ 241,131,000**	**212,701,000**
Range of interest rates	**1.62%~8.78%**	**0.05%~8.37%**

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:

	December 31, 2023			
	Currency	**Annual range of interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.64%~2.25%	2024~2029	$ 24,380,301
Unsecured bank loans	USD	6.10%	2024	1,842,300
Secured bank loans	TWD	1.635%~2.25%	2025~2026	448,016
Less: current portion				(11,385,027)
Total				**$ 15,285,590**
Unused credit lines for long-term borrowings				**$ 21,773,000**

	December 31, 2022			
	Currency	**Annual range of interest rate**	**Maturity year**	**Amount**
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				**$ 11,674,322**
Unused credit lines for long-term borrowings				**$ 13,018,000**

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

(Continued)

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:

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	$ -	1,000,000
Accumulated converted amount	-	(992,600)
Repayments of bonds payable	-	(7,400)
Balance of corporate bonds payable as of the reporting date	**$ -**	**-**
Expired conversion options included in equity components (classified as capital surplus and non-controlling interests)	**$ 361**	**361**

	2023	2022
Interest expenses	**$ -**	**763**

The effective interest rate of the first issued convertible corporate bonds was 1.3284%.

(ii) The main terms of issuing the above-mentioned convertible corporate bonds was as follows:

1) Coupon rate: 0%

2) Duration: three years (June 6, 2019~June 6, 2022)

3) Repayment

Put option and call option are excluded from the issuance of convertible corporate bonds. Except that the bondholders convert the bonds to Arcadyan's common shares or the bonds are repurchased and cancelled by Arcadyan from the securities firm's business office, the bonds will be repaid in cash at par value when the bonds expired.

4) Terms of conversion

a) The bondholder may opt to have its bonds converted into the Arcadyan's common shares, with the approval of Taiwan Depository & Clearing Corporation through securities firms, at any time between three months after the issuance date (September 7, 2019) and the day before the maturity day (June 6, 2022), except for the following:

- The closing period in accordance with the applicable law;

- The period starting from the first day of the first fifteen working days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits;

- The period starts from the date of record of the capital decrease and ends on the date prior to the trading of the reissuance shares after the capital decrease.

b) Conversion price is determined as NT$98.3 per share upon issuing. Arcadyan paid cash dividends and issued new shares for cash in 2019; therefore, the conversion price has been adjusted to $93 per share. Arcadyan distributed cash dividends to common stocks shareholders with retained earnings in 2021 and 2020, thereafter, the conversion price has been adjusted to NT82.5 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, the convertible corporate bonds were converted into ordinary shares of Arcadyan for $321,100 with a par value of $38,920, and the capital surplus were recognized for $296,640 (including the stock option conversion premium of $15,626 and the unamortized discounts on corporate bonds payable of $1,166).

(p) Lease liabilities

The details of leases liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 2,001,766	1,813,555
Non-current	$ 8,329,451	9,533,209

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 55,711	44,563
Variable lease payments not included in the measurement of lease liabilities	$ -	2,528
Expenses relating to leases of low-value assets or short-term leases	$ 100,106	186,825

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

	2023	2022
Total cash outflow for leases	$ 2,270,284	2,656,206

(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 1~5 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

	Warranties
Balance on January 1, 2023	$ 734,061
Provisions made during the period	420,336
Provisions used during the period	(322,193)
Provisions reversed during the period	(44,813)
Effect of movements in exchange rates	5
Balance on December 31, 2023	**$ 787,396**
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	27
Balance on December 31, 2022	**$ 734,061**

Provisions relate to sales of products are assessed based on historical experience, management' s judgment and other known reasons. Such allowances are recognized as a deduction of sales revenue in the same period in which sales are made. The aforementioned provisions are expected to settle over the next year.

(r) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ (1,414,113)	(1,433,878)
Fair value of plan assets	762,841	773,859
Net defined benefit liabilities	**$ (651,272)**	**(660,019)**

(Continued)

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 $727,635 (excluding the ending balance of interest rectivable) as of December 31, 2023. 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:

		2023	2022
Defined benefit obligations on January 1	$	(1,433,878)	(1,554,902)
Benefit paid by the plan		57,335	64,567
Current service costs and interest		(26,943)	(16,068)
Remeasurements of net benefit liabilities		(11,833)	106,275
Amount increased through business combination		-	(32,306)
Effect of movements in exchange rates		1,206	(1,444)
Defined benefit obligations on December 31	**$**	**(1,414,113)**	**(1,433,878)**

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:

	2023	2022
Fair value of plan assets on January 1	$ 773,859	732,869
Expected return on plan assets	12,035	5,073
Remeasurements of net benefit plan assets	5,950	56,929
Contributions paid by the employer	28,030	28,460
Benefits paid by the plan	(57,335)	(64,567)
Amount increased through business combination	-	14,425
Effect of movements in exchange rates	302	670
Fair value of plan assets on December 31	**$ 762,841**	**773,859**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss were as follows:

	2023	2022
Current service cost	$ 4,210	4,720
Net interest on the net defined benefit liability (asset)	10,698	6,275
	$ 14,908	**10,995**
Cost of sales	$ 608	516
Selling expenses	846	627
Administrative expenses	3,605	2,714
Research and development expenses	9,849	7,138
	$ 14,908	**10,995**

5) Actuarial assumptions

The following were the Group’s principal actuarial assumptions at the reporting date:

	December 31, 2023	December 31, 2022
Discount rate	1.40%~1.625%	1.70%~1.75%
Future salary increasing rate	3.00%	3.00%

The expected allocation payment made by the Group to the defined benefit plans for the one year period after the reporting date is $28,658.

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The weighted-average lifetime of the defined benefit plan is 7.6~12.3 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:

	Effects to the defined benefit obligation	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2023		
Discount rate	(25,220)	27,518
Future salary increasing rate	26,959	(24,817)
December 31, 2022		
Discount rate	(27,794)	28,712
Future salary increasing rate	28,198	(27,427)

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 $569,176 and $486,231 for the years ended December 31, 2023 and 2022, 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 $939,545 and $1,321,190 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

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(s) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2023 and 2022, was as follows:

		2023	2022
Current tax expense			
Recognized during the period	$	3,457,832	3,388,485
Undistributed earnings additional tax		468,887	171,404
Tax credit of investment		(507,301)	(728,549)
		3,419,418	2,831,340
Deferred tax expense			
Recognition and reversal of temporary differences		(659,671)	(648,737)
Income tax expense	$	**2,759,747**	**2,182,603**

2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

		2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of the defined benefit obligation	$	521	32,313
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income		170,454	(81,430)
	$	**170,975**	**(49,117)**
Items that will be reclassified subsequently to profit or loss:			
Foreign currency translation differences of foreign operations	$	(2,168)	(2,464)
Gains (losses) on hedging instrument		6,712	(9,562)
	$	**4,544**	**(12,026)**

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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, 2023 and 2022, was as follows:

	2023	2022
Profit before tax	$ 11,890,425	10,724,130
Income tax calculated based on tax rate	$ 3,610,034	3,142,341
Estimated tax effect of tax exemption on investment income, net	(153,740)	(442,560)
Realized investment loss	(132,659)	(98,000)
Investment tax credit	(507,301)	(728,549)
Changes in temporary differences	(803,544)	503,909
Adjustment of estimated difference and others	278,070	(365,942)
Undistributed earnings additional tax	468,887	171,404
Income tax expense	$ 2,759,747	2,182,603

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Unrealized exchange losses, net	Refund liabilities	Allowance for obselescence loss and inventory valuation	Defined benefit plans	Foreign currency translation differences of foreign operations and others	Total
Deferred tax assets:						
Balance on January 1, 2023	$ 999,285	286,548	422,588	204,140	481,217	2,393,778
Recognized in profit or loss	762,616	150,248	(27,633)	3,456	338,512	1,227,199
Recognized in other comprehensive income	-	-	-	(521)	(4,544)	(5,065)
Balance on December 31, 2023	$ 1,761,901	436,796	394,955	207,075	815,185	3,615,912
Balance on January 1, 2022	477,006	195,296	202,499	234,791	536,932	1,646,524
Recognized in profit or loss	522,279	91,252	220,089	(3,140)	(81,434)	749,046
Recognized in other comprehensive income	-	-	-	(32,313)	12,026	(20,287)
Acquisition of subsidiaries	-	-	-	4,802	13,693	18,495
Balance on December 31, 2022	$ 999,285	286,548	422,588	204,140	481,217	2,393,778

(Continued)

		Unrealized exchange gains, net	Gain on valuation of financial assets and others	Total
Deferred tax liabilities:				
Balance on January 1, 2023	$	(755,031)	(492,311)	(1,247,342)
Recognized in profit or loss		(486,802)	(80,726)	(567,528)
Recognized in other comprehensive income		-	(170,454)	(170,454)
Balance on December 31, 2023	$	**(1,241,833)**	**(743,491)**	**(1,985,324)**
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	$	**(755,031)**	**(492,311)**	**(1,247,342)**

(iii)Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ **1,605,419**	**1,674,595**
Tax effect of loss carryforward	$ **1,011,018**	**996,446**

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 authoritie 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, 2023, the tax effects on loss carryforward that have not been used were as follows:

Year of loss	Expiry year	Deductible amount
2014 (Assessed)	2024	$ 24,986
2015 (Assessed)	2025	420,310
2016 (Assessed)	2026	1,373,877
2017 (Assessed)	2027	918,086
2018 (Assessed)	2028	554,750
2019 (Assessed)	2029	349,024
2020 (Assessed)	2030	130,501
2020 (Filed)	2025	20,484
2021 (Filed/Assessed)	2031	51,571
2021 (Filed)	2026	126,335
2022 (Filed)	2032	317,761
2022 (Filed)	2027	277,800
2023 (Estimated)	2033	384,855
2023 (Estimated)	2028	8,327
Total		$ **4,958,667**

(Continued)

(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, 2023 and 2022, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to $3,070,351 and $2,618,241, respectively.

As of December 31, 2023 and 2022, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to $71,287,552 and $68,023,499, 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 return of Shennona TW, Gempal, Hong Jinn, and Hippo Screen through 2022, of UCGI, Arcadyan, HengHao, Palcom, Panpal, Hong Ji, Unicore, Raycore, Ripal, CBN, Zhi-Bao, TTI, Mactech, Aco Healthcare, Starmems, GLB, Poindus Systems and Poindus Investment through 2021, of Rayonnant Technology through 2020.

(vi) Global minimum top-up tax

Some countries that the Group operates in have enacted new legislation to implement the global minimum top-up tax. However, the newly enacted tax legislation has not yet been effective, the Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax in the countries which it operates in. As of December 31, 2023, the application of this new tax law was assessed to have no material impact on the Group. The Group recognizes the supplemental tax as current income tax when it is actually incurred, and the Group applies the temporary mandatory relief from deferred tax related to the supplemental tax; please refer to Note (4).

(t) Capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, 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.

(Continued)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
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(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 1,018,088	1,898,477
Treasury share transactions	2,781,989	2,721,968
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	158,285	156,072
Changes in equity of associates and joint ventures accounted for using equity method	275,787	265,297
	$ 4,270,915	5,078,580

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, 2023 and March 15, 2022, approved to distribute the cash of $881,429 and $1,762,859 (representing 0.2 and 0.4 New Taiwan Dollars per share), by using capital surplus.

The Company' s Board of Directors meeting held on February 29, 2024, approved to distribute the cash 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.

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

During earnings distribution, if the Company has already reclassified a portion of earnings to special reserve, it shall make supplemental allocation of special reserve for any difference between the amount of the current-period total net reduction of other shareholders' equity and the amount it has already allocated. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Distribution for the earnings of 2022 and 2021 were approved in the meeting of the Board of Directors held on March 15, 2023 and March 15, 2022, respectively. The relevant information was as follows:

	2022		2021	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividends distributed to common shareholders	$ 1.0	4,407,147	1.6	7,051,435

(Continued)

Distribution for the earnings of 2023 was approved in the meeting of the Board of Directors held on February 29, 2024. The relevant information was as follows:

	2023	
	Amount per share	**Total amount**
Cash dividends distributed to common shareholders from the unappropriated earnings	$ 1.0	**4,407,147**

(iv) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the years ended December 31, 2023 and 2022. As of December 31, 2023, 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 39.85 and 23.05 New Taiwan dollars per share as of December 31, 2023 and 2022, 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, 2023	$ (1,469,711)	(461,103)	(12,290)	(1,943,104)
The Company	(376,004)	1,352,493	-	976,489
Subsidiaries	202,049	354,102	8,854	565,005
Associates	(103,664)	117,980	-	14,316
Balance on December 31, 2023	**$ (1,747,330)**	**1,363,472**	**(3,436)**	**(387,294)**
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	**$ (1,469,711)**	**(461,103)**	**(12,290)**	**(1,943,104)**

(u) Share-based payment

(i) Arcadyan – restricted shares

At the meeting held on June 21, 2018, the Arcadyan's Board of Directors decided to issue 4,500 thousand shares of restricted shares to Arcadyan full-time employees who meet certain requirements. The restricted shares have been registered, with and approved by, the Securities and Futures Bureau of FSC. The Board of Directors decided to issue all the restricted shares on November 6, 2018, which is also the effective date of the share issuance.

3,500 thousand 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 years, 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

	2022
Outstanding shares on January 1	1,283
Canceled during the period	(30)
The number vested in this period	(1,253)
Outstanding shares on December 31	-

(Continued)

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The compensation cost related to the restricted shares amounted to $2,396 for the year ended December 31, 2022.

(ii) CBN – 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 have been approved by the Financial Supervisory Commission.

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

	2023	2022
Outstanding shares on January 1	666	1,500
Share vested in this period	-	(365)
Shares canceled in this period	(364)	(469)
Outstanding shares on December 31	**302**	**666**

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 generated capital surplus – restricted shares $31,050. Until December 31, 2023 and 2022, the balance of unearned remuneration for employees was $3,010 and $11,213, respectively.

The compensation cost related to the restricted shares amounted to $(2,972) and $19,629 for the year ended December 31, 2023 and 2022, respectively.

(v) Earnings per share

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

	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 7,667,627	7,288,292
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 7,667,627	7,288,292
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)	26,813	43,369
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	4,383,943	4,400,499

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023		
	IT Product Segment	**Strategically Integrated Product Segment**	**Total**
Primary geographical markets:			
United States	$ 353,353,336	20,843,279	374,196,615
China	137,476,920	183,945	137,660,865
Netherlands	59,882,231	648,542	60,530,773
Others	344,844,191	29,482,356	374,326,547
	$ 895,556,678	51,158,122	946,714,800
Major products:			
5C related electronics products	$ 892,818,068	49,702,649	942,520,717
Others	2,738,610	1,455,473	4,194,083
	$ 895,556,678	51,158,122	946,714,800

(Continued)

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	2022		
	IT Product Segment	Strategically Integrated Product Segment	Total
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	398,174,794	28,218,160	426,392,954
	$ 1,026,078,166	**47,167,749**	**1,073,245,915**
Major products:			
5C related electronics products	$ 1,021,266,892	45,809,328	1,067,076,220
Others	4,811,274	1,358,421	6,169,695
	$ 1,026,078,166	**47,167,749**	**1,073,245,915**

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 197,692,424	195,145,265	294,057,802
Less: allowance for impairment	(3,977,808)	(3,924,544)	(3,891,948)
Total	**$ 193,714,616**	**191,220,721**	**290,165,854**
Contract liabilities	**$ 767,327**	**784,238**	**1,065,954**

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, 2023 and 2022 that were included in the balance of contract liability at the beginning of the period was $784,238 and $1,065,954, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

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(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 thereof and to directors as compensations in an amount of not more than two percent 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 $814,143 and $750,945, and directors' compensation of $43,051 and $39,790 for the years ended December 31, 2023 and 2022, 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 2023 and 2022.

There is no differences between the amount estimated and recognized in the financial statements in 2022. 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 for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Interest income from bank deposits	$ 4,668,156	3,077,815
Other interest income	38,771	12,111
	$ 4,706,927	**3,089,926**

(ii) Other income

The other incomes for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Dividend revenue	$ 148,092	128,597
Other revenue	308,769	523,829
	$ 456,861	**652,426**

(Continued)

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Losses on financial assets and liabilities at fair value through profit or loss, net	$	(477,703)	(765,115)
Foreign currency exchange gains, net		693,870	2,121,647
Gains on disposal of property, plant, and equipment, and intangible assets		43,977	7,086
Gains on disposal of investments, net		-	2,568
Others		790	(2,345)
	$	**260,934**	**1,363,841**

(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, 2023 and 2022, were as follows:

		2023	2022
Cash flow hedge:			
(Losses) gains from current period	$	(8,754)	82,853
Less: reclassification of (losses) gains included in profit or loss		(42,317)	130,662
Profit (loss) recognized in other comprehensive income	**$**	**33,563**	**(47,809)**

(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.

2) Receivables and debt securities

Information of exposure to credit risk of notes and accounts receivable please refer to note (6)(e).

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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, 2023.) 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, 2023 and 2022 were as follows:

	Other receivables
Balance on January 1, 2023	$ 2,756
Impairment losses recognized (reversed)	11,792
Balance on December 31, 2023	**$ 14,548**
Balance on January 1, 2022	$ 2,973
Impairment losses recognized (reversed)	(217)
Balance on December 31, 2022	**$ 2,756**

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities					
Secured borrowings	$ 456,933	(456,933)	(175,584)	(207,616)	(73,733)
Unsecured borrowings	83,345,655	(85,187,955)	(70,183,714)	(3,500,000)	(11,504,241)
Lease liabilities－current and non-current	10,331,217	11,643,155	2,092,118	5,657,702	3,893,335
Notes and accounts payable	158,995,984	(158,995,984)	(158,995,984)	-	-
Other payables	30,464,866	(30,464,866)	(30,464,866)	-	-
Derivative financial liabilities					
Forward exchange contracts:	164,535				
Outflow		(4,660,904)	(4,660,904)	-	-
Inflow		4,497,428	4,497,428	-	-
Forward exchange contracts used for hedging:	14,246				
Outflow		(1,087,360)	(1,087,360)	-	-
Inflow		1,076,861	1,076,861	-	-
	$ 283,773,436	**(263,636,558)**	**(257,902,005)**	**1,950,086**	**(7,684,639)**

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	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2022					
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 for hedging:	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	$ 308,887,506	(310,313,731)	(287,890,478)	(12,391,159)	(10,032,094)

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

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	$ 7,686,610	30.705	236,017,360	11,446,943	30.71	351,535,620
USD to CNY	9,030	7.0953	277,266	12,508	6.9571	384,121
EUR to TWD	26,099	33.98	886,844	65,974	32.72	2,158,669
CNY to USD	3,283,442	0.1409	14,205,268	3,598,880	0.1437	15,881,955
Non-monetary items						
THB to TWD	3,237,791	0.8976	2,906,241	652,264	0.8882	579,341
Financial liabilities						
Monetary items						
USD to TWD	7,606,810	30.705	233,567,101	10,358,052	30.71	318,095,777
USD to CNY	1,719	7.0953	52,782	1,087	6.9571	33,382
USD to BRL	177,908	4.8413	5,462,665	194,543	5.2177	5,974,416
EUR to TWD	2,953	33.98	100,343	21,492	32.72	703,218
CNY to USD	3,763,607	0.1409	16,282,623	3,522,857	0.1437	15,546,463

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, 2023 and 2022, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

		December 31, 2023	December 31, 2022
USD (against the TWD)			
Strengthening 5%	$	122,513	1,671,992
Weakening 5%		(122,513)	(1,671,992)
USD (against the CNY)			
Strengthening 5%		11,224	17,537
Weakening 5%		(11,224)	(17,537)
USD (against the BRL)			
Strengthening 5%		(273,133)	(298,721)
Weakening 5%		273,133	298,721
EUR (against the TWD)			
Strengthening 5%		39,325	72,773
Weakening 5%		(39,325)	(72,773)
CNY (against the USD)			
Strengthening 5%		(103,868)	16,775
Weakening 5%		103,868	(16,775)

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, 2023 and 2022, the foreign exchange gains, including both realized and unrealized, amounted to $693,870 and $2,121,647, respectively.

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2023 and 2022, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	2023	**2022**
Interest increased by 0.25%	$ 52,030	58,941
Interest decreased by 0.25%	(52,030)	(58,941)

(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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	December 31, 2023				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss─current and non-current					
Derivative financial assets for non-hedging	$ 52,062	-	52,062	-	52,062
Non-derivative financial assets mandatorily measured at fair value through profit or loss	1,217,512	-	-	1,217,512	1,217,512
Subtotal	1,269,574				
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic markets	4,349,429	4,349,429	-	-	4,349,429
Stocks listed in foreign markets	2,906,241	2,906,241	-	-	2,906,241
Stocks unlisted in domestic markets	1,454,947	-	-	1,454,947	1,454,947
Stocks unlisted in foreign markets	405,391	-	-	405,391	405,391
Accounts receivable	30,358,572	-	30,358,572	-	30,358,572
Subtotal	39,474,580				
Financial assets measured at amortized cost					
Cash and cash equivalents	72,479,480	-	-	-	-
Notes and accounts receivable, net	156,921,748	-	-	-	-
Notes and accounts receivable due from related parties, net	6,434,296	-	-	-	-
Other receivables	2,372,980	-	-	-	-
Other current assets (restricted assets)	717,036	-	-	-	-
Refundable deposits	636,632	-	-	-	-
Other non-current assets (restricted assets)	359,031	-	-	-	-
Subtotal	239,921,203				
Total	$ 280,665,357				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	$ 164,535	-	164,535	-	164,535
Financial liabilities used for hedging	14,246	-	14,246	-	14,246
Financial liabilities measured at amortized cost					
Short-term borrowings	58,974,271	-	-	-	-
Notes and accounts payable	148,398,334	-	-	-	-
Notes and accounts payable to related parties	10,597,650	-	-	-	-
Other payables and dividends payable	30,464,866	-	-	-	-
Lease liabilities－current and non-current	10,331,217	-	-	-	-
Long-term borrowings current portion	11,385,027	-	-	-	-
Long-term borrowings	15,285,590	-	-	-	-
Deposits received	482,708	-	-	-	-
Subtotal	285,919,663				
Total	$ 286,098,444				

(Continued)

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	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss─current and non-current					
Derivative financial assets for non-hedging	$ 187	-	187	-	187
Non-derivative financial assets mandatorily measured at fair value through profit or loss	558,909	-	-	558,909	558,909
Subtotal	559,096				
Financial assets at fair value through other comprehensive income					
Stocks listed in domestic markets	2,797,667	2,797,667	-	-	2,797,667
Stocks listed in foreign markets	579,341	579,341	-	-	579,341
Stocks unlisted in domestic markets	1,822,164	-	-	1,822,164	1,822,164
Stocks unlisted in foreign markets	226,736	-	-	226,736	226,736
Accounts receivable	16,091,084	-	16,091,084	-	16,091,084
Subtotal	21,516,992				
Financial assets measured at amortized cost					
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)	969,960	-	-	-	-
Subtotal	259,765,833				
Total	**$ 281,841,921**				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for non-hedging	$ 62,527	-	62,527	-	62,527
Derivative financial liabilities for hedging	47,809	-	47,809	-	47,809
Financial liabilities measured at amortized cost					
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 and dividends payable	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	519,308	-	-	-	-
Subtotal	309,296,478				
Total	**$ 309,406,814**				

(Continued)

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.

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.

The Group held an investment in equity of Airoha Technology Corp., which was classified as fair value through other comprehensive income, with a fair value of \$124,054 and \$114,137, as of December 31, 2023 and 2022, respectively. The fair value of the investment was previously categorized as Level 3 at December 31, 2022. This was because the shares were not listed on the exchange market and was measured by significant unobservable inputs. In October 2023, Airoha Technology Corp. listed its equity shares on an exchange and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

The Group held an investment in equity of Taiwan Star with a fair value of \$420,847, which was classified as a financial asset at fair value through other comprehensive income as of December 31, 2022. The investment was categorized as level 3 as of December 31, 2022, because the shares were not listed on the exchange market and were measured by significant unobservable inputs. On December 1, 2023, Taiwan Star was absorbed and merged by Taiwan Mobile, and Taiwan Star’s shares were exchanged for Taiwan Mobile’ s shares, wherein they were actively traded, thus their fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

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5) Changes in Level 3

The change in Level 3 at fair value in the years ended December 31, 2023 and 2022, were as follows:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	$ 558,909	2,048,900	2,607,809
Total gains and losses recognized:			
In profit or loss	44,367	-	44,367
In other comprehensive income	-	(17,543)	(17,543)
Purchased	628,018	323,888	951,906
Disposal	-	(47,921)	(47,921)
Proceeds from capital reduction of investments	-	(3,992)	(3,992)
Transferred out from Level 3	-	(442,884)	(442,884)
Effect of changes in exchange rates	(13,782)	(110)	(13,892)
Balance on December 31, 2023	**$ 1,217,512**	**1,860,338**	**3,077,850**
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	**$ 558,909**	**2,048,900**	**2,607,809**

For the years ended December 31, 2023 and 2022, 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:

	2023	2022
Total gains and losses recognized:		
In profit or loss before tax (as "other gains and losses")	**$ 44,367**	**(23,672)**
In other comprehensive income (as "unrealized gains and losses from equity instruments at fair value through other comprehensive income")	**$ 35,635**	**(409,229)**

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:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income－equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (0.75~2.09 and 1.54~2.89, respectively, on December 31, 2023 and 2022)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (14.33 and 14.33~17.25, respectively, on December 31, 2023 and 2022)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (Both are 40%~65% on December 31, 2023 and 2022)	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 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:

			Other comprehensive income	
	Input	**Move up or down**	**Favorable change**	**Unfavorable change**
December 31, 2023				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 14,588	15,144
	Multiples of earnings	5%	$ 1,486	1,500
	Lack-of-Marketability discount rate	5%	$ 8,633	8,063
December 31, 2022				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 8,394	11,549
	Multiples of earnings	5%	$ 5,808	5,820
	Lack-of-Marketability discount rate	5%	$ 9,432	6,266

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

8) Offsetting financial assets and financial liabilities

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

(Continued)

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

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

December 31, 2023			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	$ 378,545,272	378,545,272	-
	(USD 12,328,457)	(USD 12,328,457)	

December 31, 2022			
Financial assets that are offset which have an exercisable master netting arrangement or similar agreement			
	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)
Cash/ Short-term borrowings	$ 351,096,620	351,096,620	-
	(USD 11,432,648)	(USD 11,432,648)	

(ab) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management of the Group. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group’ s finance management department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is 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, 2023 and 2022, the Group did not provide any guarantees to other companies besides its subsidiaries.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities which be settled by delivering cash or another financial asset.

The Group manages and maintains sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements. Please refer to notes (6)(m) and (6)(n) for unused credit lines of short-term and long-term borrowings as of December 31, 2023 and 2022.

(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.

The Group monitors the capital structure by way of periodical review the debt ratio. As of December 31, 2023 and 2022, the debt ratio was as follows:

	December 31, 2023	**December 31, 2022**
Total liabilities	$ 303,998,121	326,074,590
Total assets	$ 436,770,974	453,484,433
Debt ratio	70%	72%

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, 2023, there were no changes in the Group's approach of capital management.

(Continued)

(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, 2023 and 2022 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:

	January 1, 2023	Cash flow	Other non-cash changes	December 31, 2023
Short-term borrowings	$ 74,832,426	(15,858,155)	-	58,974,271
Long-term borrowings	31,137,122	(4,466,505)	-	26,670,617
Lease liabilities	11,346,764	(2,114,467)	1,098,920	10,331,217
Deposits received and others	574,787	(35,568)	(44,797)	494,422
Total liabilities from financing activities	**$ 117,891,099**	**(22,474,695)**	**1,054,123**	**96,470,527**

	January 1, 2022	Cash flow	Other non-cash changes	December 31, 2022
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	366,068	207,983	736	574,787
Total liabilities from financing activities	**$ 146,380,355**	**(39,635,347)**	**11,146,091**	**117,891,099**

(7) Related-party transactions:

(a) Name and relationship with related parties

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

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

Name of related party	Relationship with the Group
Therapeutics Co., Ltd. ("ARCE")	An associate
Raypal Biomedical Co., Ltd. ("Raypal")	An associate
Hong Ya Technology Co., Ltd. ("Hong Ya")	An associate
Kinpo Group Management Service Company ("Kinpo Group Management Service")	An associate
Acbel Polytech Inc. and its subsidiaries ("Acbel")	The Chairman of the Board is the first degree of kinship of the Chairman of the Company
Cal-Comp Electronics (Thailand) Public Company Limited and its subsidiaries ("Cal-Comp")	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:

	2023	2022
Short-term employee benefits	$ 800,053	699,852
Post-employment benefits	7,405	7,534
Share-based payments	1,524	11,328
	$ 808,982	**718,714**

There are no termination benefits and other long-term benefits. Please refer to note (6)(u) for explanations related to share-based payments.

(c) Significant related-party transactions

(i) Sale of goods to related parties

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

	2023	2022
Associates	$ 113,147	208,846
Other related parties	15,124	9,744
	$ 128,271	**218,590**

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

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(ii) Purchase of goods from related parties

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

	2023	2022
Associates	$ 2,933,852	4,038,193
Other related parties	46,879,824	32,748,290
	$ 49,813,676	36,786,483

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:

Account	Related party categories	December 31, 2023	December 31, 2022
Notes and accounts receivable	Associates	$ 26,613	44,795
Notes and accounts receivable	Other related parties	6,407,683	4,371,278
Other receivables	Associates	1,514	1,321
Other receivables	Other related parties	64	-
		$ 6,435,874	4,417,394

(iv) Payables to related parties

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

Account	Related party categories	December 31, 2023	December 31, 2022
Notes and accounts payable	Associates	$ 609,875	774,001
Notes and accounts payable	Other related parties	9,987,775	8,927,031
Other payables	Associates	137	96
Other payables	Other related parties	21,788	20,327
		$ 10,619,575	9,721,455

(v) Property transactions - Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

		For the years ended December 31, 2023		
Relationship	**Item**	**Number of shares**	**Object**	**Acquisition price**
Other related party–Acbel	Acquisition of financial assets at fair value through other comprehensive income	12,340 thousand shares	Common stocks of Acbel issued through cash capital increase	478,800
Other related party–Cal-Comp	Acquisition of financial assets at fair value through other comprehensive income	1,249,470 thousand shares	Common stocks of Cal-Comp issued through cash capital increase	1,718,266

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged Assets	Subject	December 31, 2023	December 31, 2022
Inventories	Bank loans	$ 43,949	59,707
Other current assets	Customs deposit	-	534,153
Other current assets	Pledged deposit	717,036	269,003
Property, plant, and equipment	Bank loans	463,806	485,364
Other non-current assets	Customs deposit	800	800
Other non-current assets	Pledged deposit	358,231	969,160
		$ 1,583,822	2,318,187

(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 joined the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.

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(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, 2023 and 2022, the Group's signed commitments to purchase property, plant and equipment amounted to $3,346,545 and $967,396, 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	2023			2022		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	12,195,343	16,227,473	28,422,816	16,187,550	15,215,703	31,403,253
Labor and health insurance	954,729	1,157,263	2,111,992	1,162,379	1,022,635	2,185,014
Pension	843,056	680,573	1,523,629	1,173,680	644,736	1,818,416
Others	3,090,596	768,330	3,858,926	3,359,696	718,760	4,078,456
Depreciation	6,206,119	1,068,150	7,274,269	5,794,829	1,187,517	6,982,346
Amortization	51,379	547,878	599,257	71,405	490,657	562,062

(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, 2023:

(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, 2023 (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

(Continued)

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(vi) Disposals of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 6

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 7

(ix) Trading in derivative instruments: Please refer to notes (6)(b) and (6)(d)

(x) Business relationships and significant intercompany transactions: Please refer to Table 8

(b) Information on investees: Please refer to Table 9

(c) Information on investment in mainland China: Please refer to Table 10

(d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	**Percentage**
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	297,470,000	6.74 %

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 uesd, and the Group does not allocate assets and liabilities to the reportable segments for the purpose of operating decisions to measure assets and liabilities of segments.

The operating segment information was as follows:

	For the year ended December 31, 2023			
	Information technology product segment	**Strategy integrated product segment**	**Adjustment and elimination**	**Total**
Revenue				
Revenue from external customers	$ 895,556,678	51,158,122	-	946,714,800
Interest revenue	4,547,937	158,990	-	4,706,927
Total revenue	**$ 900,104,615**	**51,317,112**	**-**	**951,421,727**
Interest expense	$ 4,917,905	134,467	-	5,052,372
Deprectation and amortization	7,031,024	842,502	-	7,873,526
Investment gain (loss)	(467,077)	-	-	(467,077)
Other significant non-cash items:				
Impairment of assets	-	-	-	-
Reportable segment profit	**$ 8,623,476**	**3,266,949**	**-**	**11,890,425**
Reportable segment assets				**$ 436,770,974**
Reportable segment liabilities				**$ 303,998,121**

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

	For the year ended December 31, 2022			
	Information technology product segment	Strategy integrated product segment	Adjustment and elimination	Total
Revenue				
Revenue from external customers	$ 1,026,078,166	47,167,749	-	1,073,245,915
Interest revenue	2,998,570	91,356	-	3,089,926
Total revenue	**$ 1,029,076,736**	**47,259,105**	**-**	**1,076,335,841**
Interest expense	$ 3,131,824	113,877	-	3,245,701
Deprectation 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
Reportable segment profit	**$ 8,246,412**	**2,477,718**	**-**	**10,724,130**
Reportable segment assets				**$ 453,484,433**
Reportable segment liabilities				**$ 326,074,590**

(c) Products information

The infromation of revenue from external customers:

Products and services	**2023**	**2022**
5C related electronic products	$ 942,520,717	1,067,076,220
Others	4,194,083	6,169,695
	$ 946,714,800	**1,073,245,915**

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

(d) Geographic information

Stated below are the geographic information on the Group's sales presented by destination of sales and non-current assets presented by location.

(i) Revenue from external customers:

Country	2023	2022
United States	$ 374,196,615	444,691,177
China	137,660,865	133,452,679
Netherlands	60,530,773	68,709,105
Others	374,326,547	426,392,954
	$ 946,714,800	**1,073,245,915**

(ii) Non-current assets:

Country	2023	2022
Taiwan	$ 21,318,777	20,877,772
Vietnam	12,135,554	10,671,422
China	11,710,811	13,812,658
Others	1,283,752	989,914
	$ 46,448,894	**46,351,766**

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:

	2023	2022
D Company	$ 379,263,553	460,236,878
E Company	125,647,532	102,969,721
F Company	121,450,902	170,398,727
A Company	95,644,980	96,621,806
	$ 722,006,967	**830,227,132**

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

Table 1 Loans to other parties:

(December 31, 2023)

(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	460,000	230,000	230,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	CEB	Other receivables	Y	1,751,250	921,150	921,150	5.00%~6.19%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,150,000	550,000	-	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	4,555,887	47,848,798	(Note 1)
0	The Company	CEA	Other receivables	Y	3,508,925	1,995,825	1,995,825	5.00%~6.19%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	CEP	Other receivables	Y	62,510	61,410	61,410	6.09%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
1	CIH	CEP	Other receivables	Y	64,850	-	-	6.61%	Short-term financing	-	Operating demand	-	-	-	45,060,928	45,060,928	(Note 2)
2	CPC	CIC	Other receivables	Y	886,700	432,700	432,700	2.10%~2.20%	Short-term financing	-	Operating demand	-	-	-	2,832,493	2,832,493	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,269,750	2,149,350	1,780,890	6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	81,063	-	-	6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	1,887,150	921,150	921,150	5.75%~6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	CEA	Other receivables	Y	324,250	307,050	307,050	6.09%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
4	CPO	CIT	Other receivables	Y	1,330,050	649,050	649,050	2.10%~2.20%	Short-term financing	-	Operating demand	-	-	-	3,111,110	3,111,110	(Note 5)
4	CPO	CEA	Other receivables	Y	972,750	921,150	921,150	6.09%	Short-term financing	-	Operating demand	-	-	-	3,111,110	3,111,110	(Note 5)
5	CET	BT	Other receivables	Y	532,680	259,620	173,080	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	5,045,678	5,045,678	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,600,000	1,000,000	1,000,000	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,376,225	2,376,225	(Note 7)
6	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,376,225	2,376,225	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	1,783,375	1,688,775	1,688,775	6.61%	Short-term financing	-	Operating demand	-	-	-	10,930,282	10,930,282	(Note 8)
7	CIC	CEB	Other receivables	Y	324,250	307,050	307,050	6.09%	Short-term financing	-	Operating demand	-	-	-	10,930,282	10,930,282	(Note 8)
8	BSH	Compal USA (Indiana), Inc	Other receivables	Y	583,650	506,633	337,756	6.61%	Short-term financing	-	Operating demand	-	-	-	8,255,369	8,255,369	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	-	-	2.29%	Short-term financing	-	Operating demand	-	-	-	964,878	964,878	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	15,000	5,000	5,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	13,749	964,878	(Note 10)
10	CGSP	CEP	Other receivables	Y	64,850	61,410	-	6.61%	Short-term financing	-	Operating demand	-	-	-	92,753	92,753	(Note 11)
11	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	450,000	450,000	430,000	2.29%	Short-term financing	-	Operating demand	-	-	-	477,167	477,167	(Note 12)
12	Hong Jin	Hippo Screen	Other receivables	Y	35,000	35,000	20,000	2.19%	Short-term financing	-	Operating demand	-	-	-	154,819	154,819	(Note 13)
13	Arcadyan	Acradyan Brasil	Other receivables	Y	63,720	-	-	5.00%	Short-term financing	-	Operating financing	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Acradyan Brasil	Other receivables	Y	64,870	61,410	42,987	5.50%	Short-term financing	-	Operating financing	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	304,800	-	-	1.00%	Transaction for business between two parties	14,676,990	-	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	324,350	307,050	-	5.50%	Transaction for business between two parties	19,589,790	-	-	-	-	2,960,444	5,920,889	(Note 14)

(Continued)

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(December 31, 2023)

(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			
14	Arcadyan Holding	CNC	Other receivables	Y	1,946,100	1,842,300	-	5.50%	Short-term financing	-	Operating financing	-	-	-	2,245,049	2,245,049	(Note 15)
15	Poindus Systems	Adasys GmbH Elektronische Komponenten	Long-term receivables	Y	43,843	22,087	22,087	2.00%~4.57%	Transaction for business between two parties	67,310		-	-	-	51,844	207,377	(Note 16)
15	Poindus Systems	Poindus Systems UK Limited	Long-term receivables	Y	26,169	25,448	25,448	1.00%	Transaction for business between two parties	37,638		-	-	-	51,844	207,377	(Note 16)

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 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 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 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 12： 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 13： According to Hong Jin'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 Jin. When a short-term financing facility with Hong Jin 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 Jin's total amount of lendable capital, and shall be combined with the Hong Jin'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 Jin, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 14： 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 15： 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 16： 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 17： 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, 2023)

(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 and 3)	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)	28,876,015	57,285	18,676	18,676	-	0.02%	57,752,031	Y	-	-
0	The Company	CEB	(Note 5)	28,876,015	376,130	356,178	356,178	-	0.31%	57,752,031	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	28,876,015	26,670	25,962	25,962	-	0.02%	57,752,031	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,973,629	243,263	230,288	-	-	1.56%	5,920,889	Y	-	-
2	Poindus Systems	Qijie	(Note 5)	103,688	30,710	-	-	-	0.00%	259,221	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, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance Shares/Units (thousands)	Ending balance Carrying value	Ending balance Holding percentage (%)	Ending balance Fair value	The highest holdings in the period Shares/Units (thousands)	The highest holdings in the period Holding percentage (%)	Note
The Company	Taiwan Mobile	-	Financial assets at fair value through other comprehensive income-non-current	3,197	315,254	-	315,254	3,197	-	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,015,711	8%	2,015,711	124,044	8%	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	1,554,139	2,906,241	15%	2,906,241	1,554,139	15%	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	48	13,553	10%	13,553	290	10%	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	13,515	11%	13,515	53	11%	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	10,800	3%	10,800	4,000	3%	
	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	6,685	274,754	1%	274,754	6,685	1%	
	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	13,361	1%	13,361	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%	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	124,055	-	124,055	215	-	
	ITH Corporation	-	Financial assets at fair value through other comprehensive income-non-current	8,000	225,989	2%	225,989	8,000	2%	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non-current	-	179,175	2%	179,175	-	2%	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non-current	5,000	91,000	8%	91,000	5,000	8%	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non-current	6,000	67,680	19%	67,680	6,000	19%	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		146,801		146,801			
	Total				6,535,565					
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	1,261,176	1%	1,261,176	31,648	1%	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,127,257	5%	1,127,257	69,370	5%	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	822,420	5%	822,420	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	11,332	465,740	2%	465,740	11	2%	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	71,387	6%	71,387	11,332	6%	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	8,680	160,061	3%	160,061	7,845	3%	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		9,384		9,384			
	Total				3,917,425					
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	732,019	-	732,019	18,369	-	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	71,365	6%	71,365	2,225	6%	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		952		952			
	Total				804,336					

(Continued)

Table 3 Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Holding percentage (%)	Ending balance: Fair value	The highest holdings in the period: Shares/Units (thousands)	The highest holdings in the period: Holding percentage (%)	Note
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	4%	(Note 2)
	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non-current	1,152	-	5%	-	1,152	5%	(Note 2)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non-current	349	-	5%	-	349	5%	(Note 2)
	IOT EYE, Inc.	-	Financial assets at fair value through profit or loss-non-current	60	-	14%	-	60	14%	(Note 2)
	TIEF FUND L.P.	-	Financial assets at fair value through profit or loss-non-current	-	48,112	7%	48,112	-	7%	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	35,442	6%	35,442	1,650	6%	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	2%	-	1,229	6%	
	Total				83,554					
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	11,790	-	11,790	-	-	
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	138,172	-	138,172	873	-	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	4,328	17%	4,328	-	17%	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	502,738	-	502,738	-	-	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	62,733	-	62,733	-	-	
	ABG Capital PartnersV, LP	-	Financial assets at fair value through profit or loss-non-current	-	266,074	-	266,074	-	-	
	Total				328,807					

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)

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
	Name	Category				Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	Kinpo & Compal Group Assets Development Corporation	Stock	Investments accounted for using equity method	(Note 1)	(Note 5)	52,500	505,547	350,000	3,500,000	-	-	-	-	-	(19,145) (Note 2)	402,500	3,986,402
The Company	Cal-Comp	Stock	Financial assets at fair value through other comprehensive income-non-current	(Note 1)	(Note 7)	281,233	579,341	1,249,470	1,718,266	-	-	-	-	23,436 (Note 3)	608,634 (Note 4)	1,554,139	2,906,241
BSH	CEV	Stock	Investments accounted for using equity method	(Note 1)	(Note 6)	-	-	-	1,658,070	-	-	-	-	-	36,262 (Note 2)	-	1,694,332
Arcadyan	Arcadyan Holding	Stock	Investments accounted for using equity method	(Note 1)	(Note 6)	47,780	1,804,421	60,000	1,843,500	60,000	-	1,843,500	-	-	262,540 (Note 2)	47,780	2,066,961

Note 1: Cash capital.
Note 2: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.
Note 3: Stock dividends.
Note 4: Others refer to unrealized gain and loss on financial asstes and its deferred taxes.
Note 5: Subsidiary whose over 50% common stock is directly owned.
Note 6: Subsidiary whose over 50% common stock is indirectly owned.
Note 7: The same chairman of the Company.

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

Name of company	Transaction date (Note 1)	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	September 28, 2023	738,000	-	Chien Ming Construction Co. Ltd.	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company Name	**Counter party**	**Nature of relationship**	**Purchase/ (Sale)**	**Amount**	**Percentage of total purchases/ (sales)**	**Payment terms**	**Unit price**	**Payment Terms**	**Ending Balance**	**Percentage of total notes/accounts receivable (payable)**	**Note**
The Company	CBN	The Company's subsidiaries	Sale	(170,327)	(0.0)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference.	137,791	0.1%	(Note 2)
	Arcadyan	The Company's subsidiaries	Sale	(1,418,650)	(0.2)%	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.	685,277	0.4%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Sale	(114,975)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	97,737	0.1%	(Note 2)
	CEP	Subsidiaries wholly owned by the Company	Purchase	189,437	0.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	105,753,627	11.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(49,778,450)	(30.5)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	71,030,857	7.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(2,070,603)	(1.3)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	66,824,371	7.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,960,864)	(4.9)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	29,504,779	3.1%	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.	(9,497,819)	(5.8)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	2,973,830	0.3%	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.	(995,739)	(0.6)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	45,822,993	4.9%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(9,565,439)	(5.9)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(71,030,857)	(99.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	2,070,603	99.1%	(Note 2)
	UCGI	With the same ultimate parent company	Sale	(211,853)	(0.3)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	37,844	0.5%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,148,812	2.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	(0.0)%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	148,167	(0.3)%	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.	-	(0.0)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(105,753,627)	(92.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	49,778,450	91.4%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(505,696)	(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.	9,236	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(8,058,473)	(5.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,590,654	7.6%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(245,966)	(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.	11,918	0.0%	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company Name	Counter party	Nature of relationship	Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	Note
CIH and its subsidiaries	CEA	With the same ultimate parent company	Sale	(311,899)	(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.	68,223	0.1%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	346,858	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.	(16,460)	(0.0)%	(Note 2)
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	1,403,349	1.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(263,964)	(0.2)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	694,749	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding.	(89,676)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	2,444,514	1.9%	120 days	Similar to non-related parties	There is no significant difference.	(541,864)	(0.7)%	
	Changbao	An associate	Purchase	203,638	0.2%	120 days	Similar to non-related parties	There is no significant difference.	(6,375)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	721,560	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(276,555)	(0.4)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(29,504,779)	(92.2)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding.	9,497,819	93.0%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(346,858)	(0.9)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	16,460	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(424,337)	(4.1)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	1,276,398	3.3%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(688,172)	(1.9)%	120 days	According to markup pricing	There is no significant difference.	193,709	0.5%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(315,316)	(0.8)%	120 days	According to markup pricing	There is no significant difference.	402,431	3.1%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	505,696	1.6%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	(9,236)	(0.0)%	(Note 2)
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Sale	120,513	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(25,132)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	172,286	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(12,690)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	230,457	0.7%	120 days	Similar to non-related parties	There is no significant difference.	(102,674)	(0.3)%	
CEA	CEB	With the same ultimate parent company	Sale	(1,562,819)	(21.3)%	45 days	Similar to non-related parties	There is no significant difference.	943,962	36.6%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	688,172	11.3%	120 days	According to markup pricing	There is no significant difference.	(193,709)	(25.8)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	311,899	5.1%	120 days	Similar to non-related parties	There is no significant difference.	(68,223)	(9.1)%	(Note 2)
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	315,316	8.0%	120 days	According to markup pricing	There is no significant difference.	(402,431)	(28.8)%	(Note 2)
	CEA	With the same ultimate parent company	Purchase	1,562,819	38.9%	45 days	Similar to non-related parties	There is no significant difference.	(943,962)	(67.6)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	245,966	6.1%	120 days	Similar to non-related parties	There is no significant difference.	(11,918)	(0.9)%	(Note 2)
CEP	Compal Electronic, Inc.	Parent company	Sale	(189,437)	(91.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	114,975	100.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(97,737)	89.2%	(Note 2)

(Continued)

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

Table 6 Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company Name	Counter party	Nature of relationship	Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	Note
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(2,973,830)	(88.9)%	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.	995,739	92.7%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(148,167)	(4.5)%	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.	-	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	196,028	19.2%	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.	-	(0.0)%	(Note 2)
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(212,507)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	128,048	100.0%	(Note 2)
UCGI	JUST and its subsidiaries	With the same ultimate parent company	Purchase	211,853	53.3%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(37,844)	(12.3)%	(Note 2)
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,403,349)	(92.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	263,964	91.3%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(120,513)	(7.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	25,132	8.7%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(66,824,371)	(97.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,960,864	99.6%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(694,749)	(1.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	89,676	0.4%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(1,148,812)	(1.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(196,028)	(0.3)%	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.	-	0.0%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	8,058,473	11.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,590,654)	(17.1)%	(Note 2)
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	212,507	0.5%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	(128,048)	(0.3)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	424,337	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(1,276,398)	2.9%	(Note 2)
CBN	Compal Electronic, Inc.	Parent company	Purchase	160,983	17.0%	Net 90 days from delivery	-	There is no significant difference.	(130,494)	(69.0)%	(Note 2)
Arcadyan	Acradyan Germany	Arcadyan's subsidiary	Sale	(1,028,804)	(2.0)%	Net 150 days from delivery	-	-	208,003	2.0%	(Note 2)
	Acradyan USA	Arcadyan's subsidiary	Sale	(19,847,179)	(42.0)%	Net 120 days from delivery	-	-	3,444,196	39.0%	(Note 2)
	Acradyan AU	Arcadyan's subsidiary	Sale	(1,075,651)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	135,262	2.0%	(Note 2)
	Compal Electronic, Inc.	Parent company	Purchase	1,497,276	2.0%	Net 60 days from the end of the month of delivery	-	-	(685,277)	(6.0)%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	8,605,578	12.0%	Net 120 days from delivery	According to markup pricing	-	(2,871,117)	(26.0)%	(Note 1&2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	3,346,396	5.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1&2)
CNC	Arcadyan	With the same ultimate parent	Sale	(8,605,578)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,871,117	(100.0)%	(Note 1&2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(3,346,396)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1&2)
Acradyan Germany	Arcadyan	With the same ultimate parent	Purchase	1,028,804	100.0%	Net 150 days from delivery	-	-	(208,003)	(100.0)%	(Note 2)

(Continued)

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, 2023)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/ (Sale)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit price	Payment Terms	Ending Balance	Percentage of total notes/accounts receivable (payable)	
Acradyan USA	Arcadyan	With the same ultimate parent	Purchase	19,847,179	100.0%	Net 120 days from delivery	-	-	(3,444,196)	(100.0)%	(Note 2)
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,075,651	100.0%	Net 60 days from the end of the month of delivery	-	-	(135,262)	(100.0)%	(Note 2)

Note 1: The remaining balance is the net value of commissioned processing and sales of raw material.
Note 2: The transactions had been eliminated in the consolidated financial statements.
Note 3: The amount of other receivables on December 31, 2023 is 1,439,730 thousand dollars.

(Continued)

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

Table 7 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:
(December 31, 2023)

(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	Arcadyan	The Company's subsidiary	685,277	1.33	-	-	-	(Note 1)	-
The Company	CBN	The Company's subsidiary	137,791	0.86	-	-	95,958	(Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	4,050,926 (Note 2)	(Note 2)	-	-	4,050,926	(Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	6,407,361 (Note 2)	(Note 2)	-	-	6,406,905	(Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	2,070,603	37.47	-	-	1,450,425	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	49,778,450	2.17	-	-	47,287,744	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	7,590,654	1.37	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	9,497,819	3.22	-	-	9,497,819	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,276,398	0.83	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,193,411	0.38	-	-	630	(Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	193,709	3.68	-	-	26,671	(Note 1)	-
CEA	CEB	With the same ultimate parent company	943,962	2.30	-	-	146,874	(Note 1)	-
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	263,964	6.13	-	-	-	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	995,739	1.84	-	-	307,188	(Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	128,048	1.23	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	7,960,864	10.38	-	-	7,667,057	(Note 1)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	135,262	5.16	-	-	118,749	(Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	3,444,196	5.26	-	-	3,212,352	(Note 1)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,439,730 (Note 2)	(Note 2)	-	-	-	(Note 1)	
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	208,003	2.56	-	-	15,897	(Note 1)	-
CNC	Arcadyan	With the same ultimate parent company	2,871,117 (Note 3)	2.93	-	-	747,311	(Note 1)	-

Note 1: Balance as of February 16, 2024.
Note 2: Receivables due to purchasing on behalf of related parties.
Note 3: Accounts receivables due to processing raw material.

(Continued)

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions: Accounts name	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	CBN	1	Sales Revenue	170,327	There is no significant difference of price to non-related parties. The credit period is net 90 days from the delivery.	-
				Accounts Receivable	137,791	〃	-
0	The Company	Arcadyan	1	Sales Revenue	1,418,650	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.	0.1%
				Accounts Receivable	685,277	〃	0.2%
0	The Company	CEP	1	Sales Revenue	114,975	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	97,737	〃	-
1	JUST and its subsidiaries	The Company	2	Sales Revenue	71,030,857	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	7.5%
				Accounts Receivable	2,070,603	〃	0.5%
1	JUST and its subsidiaries	UCGI	2	Sales Revenue	211,853	There is no significant difference of price to non-related parties. The credit period is net 60 days, and will be adjusted if necessary.	-
				Accounts Receivable	37,844	〃	-
2	CIH and its subsidiaries	The Company	2	Sales Revenue	105,753,627	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	11.2%
				Accounts Receivable	49,778,450	〃	11.4%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	505,696	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	9,236	〃	-
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	8,058,473	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.9%
				Accounts Receivable	7,590,654	〃	1.7%
2	CIH and its subsidiaries	CEA	3	Sales Revenue	311,899	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	68,223	〃	-
2	CIH and its subsidiaries	CEB	3	Sales Revenue	245,966	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	11,918	〃	-
3	BCI and its subsidiaries	The Company	2	Sales Revenue	29,504,779	The price is based on BCI and its subsidiaries's operating cost. The credit period is net 120 days, and will be adjusted if necessary.	3.1%
				Accounts Receivable	9,497,819	〃	2.2%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	346,858	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	16,460	〃	-
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	424,337	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
				Accounts Receivable	1,276,398	〃	0.3%
3	BCI and its subsidiaries	CEB	3	Sales Revenue	315,316	The price is based on the operating cost. The credit period is net 120 days.	-
				Accounts Receivable	402,431	〃	0.1%
3	BCI and its subsidiaries	CEA	3	Sales Revenue	688,172	The price is based on the operating cost. The credit period is net 120 days.	0.1%
				Accounts Receivable	193,709	〃	-
4	CEA	CEB	3	Sales Revenue	1,562,819	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.2%
				Accounts Receivable	943,962	〃	0.2%
5	CEP	The Company	2	Sales Revenue	189,437	There is no significant difference of price to non-related parties. The credit period is net 120 days.	-
				Accounts Receivable	-	〃	-
6	Etrade and its subsidiaries	The Company	2	Sales Revenue	2,973,830	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.3%
				Accounts Receivable	995,739	〃	0.2%
6	Etrade and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	148,167	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	-	〃	-

(Continued)

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

Table 8 Business relationships and significant intercompany transactions:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions: Accounts name	Amount	Terms	Percentage of the consolidated net revenue or total assets
7	Forever and its subsidiaries	HSI and its subsidiaries	3	Sales Revenue	212,507	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	-
				Accounts Receivable	128,048	〃	-
8	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	1,403,349	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	263,964	〃	0.1%
8	Rayonnant and its subsidiaries	BCI and its subsidiaries	3	Sales Revenue	120,513	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	25,132	〃	-
9	HSI and its subsidiaries	The Company	2	Sales Revenue	66,824,371	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	7.1%
				Accounts Receivable	7,960,864	〃	1.8%
9	HSI and its subsidiaries	Etrade and its subsidiaries	3	Sales Revenue	196,028	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	-	〃	-
9	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	694,749	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	89,676	〃	-
9	HSI and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	1,148,812	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	-	〃	-
10	Arcadyan	Arcadyan Germany	3	Sales Revenue	1,028,804	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	208,003	〃	-
10	Arcadyan	Arcadyan USA	3	Sales Revenue	19,847,179	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	2.1%
				Accounts Receivable	3,444,196	〃	0.8%
10	Arcadyan	Arcadyan AU	3	Sales Revenue	1,075,651	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.	0.1%
				Accounts Receivable	135,262	〃	-
10	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,439,730	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%
11	CNC	Arcadyan	3	Processing Revenue	8,605,578	The price is based on the operating cost. The credit period is net 120 days from the end of the month of delivery and depended on funding demand.	0.9%
				Accounts Receivable	2,871,117	〃	0.7%
12	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	3,346,396	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.4%

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)

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount Depcmber 31, 2023	Original Investment Amount December 31, 2022	Ending Balance Shares	Ending Balance Percentage of Ownership	Ending Balance Carrying Value	The highest holdings in the period Shares	The highest holdings in the period Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	4,025,000	525,000	402,500	70%	3,986,402	402,500	70%	(27,399)	(19,145)	(Note 2)
	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	463,533	100	100%	11,411	11,411	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,585,776	48,010	100%	286,164	286,164	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	45,073,776	53,001	100%	2,551,767	2,551,767	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,763,551	500,000	100%	44,704	6,725	(Note 2)
								(Note 1)	-				
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,729,447	90,000	100%	148,827	126,784	(Note 2)
								(Note 1)	-				
	Kinpo Group Management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,044	300	38%	434	162	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	114,460	6,000	100%	(1,751)	(7,998)	(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%	67,239	20,000	100%	(17,243)	(17,243)	(Note 2)
	Lead-Honor	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	2,772	42%	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,618,638	1	100%	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	20,000	6,000	2,000	100%	17,859	2,000	100%	63	163	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	405,002	10,158	20%	204,120	40,477	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	337,905	11,768	56%	18,886	11,194	(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	159,083	90,000	330,276	71%	65,171	330,276	71%	(60,467)	(36,581)	(Note 2)
	LIPO	Cayman Islands	Investment	489,450	489,450	98	49%	43,115	98	49%	(726,686)	(356,076)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	898,170	6,427	100%	34,757	34,757	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	12,259	3,500	35%	(36,374)	(12,731)	(Note 2)
	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%	621	3,739	33%	(117,415)	(39,020)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,192,920	100,000	100%	111,601	111,601	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	387,050	29,500	100%	51,046	51,046	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	272,981	21,756	53%	41,491	20,848	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	154,186	3,000	100%	4,718	4,718	(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%	2,854,945	41,305	19%	2,420,569	453,726	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,161,690	89,755	100%	(246,117)	(246,117)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	16,232	-	100%	(430)	(430)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	449,280	42,700	54%	413,513	221,560	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(24,107)	136	100%	14,323	3,540	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	92,753	-	100%	(1,399)	344	(Note 2)
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	167,893	4,646	30%	(66,765)	(19,029)	
	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	158,160	60,000	44,540	23%	104,286	44,540	23%	(103,713)	(26,180)	
	Hippo Screen	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%	10,571	9,100	91%	(26,827)	(24,404)	(Note 2)
	Infinno	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	24,850	4,648	28%	(26,017)	(7,212)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(767,963)	20,015	100%	15,876	25,773	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	9,128,247	90,820	100%	572,422	572,422	(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%	469,329	29,060	43%	(326,109)	(142,346)	(Note 2)
	Rayonnant Technology	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	215,898	29,500	100%	18,969	15,649	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	306,661	12,500	100%	19,254	19,254	(Note 2)

(Continued)

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(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
				Depcmber 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
The Company	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,521,614	31,253	35%	34,228	11,885	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(259,807)	46,900	65%	(463,604)	105,576	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	610,994	100	100%	(151,389)	(151,389)	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,545,807	50	100%	17,232	17,232	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	82,467	20,000	100%	(81,407)	(80,146)	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	98,152	10,000	100%	(11,342)	(11,339)	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	779,482	14,924	21%	602,154	125,916	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	8,079,840	147,000	100%	417,529	417,529	(Note 2)
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	300,000	100,000	30,000	100%	300,478	30,000	100%	538	538	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	379,334	15,035	50%	50,433	21,862	(Note 2)
	Compal Healthcare	Taipei City	Information software services, data processing services, and electronic information supply services	20,000	-	2,000	100%	20,003	2,000	100%	3	3	(Note 2)
	CMX	Mexcio	Production of automotive electronic products	77,997	-	-	100%	92,642	-	100%	15,018	15,018	(Note 2)
								104,656,676				4,088,258	
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%	610,998	8,192	4%	2,420,569	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%	116,705	2,927	6%	204,120	Investment gain (losses) recognized by Panpal	
	Others							(720,869)					
Gempal	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%	717,079	9,279	4%	2,420,569	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%	128,375	3,220	6%	204,120	Investment gain (losses) recognized by Gempal	
	Others							(975)					(Note 2)
Hong Ji	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%	717,079	9,279	4%	2,420,569	Investment gain (losses) recognized by Hong Ji	(Note 2)
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	29,057	1,041	2%	204,120	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%	341,189	4,609	2%	2,420,569	Investment gain (losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,912,845	1,912,845	62,298	100%	8,037,301	62,298	100%	258,934	Investment gain (losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	391,335	283,868	12,745	100%	270,052	12,745	100%	(96,811)	Investment gain (losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	15,353	15,353	500	100%	15,009	500	100%	1,363	Investment gain (losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	377	1	100%	(4)	Investment gain (losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	-	30,705	1,000	0%	-	1,000	0%	-	Investment gain (losses) recognized by CII	(Note 2)
	MEL	U.S.A	Investment	252,825	252,825	-	100%	209,575	-	100%	21	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)
	CNA	U.S.A	Sales of automotive electronic products	76,763	-	2,500	100%	76,763	2,500	100%	-	Investment gain (losses) recognized by CII	(Note 2)
	CUS	U.S.A	Sales of automotive electronic products	76,763	-	2,500	100%	(19,631)	2,500	100%	(97,813)	Investment gain (losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,296,811	2,296,811	74,803	100%	44,212,065	74,803	100%	2,495,365	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	225,682	225,682	7,350	100%	117,441	7,350	100%	6,055	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	31	31	1	100%	85,596	1	100%	81,321	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	457,505	457,505	14,900	100%	457,504	14,900	100%	-	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	156,596	156,596	5,100	51%	6,144	5,100	51%	(38,884)	Investment gain (losses) recognized by CIH	

(Continued)

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

				Original Investment Amount		Ending Balance			The highest holdings in the period				
Investor Company	Investee Company	Location	Main Businesses and Products	Depcmber 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
HSI	IUE	British Virgin Islands	Investment	2,057,235	2,057,235	67,000	100%	1,075,861	67,000	100%	417,702	Investment gain (losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	389,954	389,954	12,700	100%	333,976	12,700	100%	(4,189)	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	2,057,235	2,057,235	67,000	100%	1,075,861	67,000	100%	417,702	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	389,954	389,954	12,700	100%	292,617	12,700	100%	(4,189)	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,481,578	2,481,578	80,820	100%	5,724,519	80,820	100%	329,358	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	307,050	307,050	10,000	100%	3,403,728	10,000	100%	243,065	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,513,635	4,513,635	147,000	100%	8,079,840	147,000	100%	417,529	Investment gain (losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	155,060	155,060	-	99%	136,929	-	99%	(3,437)	Investment gain (losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufaturing	249,632	249,632	1	100%	226,337	1	100%	11,208	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,136,085	1,136,085	37,000	46%	960,555	37,000	46%	413,513	Investment gain (losses) recognized by BSH	(Note 2)
	HHB	British Virgin Islands	Investment	184,230	-	6,000	11%	276,345	6,000	11%	(249,738)	Investment gain (losses) recognized by BSH	(Note 2)
	CEV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication equipment, and other electronic products	1,658,070	-	-	100%	1,694,332	-	100%	36,796	Investment gain (losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	100%	-	Investment gain (losses) recognized by Forever	(Note 2)
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	61,410	61,410	-	100%	101,047	-	100%	2,518	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	767,625	767,625	25,000	35%	(154,553)	25,000	35%	(463,604)	Investment gain (losses) recognized by Webtek	(Note 2)
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	-	-	0%	-	1,275	100%	-	Investment gain (losses) recognized by Unicore	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,071,027	1,071,027	47,780	100%	2,066,961	107,780	100%	186,347	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Technology support and sales of wireless network products	23,055	23,055	1	100%	92,028	1	100%	19,720	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	99,059	0.5	100%	7,798	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	35,156	20	100%	11,668	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	343,292	34,980	100%	(63,223)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	153,318	25,028	61%	(79,482)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	5,590	50	100%	561	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	69,715	50	100%	8,257	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	3,212	-	100%	(1,005)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	9,061	533	1%	(331,620)	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%	(45,570)	968	100%	(1,032)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
	Arcadyan India	India	Sales of wireless network products	76,952	29,110	19,800	100%	49,894	19,800	100%	(18,275)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	891,980	891,980	29,050	100%	1,580,601	29,050	100%	362,862	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	338,093	338,093	35	100%	622,790	35	100%	(270,710)	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	36,846	36,846	1,200	100%	10,294	1,200	100%	(2,952)	Investment gain (losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	2,693	0.7	100%	(397)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	35,925	35,925	1,170	100%	9,457	1,170	100%	(2,960)	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	890,445	890,445	-	100%	1,575,996	-	100%	362,769	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%	223,285	13,140	19%	(331,620)	Investment gain (losses) recognized by Zhi-Bao	(Note 2)
Rayonnant Technolo	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	206,209	8,651	41%	41,217	Investment gain (losses) recognized by Rayonnant Technology	(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 Technology	(Note 2)

(Continued)

Table 9 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(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
				Depcmber 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Shares	Percentage of Ownership			
CRH	APH	British Virgin Islands	Investment	383,813	383,813	12,500	59%	306,661	12,500	59%	41,217	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	96,751	96,751	3,151	100%	45,559	3,151	100%	1,595	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant (HK)	Hong Kong	Investment	552,690	552,690	18,000	100%	459,161	18,000	100%	39,622	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,322,489)	46,882	100%	(234,458)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,439,513	1,439,513	46,882	89%	(1,584,042)	46,882	89%	(249,738)	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%	5,266	20	100%	(344)	Investment gain (losses) recognized by CBN	(Note 2)
	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%	6,267	20	100%	(164)	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	3,502	1,000	10%	(36,374)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,755,942	2,755,942	95,862	37%	4,231,691	95,862	37%	(677,928)	Investment gain (losses) recognized by FGH	
GLB	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	88,506	-	42	99%	83,655	42	99%	351	Investment gain (losses) recognized by GLB	(Note 2)
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	5,238	2,160	20%	(3,360)	Investment gain (losses) recognized by Mactech	(Note 2)
Poindus Systems	Poindus Investment	Taipei City	Investment holding	4,100	4,100	(註3)	100%	496	(註3)	100%	(67)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(11,342)	300	100%	(7,165)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	3,314	0.002	100%	(7,306)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(註3)	100%	70	(註3)	100%	-	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)

Table 10 Information on investment in Mainland China:

(December 31, 2023)

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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	1,136,085	(Note 1)	1,136,085	-	-	1,136,085	204,302	100%	204,302	2,798,518	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	614,100	(Note 2)	614,100	-	-	614,100	15,442	100%	15,442	138,610	-
CET	Manufacturing of notebook PCs	368,460	(Note 2)	368,460	-	-	368,460	87,694	100%	87,694	5,053,795	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	259,651	(Note 2)	(Note 3)	-	-	-	125,012	100%	125,012	404,180	-
FIP	Manufacturing of auto parts and accessories	302,926	(Note 2)	(Note 3)	-	-	-	(1,443)	60%	(866)	258,799	-
BT	Manufacturing of notebook PCs	30,705	(Note 2)	30,705	-	-	30,705	17,294	100%	17,294	(98,654)	-
CGS	Maintenance and warranty service of notebook PCs	8,655	(Note 2)	(Note 3)	-	-	-	23,859	100%	23,859	(14,311)	-
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	982,560	(Note 1)	409,298	-	-	409,298	(626,184)	43%	(270,386)	28,494	-
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	614,100	(Note 1)	45,136	-	-	45,136	(543,490)	48%	(258,701)	47,562	-
CIC	Manufacturing of notebook PCs	368,460	(Note 2)	368,460	-	-	368,460	551,963	100%	551,963	10,930,283	-
CPO	Manufacturing and sales of LCD TVs	371,531	(Note 1)	371,531	-	-	371,531	125,216	100%	125,216	3,111,095	-
CIT	Manufacturing of notebook PCs	736,920	(Note 2)	736,920	-	-	736,920	1,845,493	100%	1,845,493	27,565,297	-
CST	International trade and distribution of computers and electronic components	42,987	(Note 2)	42,987	-	-	42,987	(691)	100%	(691)	44,382	-
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	307,050	(Note 2)	156,596	-	-	156,596	(47,084)	51%	(24,013)	12,056	-
CIJ	Investment and consulting services	478,998	(Note 2)	478,998	-	-	478,998	(92,422)	100%	(92,422)	2,551,776	-
CDE	Manufacturing and sales of LCD TVs	460,575	(Note 2)	(Note 3)	-	-	-	(92,361)	100%	(92,361)	2,516,825	-
CIS	Outward investment and consulting services	2,481,578	(Note 1)	2,481,578	-	-	2,481,578	329,358	100%	329,358	5,724,519	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,456,400	(Note 2)	(Note 3)	-	-	-	328,816	100%	328,816	5,692,814	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,564	(Note 2)	(Note 3)	-	-	-	572	100%	572	25,360	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	307,050	(Note 1)	307,050	-	-	307,050	243,065	100%	243,065	3,403,728	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,896,100	(Note 2)	2,537,062	-	-	2,537,062	(538,847)	37%	(197,326)	5,233,177	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,842,300	(Note 2)	351,756	-	-	351,756	(69,403)	37%	(25,416)	630,376	-

(Continued)

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

Table 10 Information on investment in Mainland China:

(December 31, 2023)

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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						
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	552,690	(Note 2)	383,813	-	-	383,813	39,622	100%	39,622	459,761	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	829,035	(Note 1)	675,510	-	-	675,510	(119,549)	100%	(119,549)	(1,301,309)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	178,089	(Note 1)	178,089	-	-	178,089	(4,985)	100%	(4,985)	84,009	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,504,545	(Note 1)	583,395	-	-	583,395	(331,697)	100%	(331,697)	738,240	-
Hanhelt	R&D and manufacturing of electronic communication equipment	61,410	(Note 1)	61,410	-	-	61,410	2,929	100%	2,929	2,456	-
<u>Arcadyan</u>												
SVA Arcadyan	R&D and sales of wireless network products	248,711	(Note 1)	412,061 (Note 7)	-	-	412,061	6,885	100%	6,885	41,114	-
CNC	Manufacturing and wireless network products	382,277	(Note 1)	338,093 (Note 8)	-	-	338,093	(207,710)	100%	(207,710)	622,790	-
THAC	Manufacturing of household electronics products	371,684	(Note 1、9、10)	35,311	-	-	35,311	(4,331)	100%	(4,331)	27,020	-
<u>HengHao</u>												
HengHao Kunshan	Production of touch panels and related components	1,228,200	(Note 1)	1,222,151	-	-	1,222,151	(249,493)	100%	(249,493)	(1,477,911)	-
HengHao Zhejiang	Production of touch panels and related components	276,345	(Note 2)	(Note 3)	-	-	-	(1,333)	100%	(1,333)	275,032	-
Lucom	Manufacturing of notebook PCs and related modules	460,575	(Note 2)	199,552 (Note 12)	-	-	199,552	1,039	100%	1,039	141,779	
<u>Poindus Systems</u>												
Qijie	Sales of PCs and peripherals	30,705	(Note 1)	30,705	-	-	30,705	(2,051)	100%	(2,051)	9,589	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2023	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	16,658,599 (US$542,537) (Note 5)	24,221,609 (US$788,849)	(Note 6)
Arcadyan	785,465 (US$25,581)	1,054,287 (US$34,336)	8,881,334
HengHao	1,439,205 (US$46,872)	1,439,205 (US$46,872)	(Note 13)
Poindus Systems	30,705 (US$1,000)	30,705 (US$1,000)	322,110

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”), Compal Electronics (China) Co., Ltd. (“CPC”) and Compal Smart Device (Chongqing) Co., Ltd. (“CSD;”) 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： Arcadyan’s subsidiary, TTI, increase the capital of TCH by accounts receivable of TTI amounting to US$8,755 thousands on August 16, 2023.

Note 11： The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12： The Company had an accumulated investment amounting to US$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US$3,184 thousand and US$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 13： The net equity of HengHao is negative at December 31, 2023.

(iii) Significant transactions:

For the year ended December 31, 2023, 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”.

Attachment II

Stock Code:2324

COMPAL ELECTRONICS, INC.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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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 sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 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

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

COMPAL ELECTRONICS, INC.
Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note (6)(a))	$ 20,511,690	5.4	30,965,694	8.2
1170	Notes and accounts receivable, net (note (6)(d))	171,591,962	45.4	169,758,431	44.7
1180	Notes and accounts receivable due from related parties, net (notes (6)(d) and (7))	11,475,862	3.0	13,277,948	3.5
1200	Other receivables, net (notes (6)(e) and (7))	3,951,773	1.1	3,862,484	1.0
1310	Inventories (note (6)(f))	51,043,492	13.5	53,064,157	14.0
1470	Other current assets	1,278,640	0.3	900,626	0.2
		259,853,419	68.7	271,829,340	71.6
	Non-current assets:				
1550	Investments accounted for using equity method (note (6)(g))	105,496,882	27.9	98,259,876	25.9
1510	Non-current financial assets at fair value through profit or loss (note (6)(b))	337,855	0.1	249,567	0.1
1517	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	6,197,710	1.6	3,133,840	0.8
1600	Property, plant and equipment (note (6)(j))	2,234,288	0.6	2,417,309	0.6
1755	Right-of-use assets (note (6)(k))	1,033,301	0.3	1,033,366	0.3
1780	Intangible assets	349,922	0.1	529,906	0.1
1840	Deferred tax assets (note (6)(p))	2,568,652	0.7	1,743,609	0.5
1990	Other non-current assets	221,733	-	336,598	0.1
		118,440,343	31.3	107,704,071	28.4
	Total assets	$ 378,293,762	100.0	379,533,411	100.0

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note (6)(l))	$ 46,917,800	12.4	53,068,579	14.0
2130	Current contract liabilities (note (6)(s))	697,526	0.2	700,046	0.2
2170	Notes and accounts payable	80,947,046	21.4	78,000,744	20.6
2180	Notes and accounts payable to related parties (note (7))	82,364,436	21.8	76,181,679	20.1
2200	Other payables (note (7))	12,332,111	3.3	13,119,799	3.4
2230	Current tax liabilities	3,781,754	1.0	3,872,974	1.0
2280	Current lease liabilities (note (6)(n))	352,900	0.1	249,553	0.1
2300	Other current liabilities	1,375,360	0.4	2,005,816	0.5
2365	Current refund liabilities	2,763,469	0.7	2,012,229	0.5
2322	Long-term borrowings, current portion (note (6)(m))	10,742,300	2.8	19,300,000	5.1
		242,274,702	64.1	248,511,419	65.5
	Non-Current liabilities:				
2540	Long-term borrowings (note (6)(m))	12,525,000	3.3	11,225,000	3.0
2570	Deferred tax liabilities (note (6)(p))	1,785,947	0.5	1,177,418	0.3
2580	Non-current lease liabilities (note (6)(n))	688,466	0.2	791,427	0.2
2640	Non-current net defined benefit liability (note (6)(o))	568,883	0.1	566,941	0.1
2670	Non-current liabilities, others (note (6)(g))	828,769	0.2	966,452	0.3
		16,397,065	4.3	14,727,238	3.9
	Total liabilities	258,671,767	68.4	263,238,657	69.4
	Equity (note (6)(q)):				
3110	Ordinary share	44,071,466	11.7	44,071,466	11.6
3200	Capital surplus	4,270,915	1.0	5,078,580	1.3
3300	Retained earnings	72,548,155	19.2	69,969,059	18.4
3400	Other equity interest	(387,294)	(0.1)	(1,943,104)	(0.5)
3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
	Total equity	119,621,995	31.6	116,294,754	30.6
	Total liabilities and equity	$ 378,293,762	100.0	379,533,411	100.0

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.
Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4000	**Net sales revenue** (notes (6)(s) and (7))	$ 874,914,215	100.0	1,003,642,791	100.0
5000	**Cost of sales** (notes (6)(f), (6)(o), (7) and (12))	846,864,149	96.8	975,074,956	97.2
	Gross profit	28,050,066	3.2	28,567,835	2.8
	Operating expenses: (notes (6)(o) and (12))				
6100	Selling expenses	4,668,460	0.5	6,211,342	0.6
6200	Administrative expenses	2,966,700	0.4	2,831,405	0.3
6300	Research and development expenses	13,086,935	1.5	12,263,065	1.2
		20,722,095	2.4	21,305,812	2.1
	Net operating income	7,327,971	0.8	7,262,023	0.7
	Non-operating income and expenses:				
7100	Interest income (note (6)(u))	1,001,520	0.1	367,313	-
7020	Other gains and losses, net (note (6)(u))	46,734	-	790,769	0.1
7050	Finance costs (note (6)(n))	(4,059,174)	(0.5)	(2,546,827)	(0.3)
7190	Other income (note (6)(u))	304,391	0.1	334,311	-
7370	Share of profit of associates and joint ventures accounted for using equity method (note (6)(g))	4,088,258	0.5	1,826,023	0.2
	Total non-operating income and expenses	1,381,729	0.2	771,589	-
7900	**Profit from continuing operations before tax**	8,709,700	1.0	8,033,612	0.7
7950	**Less: Income tax expenses** (note (6)(p))	1,042,073	0.1	745,320	0.1
	Profit	7,667,627	0.9	7,288,292	0.6
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(12,857)	-	134,331	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	828,717	0.1	(610,977)	(0.1)
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	463,228	-	(434,424)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	119,156	-	3,589	-
	Components of other comprehensive income that will not be reclassified to profit or loss (note (6)(p))	1,159,932	0.1	(914,659)	(0.1)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(376,004)	-	7,183,714	0.7
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	107,239	-	78,865	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(268,765)	-	7,262,579	0.7
8300	**Other comprehensive income**	891,167	0.1	6,347,920	0.6
8500	**Total comprehensive income**	**$ 8,558,794**	**1.0**	**13,636,212**	**1.2**
	Earnings per share (note (6)(r))				
9750	**Basic earnings per share**	**$**	**1.76**		**1.67**
9850	**Diluted earnings per share**	**$**	**1.75**		**1.66**

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.
Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2022	$ 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)	-	-
Balance at December 31, 2022	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
Profit for the year ended December 31, 2023	-	-	-	-	7,667,627	7,667,627	-	-	-	-	-	7,667,627
Other comprehensive income	-	-	-	-	(2,238)	(2,238)	(277,619)	1,162,170	8,854	893,405	-	891,167
Total comprehensive income	-	-	-	-	7,665,389	7,665,389	(277,619)	1,162,170	8,854	893,405	-	8,558,794
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	736,855	-	(736,855)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(6,263,646)	6,263,646	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	2,213	-	-	(16,652)	(16,652)	-	3,469	-	3,469	-	(10,970)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,490	-	-	(16,991)	(16,991)	-	13,433	-	13,433	-	6,932
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	1,040	-	-	-	-	-	-	-	-	-	1,040
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(645,503)	(645,503)	-	645,503	-	645,503	-	-
Balance at December 31, 2023	**$ 44,071,466**	**4,270,915**	**23,313,701**	**1,943,104**	**47,291,350**	**72,548,155**	**(1,747,330)**	**1,363,472**	**(3,436)**	**(387,294)**	**(881,247)**	**119,621,995**

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 8,709,700	8,033,612
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,343,643	1,292,481
Expected credit loss	49,027	10,092
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(47,871)	17,430
Finance cost	4,059,174	2,546,827
Interest income	(1,001,520)	(367,313)
Dividend income	(90,278)	(60,493)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(4,088,258)	(1,826,023)
Others	340	7,903
Total adjustments to reconcile profit (loss)	224,257	1,620,904
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes and accounts receivable	(76,980)	92,993,745
Decrease in other receivables	255,955	861,286
Decrease in inventories	2,020,665	7,894,260
Increase in other current assets	(432,044)	(440,998)
Total changes in operating assets	1,767,596	101,308,293
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	9,129,059	(56,853,309)
(Decrease) increase in other payables	(600,839)	2,252,516
Increase in refund liabilities	751,240	456,262
Decrease in contract liabilities	(2,520)	(332,145)
(Decrease) increase in other current liabilities	(630,456)	936,481
Others	(10,915)	(14,859)
Total changes in operating liabilities	8,635,569	(53,555,054)
Total changes in operating assets and liabilities	10,403,165	47,753,239
Total adjustments	10,627,422	49,374,143
Cash inflow generated from operations	19,337,122	57,407,755
Interest received	945,368	363,622
Dividends received	832,126	762,393
Interest paid	(4,246,023)	(2,149,093)
Income taxes paid	(1,468,963)	(1,345,557)
Net cash flows from operating activities	15,399,630	55,039,120
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(2,326,911)	(293,452)
Proceeds from disposal of financial assets at fair value through other comprehensive income	47,921	10,028
Acquisition of investments accounted for using equity method	(3,979,240)	(723,290)
Proceeds from capital reduction and liquidation of investments	3,420	2,010
Acquisition of property, plant and equipment	(256,391)	(332,902)
Proceeds from disposal of property, plant and equipment	65,706	-
Increase in other receivables due from related parties	(101,447)	(1,417,334)
Acquisition of intangible assets	(337,007)	(558,111)
Others	168,895	(116,556)
Net cash flows used in investing activities	(6,715,054)	(3,429,607)
Cash flows from (used in) financing activities:		
Decrease in short-term borrowings	(6,150,779)	(25,899,341)
Proceeds from long-term borrowings	44,267,025	79,109,500
Repayments of long-term borrowings	(51,524,725)	(72,884,500)
Payment of lease liabilities	(438,966)	(439,591)
Cash dividends paid	(5,288,576)	(8,814,294)
Others	(2,559)	4,428
Net cash flows used in financing activities	(19,138,580)	(28,923,798)
Net (decrease) increase in cash and cash equivalents	(10,454,004)	22,685,715
Cash and cash equivalents at beginning of period	30,965,694	8,279,979
Cash and cash equivalents at end of period	**$ 20,511,690**	**30,965,694**

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.
Notes to the Financial Statements
For the years ended December 31, 2023 and 2022
(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 February 29, 2024.

(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, 2023:

- 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"

In addition, the Company has adopted Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2023, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company operates and no related deferred taxes were recognized at that date, the retrospective application has no impact on the parent-company-only financial statements. The Company is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(Continued)

(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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material 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 assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note (4)(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

1) fair value through other comprehensive income financial assets;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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.

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.

(Continued)

(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) 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.

(Continued)

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income derived from equity investments is recognized on the date that the Company’s right to receive payment is established, which in the case of quoted securities is normally the date the shareholders' meeting approved the earning distribution.

3) Fair value through profit or loss (“FVTPL”)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit and other financial assets), debt investments measured at FVOCI, and accounts receivable measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (“ECL”), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of " investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings".

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. An evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(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.

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.

(Continued)

(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.

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 join 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.

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

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.

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.

(Continued)

(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.

(Continued)

(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

(Continued)

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.

(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.

(Continued)

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.

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.

(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.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(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.

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.

(Continued)

(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.

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.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences.

(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.

(Continued)

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.

(Continued)

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

	December 31, 2023	December 31, 2022
Cash on hand	$ 2,399	3,504
Checking accounts and demand deposits	17,422,781	27,183,895
Time deposits	2,472,410	652,991
Cash equivalents	614,100	3,125,304
	$ 20,511,690	30,965,694

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 at fair value through profit or loss

		December 31, 2023	December 31, 2022
Non-current financial assets mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Stock unlisted in domestic markets	$	158,680	117,150
Fund in foreign market		179,175	132,417
Total	$	**337,855**	**249,567**

For the market risk related to the financial instruments, please refer to note (6)(v).

As of December 31, 2023 and 2022, the Company did not provide any aforementioned financial assets as collaterals for its loans.

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

		December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	$	2,752,235	1,688,060
Stock listed in foreign markets		2,906,241	579,341
Stock unlisted in domestic markets		276,342	782,312
Stock unlisted in foreign markets		262,892	84,127
Total	$	**6,197,710**	**3,133,840**

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.

For the year ended December 31, 2022, 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 gain of $2,838, which was reclassified from other comprehensive income to retained earnings.

For the year ended December 31, 2023, the Company has sold all of its shareholdings, measured at fair value through other comprehensive income, in Genovior Biotech Corp. The fair value of the shares upon disposal amounted to $47,921, resulting in a cumulative gain of $17,790, which was reclassified from other comprehensive income to retained earnings.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company held the shareholdings, measured at fair value through other comprehensive income, in Taiwan Star Telecom Corporation Limited ("Taiwan Star"), which was absorbed and merged by Taiwan Mobile Co., Ltd. ("Taiwan Mobile") on December 1, 2023, as the date of the merger. In this stock swap case, the shareholdings of Taiwan Star were exchanged for the exchange consideration of $317,172 on the date of the merger, resulting in a cumulative loss on disposal of $663,293, which was reclassified from other equity 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, 2023 and 2022, will be $309,886 and $156,692, 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, 2023 and 2022, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals for its loans.

(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable – measured at amortized cost	$ 158,625,335	170,615,775
Accounts receivable – fair value through other comprehensive income	28,158,504	16,091,084
	186,783,839	186,706,859
Less: allowance for uncollectible accounts	(3,691,908)	(3,642,881)
recorded as credit balance of investments in equity method	(24,107)	(27,599)
	$ 183,067,824	**183,036,379**
Notes and accounts receivable, net	**$ 171,591,962**	**169,758,431**
Notes and accounts receivable – related parties, net	**$ 11,475,862**	**13,277,948**

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.

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The loss allowance provision of notes and accounts receivable were determined as follows:

	December 31, 2023			
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 176,317,572	0%	-	No
Level B	6,847,571	1.069%	73,212	No
Level C	3,618,696	100%	3,618,696	Yes
	$ 186,783,839		**3,691,908**	

	December 31, 2022			
Credit rating	**Carrying amount of notes and accounts receivable**	**Weighted-average ECL rate**	**Lifetime ECLs**	**Credit-impaired**
Level A	$ 176,980,832	0%	-	No
Level B	6,102,290	0.314%	19,144	No
Level C	3,623,737	100%	3,623,737	Yes
	$ 186,706,859		**3,642,881**	

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

	December 31, 2023	**December 31, 2022**
Overdue 1 to 180 days	**$ 1,419,193**	**1,306,052**

The movements in the allowance for notes and accounts receivable were as follow:

	2023	**2022**
Balance at January 1	$ 3,642,881	3,632,789
Impairment losses recognized	49,027	10,092
Balance at December 31	**$ 3,691,908**	**3,642,881**

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.

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COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

The Company entered into accounts receivable factoring agreements with banks. As of December 31, 2023 and 2022, except for the amount used under the actual sales amount in accordance with certain agreements, the factoring amount granted by the banks were USD 2,100,000 thousands and USD 1,600,000 thousands, respectively. 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, 2023 and 2022, accounts receivable factored were recovered.

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, 2023 and 2022, accounts receivable factored were recovered.

The details of the factored accounts receivable at the reporting date were as follows:

December 31, 2023							
	Accounts receivable factored	Amount advanced		Amount recognized in other		Amount	
Purchaser	(gross)	Unpaid	Paid	receivables	Collateral	derecognized	Interest rate
Financial Institution	$ 13,185,468	-	13,185,468	-	-	13,185,468	6.01%~6.20%

December 31, 2022							
	Accounts receivable factored	Amount advanced		Amount recognized in other		Amount	
Purchaser	(gross)	Unpaid	Paid	receivables	Collateral	derecognized	Interest rate
Financial Institution	$ 30,110,005	-	30,110,005	-	-	30,110,005	4.74%~5.61%

As of December 31, 2023 and 2022, the Company did not provide any aforementioned notes and accounts receivable as collaterals.

(e) Other receivables

	December 31, 2023	December 31, 2022
Other receivables - loans to subsidiaries	$ 3,208,385	2,979,700
Other receivables - related parties	281,621	221,214
Others	461,767	661,570
	$ 3,951,773	3,862,484

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

As of December 31, 2023 and 2022, none of other receivables were past due.

(f) Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 10,291,518	15,471,653
Work in progress	1,414,789	1,276,477
Raw materials	39,337,185	36,316,027
	$ 51,043,492	53,064,157

(i) During the years ended December 31, 2023 and 2022, inventory cost recognized as cost of sales amounted to $846,864,149 and $975,074,956, respectively.

(ii) Due to sale and scrap of slow-moving inventories, the net realizable value of inventory recovered, and the reversal of inventory write-down and slow-moving losses amounted to $1,775,969 for the year ended December 31, 2023. The loss due to the write-down of inventories to net realizable value amounted $937,684 for the year ended December 31, 2022.

(iii) As of December 31, 2023 and 2022, 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:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 101,604,769	93,821,244
Associates	3,051,907	3,259,336
	104,656,676	97,080,580
Plus: Recorded as accounts receivable and other receivables-related parties	224,107	227,599
Credit balance of investments in equity method (recorded as other non-current liability)	827,770	961,854
Less: unrealized profits or losses	(211,671)	(10,157)
	$ 105,496,882	98,259,876

(i) Subsidiaries

Please refer to the consolidated financial statement for the year ended December 31, 2023.

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(ii) Associates

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

	December 31, 2023	December 31, 2022
Allied Circuit Co., Ltd. ("Allied Circuit")	$ 1,574,448	1,031,010
Avalue Technology Inc. ("Avalue")	1,783,426	1,214,819
	$ 3,357,874	**2,245,829**

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

	2023	2022
The Company's share of the loss of associates	**$ (269,077)**	**(179,262)**

3) The Company's financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually immaterial associates	**$ 3,051,907**	**3,259,336**

	2023	2022
The Company's share of the net income (loss) of associates:		
Loss from continuing operations	$ (269,077)	(179,262)
Other comprehensive income (loss)	2,077	149,704
Total comprehensive income (loss)	**$ (267,000)**	**(29,558)**

(iii) As of December 31, 2023 and 2022, 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 on March 7, 2022. 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	(563,868)
	$ 37,060

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

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) Cancellation of subsidiaries' restricted shares and conversion of convertible bonds

Arcadyan Technology Corp. ("Arcadyan") canceled 30 thousand restricted shares in the year ended December 31, 2022. Whereas, Arcadyan issued 3,892 thousand new shares due to the conversion of convertible bonds during 2022. This event resulted in a decrease of 0.59% the ownership of the Company and its subsidiaries in Arcadyan in the year ended December 31, 2022.

Compal Broadband Network Inc. ("CBN") canceled 364 thousand and 469 thousand restricted shares in the years ended December 31, 2023 and 2022. These two events, respectively, resulted in an increase of 0.32% and 0.43% the ownership of the Company and its subsidiaries in CBN in the years ended December 31, 2023and 2022.

2) Issuance of new shares for cash of subsidiaries

The Company purchased newly issued shares of Aco Smartcare Co., Ltd. ("Aco Smartcare") amounting to $69,083 at a percentage different from its existing ownership percentage in July, 2023, resulting in an increase in the ownership of the Company in Aco Smartcare from 52.04% to 71.46%.

3) The acquisition of additional equity in the subsidiary

In June 2022, the Company acquired 0.12% of equity interest in General Life Biotechnology Co., Ltd. ("GLB") from minority shareholders with $700 in cash, increasing equity from 50.00% to 50.12%.

4) The following summarizes the effect of changes in equity of the Company due to changes in the ownership interest of subsidiaries:

	2023	2022
Capital surplus – changes in ownership interest in subsidiaries	$ 2,213	33,397
Retained earnings	(16,652)	(2,260)
	$ (14,439)	**31,137**

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, 2023 and 2022, were as follows:

	Land	Buildings and building improvement	Other equipment	Under construction and prepayment for purchase of equipment	Total
Cost:					
Balance on January 1, 2023	$ 1,047,797	2,449,934	3,042,254	23,257	6,563,242
Additions	-	3,384	178,319	74,688	256,391
Disposals and derecognitions	-	(16,139)	(362,323)	-	(378,462)
Reclassifications	-	10,719	59,170	(69,889)	-
Balance on December 31, 2023	**$ 1,047,797**	**2,447,898**	**2,917,420**	**28,056**	**6,441,171**
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	**$ 1,047,797**	**2,449,934**	**3,042,254**	**23,257**	**6,563,242**
Depreciation and impairments loss:					
Balance on January 1, 2023	$ -	1,650,666	2,495,267	-	4,145,933
Depreciation for the period	-	90,763	295,867	-	386,630
Disposals and derecognitions	-	(16,139)	(309,541)	-	(325,680)
Balance on December 31, 2023	**$ -**	**1,725,290**	**2,481,593**	**-**	**4,206,883**
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	**$ -**	**1,650,666**	**2,495,267**	**-**	**4,145,933**
Carrying amounts:					
Balance on December 31, 2023	**$ 1,047,797**	**722,608**	**435,827**	**28,056**	**2,234,288**
Balance on January 1, 2022	**$ 1,047,797**	**874,044**	**535,646**	**27,476**	**2,484,963**
Balance on December 31, 2022	**$ 1,047,797**	**799,268**	**546,987**	**23,257**	**2,417,309**

As of December 31, 2023 and 2022, the Company did not provide property, plant and equipment as collateral for its borrowing.

(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:

	Buildings	Vehicles	Total
Cost:			
Balance on January 1, 2023	$ 2,068,450	28,723	2,097,173
Additions	478,563	-	478,563
Deductions	(462,408)	(26,659)	(489,067)
Balance on December 31, 2023	**$ 2,084,605**	**2,064**	**2,086,669**
Balance on January 1, 2022	$ 2,263,891	28,374	2,292,265
Additional	151,796	532	152,328
Deductions	(347,237)	(183)	(347,420)
Balance on December 31, 2022	**$ 2,068,450**	**28,723**	**2,097,173**
Depreciation:			
Balance on January 1, 2023	$ 1,040,187	23,620	1,063,807
Depreciation for the period	435,903	4,119	440,022
Deductions	(423,802)	(26,659)	(450,461)
Balance on December 31, 2023	**$ 1,052,288**	**1,080**	**1,053,368**
Balance on January 1, 2022	$ 927,542	17,464	945,006
Depreciation for the period	440,095	6,156	446,251
Deductions	(327,450)	-	(327,450)
Balance on December 31, 2022	**$ 1,040,187**	**23,620**	**1,063,807**
Carrying amount:			
Balance on December 31, 2023	**$ 1,032,317**	**984**	**1,033,301**
Balance on January 1, 2022	**$ 1,336,349**	**10,910**	**1,347,259**
Balance on December 31, 2022	**$ 1,028,263**	**5,103**	**1,033,366**

(l) Short-term borrowings

The details of short-term borrowings were as following:

	December 31, 2023	December 31, 2022
Unsecured bank loans	**$ 46,917,800**	**53,068,579**
Unused credit line for short-term borrowings	**$ 106,729,000**	**94,657,000**
Range of interest rates	**1.62%~6.15%**	**1.45%~5.38%**

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

(m) Long-term borrowings

The details of long-term borrowings were as follows:

	December 31, 2023			
	Currency	**Range of annual interest rates**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.64%~2.10%	2024~2027	$ 21,425,000
Unsecured bank loans	USD	6.10%	2024	1,842,300
Less: current portion				(10,742,300)
Total				**$ 12,525,000**
Unused credit line for long-term borrowings				**$ 21,725,000**

	December 31, 2022			
	Currency	**Range of annual interest rates**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.48%~2.06%	2023~2026	$ 30,525,000
Less: current portion				(19,300,000)
Total				**$ 11,225,000**
Unused credit line for long-term borrowings				**$ 12,969,000**

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:

	December 31, 2023	**December 31, 2022**
Current	**$ 352,900**	**249,553**
Non-current	**$ 688,466**	**791,427**

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

The amounts recognized in profit or loss was as follows:

	2023	**2022**
Interest on lease liabilities	**$ 14,735**	**15,115**
Expenses relating to leases of low-value assets or short-term leases	**$ 21,770**	**9,113**

The amounts recognized in the statement of cash flows for the Company was as follows:

	2023	2022
Total cash outflow for leases	$ 475,471	463,819

(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:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ (1,173,609)	(1,185,366)
Fair value of plan assets	604,726	618,425
Net defined benefit liabilities	$ (568,883)	(566,941)

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)

The balance of the Company's labor pension reserve account in the Bank of Taiwan amounted to $581,007 (excluding the ending balance of interest receivable) as of December 31, 2023. 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:

	2023	2022
Defined benefit obligations on January 1	$ (1,185,366)	(1,318,160)
Current service costs and interest	(22,953)	(13,894)
Remeasurements of net benefit liabilities	(16,367)	87,865
Benefit paid by the plan	51,077	58,823
Defined benefit obligations on December 31	**$ (1,173,609)**	**(1,185,366)**

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:

	2023	2022
Fair value of plan assets on January 1	$ 618,425	602,029
Expected return on plan assets	9,811	4,317
Remeasurements of net benefit plan assets	3,510	46,466
Contributions paid by the employer	24,057	24,436
Benefits paid by the plan	(51,077)	(58,823)
Fair value of plan assets on December 31	**$ 604,726**	**618,425**

4) Expenses recognized in profit or loss

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

	2023	2022
Current service cost	$ 3,711	3,952
Net interest on the net defined benefit liability (asset)	9,431	5,625
	$ 13,142	**9,577**
Cost of sales	$ 427	351
Selling expenses	612	456
Administrative expenses	3,270	2,394
Research and development expenses	8,833	6,376
	$ 13,142	**9,577**

(Continued)

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting date:

	December 31, 2023	December 31, 2022
Discount rate	1.40%	1.70%
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 $24,691.

The weighted-average lifetime of the defined benefit plan is 7.6 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:

	Effects to the defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate	(21,684)	22,385
Future salary increasing rate	21,987	(21,412)
December 31, 2022		
Discount rate	(23,229)	23,998
Future salary increasing rate	23,643	(23,005)

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.

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(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 $433,882 and $421,223 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, was as follows:

	2023	2022
Current tax expense		
Recognized during the period	$ 1,365,434	1,627,923
Undistributed earnings additional tax	424,610	157,833
Tax credit of investment	(412,301)	(638,549)
	1,377,743	1,147,207
Deferred tax expense		
Recognition and reversal of temporary differences	(335,670)	(401,887)
	(335,670)	(401,887)
Income tax expense	**$ 1,042,073**	**745,320**

2) The amount of income tax recognized in other comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit obligation	$ (2,571)	26,866
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	121,727	(23,277)
	$ 119,156	**3,589**

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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, 2023 and 2022, was as follows:

	2023	2022
Profit before tax	$ 8,709,700	8,033,612
Income tax calculated based on tax rate	$ 1,741,940	1,606,722
Undistributed earnings additional tax	424,610	157,833
Estimated tax effect of tax exemption on investment income, net	(134,725)	(372,094)
Realized investment loss	(132,659)	(98,000)
Investment tax credit	(412,301)	(638,549)
Changes in temporary differences	(865,073)	362,434
Adjustment of estimated difference and other	420,281	(273,026)
Income tax expense	$ 1,042,073	745,320

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Unrealized exchange losses, net	Refund liabilities	Allowance for obsolescence loss and inventory valuation	Defined benefit plans	Others	Total
Deferred tax assets:						
Balance on January 1, 2023	$ 975,482	286,548	212,236	161,770	107,573	1,743,609
Recognized in profit or loss	758,888	150,248	(89,297)	(2,182)	4,815	822,472
Recognized in other comprehensive income	-	-	-	2,571	-	2,571
Balance on December 31, 2023	$ 1,734,370	436,796	122,939	162,159	112,388	2,568,652
Balance on January 1, 2022	$ 394,836	195,296	164,573	191,608	171,907	1,118,220
Recognized in profit or loss	580,646	91,252	47,663	(2,972)	(64,334)	652,255
Recognized in other comprehensive income	-	-	-	(26,866)	-	(26,866)
Balance on December 31, 2022	$ 975,482	286,548	212,236	161,770	107,573	1,743,609

	Unrealized exchange gains, net	Others	Total
Deferred tax liabilities:			
Balance on January 1, 2023	$ (755,031)	(422,387)	(1,177,418)
Amount increased through business combination	-	-	-
Recognized in profit or loss	(486,802)	-	(486,802)
Recognized in other comprehensive income	-	(121,727)	(121,727)
Balance on December 31, 2023	$(1,241,833)	(544,114)	(1,785,947)

(Continued)

	Unrealized exchange gains, net	Others	Total
Balance on January 1, 2022	$ (504,663)	(445,664)	(950,327)
Amount increased through business combination	-	-	-
Recognized in profit or loss	(250,368)	-	(250,368)
Recognized in other comprehensive income	-	23,277	23,277
Balance on December 31, 2022	$ (755,031)	(422,387)	(1,177,418)

(iii) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 472,981	738,878

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, 2023 and 2022, the aggregate deductible temporary differences relating to investments in subsidiaries not recognized as deferred tax assets amounted to $3,070,351 and $2,618,241, respectively.

As of December 31, 2023 and 2022, the aggregate taxable temporary differences relating to investments in subsidiaries not recognized as deferred tax liabilities amounted to $71,217,500 and $68,285,943, 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, 2023 and 2022, 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.

(Continued)

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(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 1,018,088	1,898,477
Treasury share transactions	2,781,989	2,721,968
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	158,285	156,072
Changes in equity of associates and joint ventures accounted for using equity method	275,787	265,297
	$ 4,270,915	**5,078,580**

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, 2023 and March 15, 2022, approved to distribute cash of $881,429 and $1,762,859 (representing 0.2 and 0.4 New Taiwan dollars per share), by using capital surplus.

The Company's Board of Directors' meeting held on February 29, 2024, 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.

(Continued)

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The lifecycle of the industry of the Company is in the growing stage. To consider the need of the Company for the future capital, capital budget, long-term financial planning, domestic and foreign competition, the need of shareholders for cash flow and other factors, if there is any profit after close of books, the dividend and bonus to be distributed to shareholders shall not be less than thirty percent of profit after tax for such year and the cash dividend allocated by the Company each year shall not be lower than ten percent of the total dividend (including cash and share dividend) for such year.

According to the law, when there is a deduction from stockholders' equity (excluding treasury stock and unearned employee benefit) during the year, an amount equal to the deduction item is set aside as a special reserve before the earnings are appropriated. A special reserve is made available for earning distribution only after the deduction of the related shareholders' equity has been reversed.

1) Legal reverse

When a company incurs no loss, it may, in pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares and distributing stock dividends or distributing cash to shareholders. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reverse

During earnings distribution, if the Company has already reclassified a portion of earnings to special reserve, it shall make supplemental allocation of special reserve for any difference between the amount of the current-period total net reduction of other shareholders' equity and the amount it has already allocated. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Distribution for the earnings of 2022 and 2021 were approved in the meeting of the Board of Directors held on March 15, 2023 and March 15, 2022, respectively. The relevant information was as follows:

	2022		2021	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Cash dividends distributed to common shareholders	$ 1.0	**4,407,147**	1.6	**7,051,435**

Distribution for the earnings of 2023 was approved in the meeting of the Board of Directors held on February 29, 2024. The relevant information was as follows:

	2023	
	Amount per share	**Total amount**
Cash dividends distributed to common shareholders from the unappropriated earnings	$ 1.0	**4,407,147**

The related information of the earnings distribution for the year ended December 31, 2023, 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, 2023 and 2022. As of December 31, 2023, 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 39.85 and 23.05 New Taiwan dollars per share as of December 31, 2023 and 2022, 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**	**Unearned compensation for restricted employee shares and others**	**Total**
Balance on January 1, 2023	$ (1,469,711)	(461,103)	(12,290)	(1,943,104)
The Company	(376,004)	1,352,493	-	976,489
Subsidiaries	202,049	354,102	8,854	565,005
Associates	(103,664)	117,980	-	14,316
Balance on December 31, 2023	**$ (1,747,330)**	**1,363,472**	**(3,436)**	**(387,294)**
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	**$ (1,469,711)**	**(461,103)**	**(12,290)**	**(1,943,104)**

(Continued)

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(r) Earnings per share

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

	2023	2022
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ 7,667,627	7,288,292
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	$ 7,667,627	7,288,292
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)	26,813	43,369
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	4,383,943	4,400,499

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023 IT Product Segment	2022 IT Product Segment
Primary geographical markets:		
United States	$ 347,866,867	422,138,779
China	134,279,955	128,937,847
Netherlands	59,845,035	67,399,114
United Kingdom	31,850,768	40,249,464
Others	301,071,590	344,917,587
	$ 874,914,215	1,003,642,791
Major products：		
5C related electronic products	$ 873,568,649	1,002,242,692
Others	1,345,566	1,400,099
	$ 874,914,215	1,003,642,791

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 186,783,839	186,706,859	279,700,604
Less: allowance for impairment	(3,691,908)	(3,642,881)	(3,632,789)
Less: credit balances of investments in equity method	(24,107)	(27,599)	(3,097)
Total	**$ 183,067,824**	**183,036,379**	**276,064,718**
Contract liabilities	**$ 697,526**	**700,046**	**1,032,191**

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, 2023 and 2022 that was included in the balances of contract liability at the beginning of the period were $700,046 and $1,032,191, 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 thereof and to directors as compensations in an amount of not more than two percent 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 $814,143 and $750,945, respectively, and directors' compensation of $43,051 and $39,709 for the years ended December 31, 2023 and 2022, 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 2023 and 2022.

There is no differences between the amount estimated and recognized in the financial statements in 2022. 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, 2023 and 2022, were as follows:

		2023	2022
Interest income from bank deposits	$	789,016	283,350
Other interest income		212,504	83,963
	$	**1,001,520**	**367,313**

(ii) Other income

The other income for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Dividend revenue	$	90,278	60,493
Government grants		84,444	107,861
Rental revenue		26,602	16,993
Other revenue		103,067	148,964
	$	**304,391**	**334,311**

(iii) Other gains and losses

The other gains and losses for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	$	47,871	(17,430)
Foreign currency exchange (losses) gains, net		(799)	818,212
Others		(338)	(10,013)
	$	**46,734**	**790,769**

(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.

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Notes to Parent-Company-Only Financial Statements

2) Receivables and debt securities

For information of exposure to credit risk of notes and accounts receivable, please refer to note (6)(d).

Other financial assets at amortized cost includes other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(f)). Due to the counter parties and the performing parties of the Company' s time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities. Except for lease liabilities, the amounts exclude estimated interest payments.

	Carrying Amount	Contractual cash flows	Within 1 year	1 ~ 2 years	Over 2 years
December 31, 2023					
Non-derivative financial liabilities					
Unsecured borrowings	$ 70,185,100	(70,185,100)	(57,660,100)	(3,500,000)	(9,025,000)
Notes and accounts payable	163,311,482	(163,311,482)	(163,311,482)	-	-
Other payables	12,332,111	(12,332,111)	(12,332,111)	-	-
Lease liabilities─current and non-current	1,041,366	(1,066,268)	(364,918)	(316,947)	(384,403)
	$ 246,870,059	**(246,894,961)**	**(233,668,611)**	**(3,816,947)**	**(9,409,403)**
December 31, 2022					
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	1,040,980	(1,072,067)	(262,093)	(297,430)	(512,544)
	$ 251,936,781	**(251,967,868)**	**(239,932,894)**	**(5,697,430)**	**(6,337,544)**

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

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(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD to TWD	$ 6,898,443	30.705	211,816,692	7,083,219	30.71	217,525,655
THB to TWD	3,237,791	0.8976	2,906,241	652,264	0.8882	579,341
Financial liabilities						
Monetary items						
USD to TWD	6,832,196	30.705	209,782,578	6,429,305	30.71	197,443,957

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, 2023 and 2022, would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	December 31, 2023	December 31, 2022
USD (against the TWD)		
Strengthening 5%	$ 101,706	1,004,085
Weakening 5%	(101,706)	(1,004,085)

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, 2023 and 2022, the foreign exchange (loss) gains, including both realized and unrealized, amounted to loss $799 and gain $818,212, respectively.

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the years ended December 31, 2023 and 2022, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	2023	2022
Interest increased by 0.25%	$ 14,727	28,128
Interest decreased by 0.25%	(14,727)	(28,128)

(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.

	December 31, 2023				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss–non-current					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 337,855	-	-	337,855	337,855
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	2,752,235	2,752,235	-	-	2,752,235
Stocks listed on foreign markets	2,906,241	2,906,241	-	-	2,906,241
Stocks unlisted on domestic markets	276,342	-	-	276,342	276,342
Stocks unlisted on foreign markets	262,892	-	-	262,892	262,892
Accounts receivable	28,158,504	-	28,158,504	-	28,158,504
Subtotal	34,356,214				

(Continued)

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	December 31, 2023				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	20,511,690	-	-	-	-
Notes and accounts receivable, net	143,433,458	-	-	-	-
Notes and accounts receivable due from related parties, net	11,475,862	-	-	-	-
Other receivables	3,951,773	-	-	-	-
Refundable deposits -current and non-current	337,145	-	-	-	-
Subtotal	179,709,928				
Total	$ 214,403,997				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 46,917,800	-	-	-	-
Notes and accounts payable	80,947,046	-	-	-	-
Notes and accounts payable to related parties	82,364,436	-	-	-	-
Other payables	12,332,111	-	-	-	-
Lease liabilities–current and non-current	1,041,366	-	-	-	-
Long-term borrowings current portion	10,742,300	-	-	-	-
Long-term borrowings	12,525,000	-	-	-	-
Deposits received	999	-	-	-	-
Total	$ 246,871,058				

	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss–non-current					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 249,567	-	-	249,567	249,567
Financial assets at fair value through other comprehensive income					
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	16,091,084	-	16,091,084	-	16,091,084
Subtotal	19,224,924				

(Continued)

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	December 31, 2022				
		Fair Value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	30,965,694	-	-	-	-
Notes and accounts receivable, net	153,667,347	-	-	-	-
Notes and accounts receivable due from related parties, net	13,277,948	-	-	-	-
Other receivables	3,862,484	-	-	-	-
Refundable deposits－current and non-current	506,040	-	-	-	-
Subtotal	202,279,513				
Total	$ 221,754,004				
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 53,068,579	-	-	-	-
Notes and accounts payable	78,000,744	-	-	-	-
Notes and accounts payable to related parties	76,181,679	-	-	-	-
Other payables	13,119,799	-	-	-	-
Lease liabilities–current and non-current	1,040,980	-	-	-	-
Long-term borrowings current portion	19,300,000	-	-	-	-
Long-term borrowings	11,225,000	-	-	-	-
Deposits received	4,598	-	-	-	-
Total	$ 251,941,379				

2) Fair value valuation technique of financial instruments not measured at fair value

The Company estimates financial instruments that not measured at fair value by methods and assumption as follows:

a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

(Continued)

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 form one level to another in the year ended December 31, 2022.

The Company held an investment in equity of Airoha Technology Corp., which is classified as fair value through other comprehensive income, with the fair value of \$124,054 and \$114,137 at December 31, 2023 and 2022, respectively. The fair value of the investment was previously categorized as Level 3 at December 31, 2022. This was because the shares were not listed on the exchange market and was measured by significant unobservable inputs. In October 2023, Airoha Technology Corp. listed its equity shares on an exchange and they are currently actively traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

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The Company held an investment in equity of Taiwan Star with a fair value of $418,658, which was classified as a financial asset at fair value through other comprehensive income as of December 31, 2022. The investment was categorized as Level 3 as of December 31, 2022, because the shares were not listed on the exchange market and were measured by significant unobservable inputs. On December 1, 2023, Taiwan Star was absorbed and merged by Taiwan Mobile, and Taiwan Star's shares were exchanged for Taiwan Mobile' s shares, wherein they were actively traded, thus their fair value measurement was transferred from Level 3 to Level 1 as of December 31, 2023.

5) Changes in Level 3

The change in Level 3 at fair value in the years ended December 31, 2023 and 2022, were as follow:

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	$ 249,567	866,439	1,116,006
Total gains and losses recognized:			
In profit or loss	47,871	-	47,871
In other comprehensive income	-	(143,488)	(143,488)
Purchased	40,417	308,850	349,267
Disposal	-	(47,921)	(47,921)
Proceeds of capital reduction of investment	-	(3,420)	(3,420)
Transferred out form Level 3	-	(441,226)	(441,226)
Balance on December 31, 2023	**$ 337,855**	**539,234**	**877,089**
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	**$ 249,567**	**866,439**	**1,116,006**

For the years ended December 31, 2023 and 2022, 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:

	2023	2022
Total gains and losses recognized:		
In profit or loss (as "other gains and losses, net")	**$ 47,871**	**(17,430)**
In other comprehensive income (as "unrealized gains and losses from equity instruments at fair value through other comprehensive income")	**$ (90,840)**	**(169,524)**

6) The quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Company' s financial instruments that use Level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

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

The quantified information for significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income － equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (0.75~2.09 and 2.04~2.89, respectively, on December 31, 2023 and 2022)	The higher the multiple is, the higher the fair value will be.
		Multiples of earnings (17.25 on December 31, 2022)	The higher the multiple is, the higher the fair value will be.
		Lack-of-Marketability discount rate (40%~65% on December 31, 2023 and 2022)	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

(Continued)

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:

			Other comprehensive income	
	Input	**Move up or down**	**Favorable change**	**Unfavorable change**
December 31, 2023				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 8,434	8,311
	Lack-of-Marketability discount rate	5%	$ 2,962	3,085
December 31, 2022				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	$ 6,617	6,433
	Multiples of earnings	5%	$ 2,787	2,771
	Lack-of-Marketability discount rate	5%	$ 3,428	3,628

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.

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(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.

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, 2023 and 2022, the guarantees provide to the subsidiaries amounted to $400,816 and $149,014, 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, 2023 and 2022.

(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, 2023 and 2022, the debt ratio was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 258,671,767	263,238,657
Total assets	$ 378,293,762	379,533,411
Debt ratio	68%	69%

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.

As of December 31, 2023, 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, 2023 and 2022 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:

	January 1, 2023	Cash flow	Other non-cash changes	December 31, 2023
Short-term borrowings	$ 53,068,579	(6,150,779)	-	46,917,800
Long-term borrowings	30,525,000	(7,257,700)	-	23,267,300
Lease liabilities	1,040,980	(438,966)	439,352	1,041,366
Deposits received	4,598	(3,599)	-	999
Total liabilities from financing activities	$ 84,639,157	(13,851,044)	439,352	71,227,465

	January 1, 2022	Cash flow	Other non-cash changes	December 31, 2022
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	170	4,428	-	4,598
Total liabilities from financing activities	$ 104,617,226	(20,109,504)	131,435	84,639,157

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(7) Related-party transactions:

(a) Name and relationship with related parties

The following are the Company's subsidiaries and entities that had transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
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
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") (Note)	The Company's subsidiary

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Name of related party	Relationship with the Company
Mexcom Electronics, LLC (“MEL”)	The Company’s subsidiary
Mexcom Technologies, LLC (“MTL”)	The Company’s subsidiary
Compal Mexico Electromex S.A de C.V. (“CMX”)	The Company’s subsidiary
Compal Americas (US) Inc. (“CUS”)	The Company’s subsidiary
Compal Electronics N.A. Inc. (“CNA”)	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
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

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Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
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
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
Royonnant 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. ("HengHao Kunshan")	The Company's subsidiary
LUCOM Display Technology (Kunshan) Limited ("Lucom")	The Company's subsidiary
HengHao Optoelectronics Technology (Zhejiang) Co., Ltd. ("HengHao Zhejiang")	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 ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the Company
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
FIPOLL Electronics (Chongqing) Co., Ltd. (“FIP”)	The Company’s subsidiary
Billion Sea Holdings Limited (“BSH”)	The Company’s subsidiary
Mithera Capital Io LP (“Mithera”)	The Company’s subsidiary
Compal USA (Indiana), Inc. (“CIN”)	The Company’s subsidiary
Compal Electronics (Vietnam) Co., Ltd. (“CEV”)	The Company’s subsidiary
Fortune Way Technology Corp. (“FWT”)	The Company’s subsidiary
General Life Biotechnology Co., Ltd. (“GLB”)	The Company’s subsidiary
PT GLB BIOTECHNOLOGY INDONESIA	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	The Company’s subsidiary
Starmems Semiconductor Corp. (“Starmems Semiconductor”)	The Company’s subsidiary
Kinpo&Compal Group Assets Development Corporation (“Kinpo&Compal Assets Development”)	The Company’s subsidiary
Compal Electronica DA Amazonia LTDA (“CEA”)	The Company’s subsidiary
Compal Wise Electronic (Vietnam) Co., Ltd. (“CWV”)	The Company’s subsidiary
CGS Technology (Poland) Sp. z o.o. (“CGSP”)	The Company’s subsidiary
Compal Ruifang Health Assets Development Corporation (“Compal Ruifang”)	The Company’s subsidiary
Compal Healthcare & Technology Ltd. (“Compal Healthcare”)	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

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Name of related party	Relationship with the 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

Note: Since the liquidation of AEI was completed in February 2023, AEI was no longer being the Company's subsidiary.

(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	2023	2022
Short-term employee benefits	$ 533,774	478,681
Post-employment benefits	5,711	5,925
	$ 539,485	**484,606**

There are no termination benefits and other long-term benefits.

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:

	2023	2022
Subsidiaries	$ 1,924,106	6,778,358
Associates	168	171
Other related parties	15,710	-
	$ 1,939,984	**6,778,529**

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:

	2023	2022
Subsidiaries		
CSD	$ 64,959,343	129,409,933
Others	211,169,833	249,433,436
	276,129,176	378,843,369
Associates	1,431	633
Other related parties	45,844,067	31,370,385
	$ 321,974,674	**410,214,387**

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, 2023 and 2022, amounted to $361,120 and $316,155, respectively. As of December 31, 2023 and 2022, 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, 2023 and 2022, amounted to $197,057 and $203,283, respectively. As of December 31, 2023 and 2022, 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, 2023 and 2022, were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Notes and accounts receivable	Subsidiaries	$ 5,092,643	8,934,638
Notes and accounts receivable	Other related parties	6,407,326	4,370,909
Other receivables	Subsidiaries - UCGI	74,672	195,183
Other receivables	Subsidiaries - Others	205,371	24,710
Other receivables	Associates	1,514	1,321
Other receivables	Other related parties	64	-
		11,781,590	13,526,761
Less: Credit balance of investments accounted for using the equity method		(24,107)	(27,599)
		$ 11,757,483	13,499,162

As of December 31, 2023 and 2022, 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, 2023 and 2022, were as follows:

Account	Related party categories	December 31, 2023	December 31, 2022
Notes and accounts payable	Subsidiaries - CIT	$ 36,056,165	32,506,355
Notes and accounts payable	Subsidiaries - Others	36,734,285	35,192,564
Notes and accounts payable	Associates	628	493
Notes and accounts payable	Other related parties	9,573,358	8,482,267
Other payables	Subsidiaries	233,282	206,212
Other payables	Other related parties	21,788	20,327
		$ 82,619,506	76,408,218

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

(vii) Property transactions–Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

		2023		
Relationship	**Item**	**Number of shares**	**Object**	**Acquisition price**
Other related party – Acbel	Acquisition of financial assets at fair value through other comprehensive income	6,685 thousand shares	Common stocks of Acbel issued through cash capital increase	259,378
Other related party– Cal- Comp	〃	1,249,470 thousand shares	Common stocks of Cal-Comp issued through cash capital increase	1,718,266

(viii) Property transactions–Disposal of property, plant and equipment

In 2023, the Company sold machinery to the Company’ s subsidiary, CVC. The disposal proceeds in this transaction were $245,656, and the outstanding amount was $187,645, which was recorded as other receivables. Because it was an inter-group transaction, the disposal gain, $201,514, was unrealized and it was recorded as a deduction from investments accounted for using the equity method.

(ix) Loans to related parties

The interest rate of unsecured loans to subsidiaries was 2.19%~6.19%, and the Company had assessed that no bad debt expenses should be recognized. As of December 31, 2023 and 2022, the loans due to related parties were recorded as other receivables.

Account	**Related party categories**	**December 31, 2023**	**December 31, 2022**
Other receivables	Subsidiaries - CEB	$ 921,150	767,750
Other receivables	Subsidiaries - CEA	1,995,825	1,381,950
Other receivables	Subsidiaries - HengHao	200,000	200,000
Other receivables	Subsidiaries - UCGI	230,000	230,000
Other receivables	Subsidiaries - CEP	61,410	-
Other receivables	Subsidiaries - Kinpo & Compal Assets Development	-	600,000
Less: Credit balance of investments in equity method		(200,000)	(200,000)
		$ 3,208,385	2,979,700

(Continued)

As of December 31, 2023 and 2022, 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).

(x) Guarantees

As of December 31, 2023 and 2022, the guarantees provided to subsidiaries were $400,816 and $149,014, 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.

(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	2023			2022		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,087,584	11,160,350	12,247,934	1,171,256	10,508,656	11,679,912
Labor and health insurance	79,553	757,930	837,483	87,235	705,361	792,596
Pension	29,177	417,847	447,024	32,961	397,839	430,800
Remuneration of directors	-	53,010	53,010	-	49,668	49,668
Others	133,880	438,592	572,472	145,492	456,164	601,656
Depreciation	145,727	680,925	826,652	158,378	673,962	832,340
Amortization	9,067	507,924	516,991	10,331	449,810	460,141

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company is as follows:

	2023	2022
Number of employees (Average salaries)	8,720	9,066
Number of directors (non-employees)	11	11
Average benefit expense of employees	$ 1,620	1,491
Average salary expense of employees	$ 1,406	1,290
Percentage of change in average salary expense of employees	8.99 %	6.26 %
Remuneration received by supervisors	$ -	-

Information about salary and compensation policies (including directors, managers and employees) of the Company is as follows:

Directors' remuneration is allocated according to the terms of the Articles of the Incorporation, and no more than 2% of the Company's pre-tax profit in the fiscal year, excluding employees' and directors' compensations, shall be paid to directors as remuneration along with reasonable compensation based on other factors to be taken into consideration, such as the Company's operational performance and the individual directors' contribution to the Company's performance.

Remuneration of the independent directors' of the Company is allocated according to the terms of the Articles of the Incorporation, as well as the involvement level in the corporate operation, contribution value, responsibility that is taken, risk that is borne by the independent directors and reference of competitors from the same industry. The remuneration is proposed by the Remuneration Committee and resolved by the Board of Directors.

The Company's remuneration policy for managers has been established based on various factors including the Company's wage policy, the average wage offered by competitors for the same position, the duties and responsibilities for the position in question, and the manager's actual contribution to the Company's operational objectives.

The Company's procedure for determining remuneration takes into account the Company's overall operational performance as well as includes employee's personal performance and their contribution to the Company's performance in order to determine a reasonable compensation. Relevant salaries and compensations are reviewed by the Remuneration Committee and resolved by the Board of Directors. The Company will frequently examine the latest developments in the global economy, international financial environment, and change of the industry condition in order to predict its operational development, profit status, operational risks and changes in pertinent regulations in the near future in order to review the compensation system, thereby reach a balance between the Company's sustainable operation and relevant risk control.

COMPAL ELECTRONICS, INC.
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 Company for the year ended December 31, 2023:

(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, 2023 (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

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	269,519,000	6.74 %

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.

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

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 2023.

COMPAL ELECTRONICS, INC.

Statement of cash and cash equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars;
in thousands of Foreign Currency)

Item	Description	Amount
Cash on hand		$ 2,399
Checking account and demand deposits	TWD	165,374
	Foreign currency (USD$561,580 and others)	17,257,407
		17,422,781
Time deposits	Foreign currency (USD$80,000, Maturity date: 2024.1.5~ 2024.1.25, Rate: 5.65%~5.85%)	2,456,400
	Foreign currency (CNY$3,700, Maturity date: 2024.1.8~2024.2.6, Rate: 2.50%~2.75%)	16,010
		2,472,410
Cash equivalents:		
Bonds purchased under resale agreements	Foreign currency (USD$20,000, Maturity date: 2024.1.5, Rate: 5.65%~5.68%)	614,100
		614,100
Total		**$ 20,511,690**

Note: The exchange rate is 30.705 New Taiwan dollars for 1 US Dollar; 4.327 New Taiwan Dollars for 1 CNY.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of notes and accounts receivable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
D Company	Sales of non-related parties	$ 101,627,280
E Company	〃	24,205,094
A Company	〃	21,891,893
B Company	〃	9,960,534
Others (Note)	〃	17,599,069
		175,283,870
Less: allowance for uncollectible accounts		(3,691,908)
Notes and accounts receivable, net		**$ 171,591,962**

Note: The amount of individual client included in others does not exceed 5% of the account balance.

Statement of inventories

Item	Cost	Net Realizable Value
Finished goods	$ 10,291,518	10,584,200
Work in progress	1,414,789	1,414,789
Raw materials	39,337,185	39,337,185
Total	**$ 51,043,492**	**51,336,174**

(Continued)

COMPAL ELECTRONICS, INC.

Statement of changes in accumulated impairment of investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars; thousands of shares)

	Beginning Balance		Increase (Note 1)		Decrease (Note 2)			Ending Balance (including impairment loss)				
Investee Company	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	$ 158,398	-	-	-	-	4,718	3,000	163,116	(8,930)	154,186	154,186
Panpal	500,000	5,688,229	-	392,905	-	3,675	6,725	500,000	6,084,184	(760,821)	5,323,363	5,940,563
Just	48,010	10,461,265	-	-	-	-	286,164	48,010	10,747,429	(161,653)	10,585,776	10,585,776
CIH	53,001	42,681,945	-	-	-	-	2,551,767	53,001	45,233,712	(159,936)	45,073,776	45,060,928
CEH	1	3,906,656	-	-	-	-	-	1	3,906,656	(288,018)	3,618,638	3,618,638
Gempal	90,000	2,063,087	-	25,839	-	149,337	126,784	90,000	2,066,373	(15,491)	2,050,882	2,412,195
Hong Ji	100,000	1,168,785	-	1,141	-	88,897	111,601	100,000	1,192,630	290	1,192,920	1,192,920
Hong Jin	29,500	374,329	-	582	-	38,845	51,046	29,500	387,112	(62)	387,050	387,050
Compal Ruifang	10,000	99,940	20,000	200,000	-	-	538	30,000	300,478	-	300,478	300,478
Compal Healthcare	-	-	2,000	20,000	-	-	3	2,000	20,003	-	20,003	20,003
Poindus Systems	11,768	324,783	-	3,770	-	2,354	11,194	11,768	337,393	512	337,905	300,845
Allied Circuit	10,158	438,890	-	274	-	74,526	40,477	10,158	405,115	(113)	405,002	1,574,448 (Note 4)
Bizcom	100	467,514	-	-	-	-	11,411	100	478,925	(15,392)	463,533	463,533
Lipo Holding Co., Ltd. (“LIPO”)	98	425,647	-	-	-	-	(356,076)	98	69,571	(26,456)	43,115	43,115
Crownpo	3,739	42,912	-	-	-	1,426	(39,020)	3,739	2,466	(1,845)	621	621
Arcadyan	41,305	2,662,827	-	5,213	-	270,701	453,726	41,305	2,851,065	3,880	2,854,945	7,042,418 (Note 3)
FGH	89,755	4,958,349	-	-	-	316	(246,117)	89,755	4,711,916	(550,226)	4,161,690	4,161,690
HSI	42,700	313,063	-	-	-	-	221,560	42,700	534,623	(85,343)	449,280	449,280
Lead-Honor Optronics Co., Ltd.(“Lead-Honor”)	2,772	(3)	-	-	-	-	-	2,772	(3)	3	-	-
CBN	29,060	627,803	-	-	-	16,050	(142,346)	29,060	469,407	(78)	469,329	796,249 (Note 3)
Kinpo Group Management	300	4,882	-	-	-	-	162	300	5,044	-	5,044	6,204
Rayonnant Technology	29,500	197,685	-	-	-	-	15,649	29,500	213,334	2,564	215,898	215,898
CRH	12,500	277,615	-	-	-	-	19,254	12,500	296,869	9,792	306,661	306,661
HengHao	20,015	(718,080)	-	-	-	-	25,773	20,015	(692,307)	(75,656)	(767,963)	(767,963)
Infinno Technology Corp. (“Infinno”)	4,648	32,062	-	-	-	-	(7,212)	4,648	24,850	-	24,850	24,850
CEP	136	(17,031)	-	-	-	-	3,540	136	(13,491)	(10,616)	(24,107)	(24,107)
BCI	90,820	8,257,996	-	-	-	-	572,422	90,820	8,830,418	297,829	9,128,247	9,128,247
APE	31,253	1,381,132	-	118,000	-	13,433	11,885	31,253	1,497,584	24,030	1,521,614	1,521,614
CORE	147,000	7,434,250	-	-	-	-	417,529	147,000	7,851,779	228,061	8,079,840	8,079,840
Unicore	20,000	84,482	-	-	-	-	(17,243)	20,000	67,239	-	67,239	67,239
Ripal	6,000	122,458	-	-	-	-	(7,998)	6,000	114,460	-	114,460	114,460
CPE	6,427	875,954	-	-	-	-	34,757	6,427	910,711	(12,541)	898,170	898,170
Avalue	14,924	730,872	-	1,392	-	73,748	125,916	14,924	784,432	(4,950)	779,482	1,783,426 (Note 4)
Etrade	46,900	(261,818)	-	-	-	-	105,576	46,900	(156,242)	(103,565)	(259,807)	(259,807)
Webtek	100	850,799	-	-	-	-	(151,389)	100	699,410	(88,416)	610,994	610,994
Forever	50	1,612,866	-	-	-	-	17,232	50	1,630,098	(84,291)	1,545,807	1,545,807
UCGI	20,000	162,613	-	-	-	-	(80,146)	20,000	82,467	-	82,467	82,467
Palcom	10,000	112,687	-	-	-	3,196	(11,339)	10,000	98,152	-	98,152	98,152
Mactech	21,756	262,227	-	5,788	-	15,882	20,848	21,756	272,981	-	272,981	272,981
GLB	15,035	371,580	-	-	-	13,231	21,862	15,035	380,211	(877)	379,334	268,946
Shennona	-	15,999	-	-	-	-	(430)	-	15,569	663	16,232	16,232
CMX	-	-	-	77,997	-	-	15,018	-	93,015	(373)	92,642	92,642
Hippo Screen	9,100	34,975	-	-	-	-	(24,404)	9,100	10,571	-	10,571	(1,903)
Shennona TW	600	3,696	1,400	14,000	-	-	163	2,000	17,859	-	17,859	17,859
Aco Smartcare	100,000	44,330	230,276	69,083	-	11,661	(36,581)	330,276	65,171	-	65,171	37,358
ARCE	20,000	23,708	24,540	108,684	-	1,926	(26,180)	44,540	104,286	-	104,286	95,414
CGSP	-	84,075	-	-	-	-	344	-	84,419	8,334	92,753	92,753
Starmems Semiconductor	3,500	24,990	-	-	-	-	(12,731)	3,500	12,259	-	12,259	12,259
Kinpo & Compal Assets Development	52,500	505,547	350,000	3,500,000	-	-	(19,145)	402,500	3,986,402	-	3,986,402	3,986,402
Raypal	4,646	186,922	-	-	-	-	(19,029)	4,646	167,893	-	167,893	52,314
Subtotal		99,563,892		4,544,668		779,204	4,088,258		107,417,614	(1,879,691)	105,537,923	
Exchange differences on transaction of foreign financial statements		(1,602,065)		-		277,626	-		(1,879,691)		-	
Less: Treasury shares held by subsidiaries		(881,247)		-		-	-		(881,247)		(881,247)	
Unrealized profits or losses		(10,157)		-		-	-		(10,157)		(211,671)	
Subtotal		97,070,423		4,544,668		1,056,830	4,088,258		104,646,519		104,445,005	
Plus: Deduction of accounts receivable and other receivable		227,599									224,107	
Plus: Credit balance of investment in equity method		961,854									827,770	
Total		$ 98,259,876									105,496,882	

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, unrealized gain on disposal of fixed assets, 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, 2023.

Note 4：The unit price is calculated by the closing price of Taipei Exchange as of December 31, 2023.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase (Note 1)		Decrease (Note 2)		Ending Balance		
Investee Company	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Collaterals or Pledged Assets
Kinpo	124,044	$ 1,674,591	-	341,120	-	-	124,044	2,015,711	None
Cal-Comp	281,233	579,341	1,272,906	2,326,900	-	-	1,554,139	2,906,241	None
Taiwan Star	98,046	418,658	-	-	98,046	418,658	-	-	None
Taiwan Mobile	-	-	3,197	317,172	-	1,918	3,197	315,254	None
Others	-	461,250	-	649,068	-	149,814	-	960,504	None
Total		$ 3,133,840		3,634,260		570,390		6,197,710	

Note 1: Increase included transfer of the invested company's surplus to capital, acquiring financial assets at fair value through other comprehensive income through stock exchange due to merger and absorption, purchasing financial assets at fair value through other comprehensive income, unrealized gains on financial instruments at fair value, and deferred tax for unrealized gains.

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, eliminating financial assets at fair value through other comprehensive income through stock exchange due to merger and absorption, 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, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note (6)(j).

Statement of short-term borrowings

December 31, 2023

Creditor	Description	Contract Period	Interest Rate	Loan Commitments	Collaterals or Pledged Assets	Ending balance
China Construction Bank Corporation	Credit Loans	2023.11~2024.03	Note	$ 6,141,000	None	5,977,550
DBS Bank Limited	〃	2023.12~2024.01	〃	6,141,000	None	4,605,750
Bank of Communications Co., Ltd.	〃	2023.11~2024.03	〃	6,141,000	None	3,000,000
E.SUN Commercial Bank	〃	2023.10~2024.01	〃	4,000,000	None	3,684,600
United Overseas Bank	〃	2023.11~2024.01	〃	4,605,750	None	3,070,500
Taipei Fubon Commercial Bank Co., Ltd.	〃	2023.10~2024.01	〃	4,145,175	None	4,074,675
Cathay United Bank	〃	2023.12~2024.01	〃	5,526,900	None	5,526,900
Bank Sinopac Company Limited	〃	2023.12~2024.02	〃	2,000,000	None	1,200,000
Mega International Commercial Bank Co., Ltd.	〃	2023.11~2024.02	〃	2,000,000	None	1,688,775
Oversea-Chinese Banking Corporation Limited	〃	2023.11~2024.02	〃	3,070,500	None	1,500,000
HSBC Bank (Taiwan) Limited	〃	2023.12~2024.03	〃	1,842,300	None	1,842,300
The Hongkong and Shanghai Banking Corporation Limited	〃	2023.12~2024.03	〃	4,759,275	None	4,298,700
Banco Bilbao Vizcaya Argentaria Bank	〃	2023.12~2024.01	〃	6,448,050	None	6,448,050
				$ 56,820,950		46,917,800

Note: The range of interest rates of aforementioned loans were 1.62%~6.15%.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of notes and accounts payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Suppliers	Amount
E Company	$ 22,370,967
C Company	8,721,574
J Company	8,469,099
A Company	8,177,892
B Company	4,688,693
D Company	4,387,295
Others (Note)	24,131,526
Total	**$ 80,947,046**

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

COMPAL ELECTRONICS, INC.

Statement of long-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Loan Commitments	Amount: Loan within 1 year	Amount: Loan more than 1 year	Contract Period	Interest Rate	Amount	Collaterals or Pledged Assets
Bank of Taiwan	$ 5,000,000	1,000,000	3,500,000	2023.12~2026.12	Note	4,500,000	None
Yuan Ta Commercial Bank	3,000,000	3,000,000	-	2023.12~2024.03	〃	3,000,000	None
Taipei Fubon Commercial Bank Co., Ltd.	3,000,000	2,842,300	-	2023.11~2024.02	〃	2,842,300	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	2023.06~2027.06	〃	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.	3,500,000	-	900,000	2023.11~2026.11	〃	900,000	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	5,066,325	2,000,000	-	2023.09~2024.09	〃	2,000,000	None
Bank SinoPac Co., Ltd.	3,300,000	-	825,000	2022.12~2026.12	〃	825,000	None
	$ 32,166,325	10,742,300	12,525,000			23,267,300	

Note: The range of interest rates of aforementioned loans were 1.64%~6.10%.

(Continued)

COMPAL ELECTRONICS, INC.

Statement of lease liabilities

December 31, 2023

Item	Description	Lease term	Discount rate	Ending balance
Buildings	For office and factory space	1~10 years	1.60%	$ 1,040,368
Vehicles	For operating activities	3~5 years	1.60%	998
				1,041,366
Less：Current portion				(352,900)
Lease liabilities–Non-Current				**$ 688,466**

Statement of other payables

Item	Description	Amount
Payroll payables and year-end bonuses payable	Payroll for December 2023, estimated year-end bonuses for 2023, and employees and directors' compensations	$ 4,752,076
Import and export fee payables		882,650
Technical service fee payables		1,070,188
Others (Note)		5,627,197
Total		**$ 12,332,111**

Note: The amount of each item in others does not exceed 5% of the account balance.

COMPAL ELECTRONICS, INC.

Statement of operating revenue

For the year ended December 31, 2023

Item	Quantity	Amount
Sales revenue:		
5C electronic products	Note	$ 875,425,008
Others		680,475
Less: Sales return		(779,184)
Sales allowance		(1,757,650)
Net sales		873,568,649
Other operating revenue:		
Service and processing revenue		1,345,566
Net sales revenue		**$ 874,914,215**

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, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials, beginning of the year	$ 40,296,164
Add: Purchases	530,395,314
Less: Raw materials, end of the year	(41,514,319)
Transferred to operating expense	(18,215)
Cost of material sold	26,156,601
Scraps	(1,680,095)
Raw materials used	553,635,450
Direct labor	553,586
Manufacturing expenses	1,219,070
Total Manufacturing costs	555,408,106
Add: Work-in-process, beginning of the year	1,276,477
Others	3
Less: Work-in-process, end of the year	(1,414,789)
Scraps	(15,352)
Cost of finished goods	555,254,445
Add: Finished goods, beginning of the year	15,479,353
Purchases	308,536,527
Others	1,707,327
Less: Finished goods, end of the year	(10,326,252)
Transferred to operating expense (entertainment expense, sample expense, and others)	(980,466)
Costs of sales of finished goods and processing costs	869,670,934
Maintenance costs	3,430,338
Cost of material sold	(26,156,601)
Allowance for obsolescence loss and inventory valuation	(1,775,969)
Scrap loss of inventory	1,695,447
Cost of sales	**$ 846,864,149**

(Continued)

COMPAL ELECTRONICS, INC.

Statement of operating expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item		Selling expenses	Administrative expenses	Research and development expenses
Payroll expenses	$	365,677	1,804,081	8,990,592
Export expenses		271,649	-	-
Royalty expenses		290,665	-	-
Research expenses		-	-	1,520,277
Shipping expenses		3,025,462	7,859	2,764
Sample expenses		474,904	9	1,536
Others (Note)		240,103	1,154,751	2,571,766
Total	**$**	**4,668,460**	**2,966,700**	**13,086,935**

Note: The amount of each item in others does not exceed 5% of the account balance.

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Table 1 Loans to other parties:
(December 31, 2023)

(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	460,000	230,000	230,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	HengHao	Other receivables	Y	400,000	200,000	200,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	CEB	Other receivables	Y	1,751,250	921,150	921,150	5.00%~6.19%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,150,000	550,000	-	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	4,555,887	47,848,798	(Note 1)
0	The Company	CEA	Other receivables	Y	3,508,925	1,995,825	1,995,825	5.00%~6.19%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
0	The Company	CEP	Other receivables	Y	62,510	61,410	61,410	6.09%	Short-term financing	-	Operating demand	-	-	-	23,924,399	47,848,798	(Note 1)
1	CIH	CEP	Other receivables	Y	64,850	-	-	6.61%	Short-term financing	-	Operating demand	-	-	-	45,060,928	45,060,928	(Note 2)
2	CPC	CIC	Other receivables	Y	886,700	432,700	432,700	2.10%~2.20%	Short-term financing	-	Operating demand	-	-	-	2,832,493	2,832,493	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,269,750	2,149,350	1,780,890	6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	Rayonnant Technology (Taicang)	Other receivables	Y	81,063	-	-	6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	1,887,150	921,150	921,150	5.75%~6.61%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
3	CIT	CEA	Other receivables	Y	324,250	307,050	307,050	6.09%	Short-term financing	-	Operating demand	-	-	-	27,565,296	27,565,296	(Note 4)
4	CPO	CIT	Other receivables	Y	1,330,050	649,050	649,050	2.10%~2.20%	Short-term financing	-	Operating demand	-	-	-	3,111,110	3,111,110	(Note 5)
4	CPO	CEA	Other receivables	Y	972,750	921,150	921,150	6.09%	Short-term financing	-	Operating demand	-	-	-	3,111,110	3,111,110	(Note 5)
5	CET	BT	Other receivables	Y	532,680	259,620	173,080	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	5,045,678	5,045,678	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,600,000	1,000,000	1,000,000	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,376,225	2,376,225	(Note 7)
6	Panpal	HengHao	Other receivables	Y	1,200,000	600,000	600,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,376,225	2,376,225	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	1,783,375	1,688,775	1,688,775	6.61%	Short-term financing	-	Operating demand	-	-	-	10,930,282	10,930,282	(Note 8)
7	CIC	CEB	Other receivables	Y	324,250	307,050	307,050	6.09%	Short-term financing	-	Operating demand	-	-	-	10,930,282	10,930,282	(Note 8)
8	BSH	CIN	Other receivables	Y	583,650	506,633	337,756	6.61%	Short-term financing	-	Operating demand	-	-	-	8,255,369	8,255,369	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	-	-	2.29%	Short-term financing	-	Operating demand	-	-	-	964,878	964,878	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting Co., Ltd.	Other receivables	Y	15,000	5,000	5,000	2.19%~2.29%	Short-term financing	-	Operating demand	-	-	-	13,749	964,878	(Note 10)
10	CGSP	CEP	Other receivables	Y	64,850	61,410	-	6.61%	Short-term financing	-	Operating demand	-	-	-	92,753	92,753	(Note 11)
11	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	450,000	450,000	430,000	2.29%	Short-term financing	-	Operating demand	-	-	-	477,167	477,167	(Note 12)
12	Hong Jin	Hippo Screen	Other receivables	Y	35,000	35,000	20,000	2.19%	Short-term financing	-	Operating demand	-	-	-	154,819	154,819	(Note 13)
13	Arcadyan	Acradyan Brasil	Other receivables	Y	63,720	-	-	5.00%	Short-term financing	-	Operating financing	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Acradyan Brasil	Other receivables	Y	64,870	61,410	42,987	5.50%	Short-term financing	-	Operating financing	-	-	-	2,960,444	5,920,889	(Note 14)

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 1 Loans to other parties:

(December 31, 2023)

(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			
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	304,800	-	-	1.00%	Transaction for business between two parties	14,676,990	-	-	-	-	2,960,444	5,920,889	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	324,350	307,050	-	5.50%	Transaction for business between two parties	19,589,790	-	-	-	-	2,960,444	5,920,889	(Note 14)
14	Arcadyan Holding	CNC	Other receivables	Y	1,946,100	1,842,300	-	5.50%	Short-term financing	-	Operating financing	-	-	-	2,245,049	2,245,049	(Note 15)
15	Poindus Systems	Adasys	Long-term receivables	Y	43,843	22,087	22,087	2.00%~4.57%	Transaction for business between two parties	67,310		-	-	-	51,844	207,377	(Note 16)
15	Poindus Systems	Poindus UK	Long-term receivables	Y	26,169	25,448	25,448	1.00%	Transaction for business between two parties	37,638		-	-	-	51,844	207,377	(Note 16)

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 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 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 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 12: 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 13: According to Hong Jin'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 Jin. When a short-term financing facility with Hong Jin 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 Jin's total amount of lendable capital, and shall be combined with the Hong Jin'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 Jin, and shall be combined with the company's endorsements/guarantees for the borrower when calculating.

Note 14: 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 15: 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 16: 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.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 2 Guarantees and endorsements for other parties:

(December 31, 2023)

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	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 and 3)	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
0	The Company	CEP	(Note 4)	28,876,015	57,285	18,676	18,676	-	0.02%	57,752,031	Y	-	-
0	The Company	CEB	(Note 5)	28,876,015	376,130	356,178	356,178	-	0.31%	57,752,031	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	28,876,015	26,670	25,962	25,962	-	0.02%	57,752,031	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,973,629	243,263	230,288	-	-	1.56%	5,920,889	Y	-	-
2	Poindus Systems	Qijie	(Note 5)	103,688	30,710	-	-	-	0.00%	259,221	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, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Holding percentage (%)	Ending balance: Fair value	Note
The Company	Taiwan Mobile	-	Financial assets at fair value through other comprehensive income-non-current	3,197	315,254	-	315,254	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	2,015,711	8%	2,015,711	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	1,554,139	2,906,241	15%	2,906,241	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	48	13,553	10%	13,553	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	13,515	11%	13,515	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	10,800	3%	10,800	
	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	6,685	274,754	1%	274,754	
	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	13,361	1%	13,361	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	7%	36,000	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	124,055	-	124,055	
	ITH Corporation	-	Financial assets at fair value through other comprehensive income-non-current	8,000	225,989	2%	225,989	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non-current	-	179,175	2%	179,175	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non-current	5,000	91,000	8%	91,000	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non-current	6,000	67,680	19%	67,680	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		146,801		146,801	
	Total				6,535,565			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	1,261,176	1%	1,261,176	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,127,257	5%	1,127,257	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	822,420	5%	822,420	
	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	11,332	465,740	2%	465,740	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	71,387	6%	71,387	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	8,680	160,061	3%	160,061	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 3 Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(December 31, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	Note
Panpal	Others	-	Financial assets at fair value through other comprehensive income-non-current		9,384		9,384	
	Total				3,917,425			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	732,019	-	732,019	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,291	71,365	6%	71,365	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		952		952	
	Total				804,336			
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	-	48,112	7%	48,112	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	35,442	6%	35,442	
	Golden Smarthome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	2%	-	
	Total				83,554			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	11,790	-	11,790	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non-current	-	-	19%	-	(Note 1)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	138,172	-	138,172	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	4,328	17%	4,328	
CIT	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non-current	-	502,738	-	502,738	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non-current	-	62,733	-	62,733	
	ABG Capital PartnersV, LP	-	Financial assets at fair value through profit or loss-non-current	-	266,074	-	266,074	
	Total				328,807			

Note 1：The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 4 Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Security		Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Others		Ending Balance	
	Name	Category				Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Gain (loss) on disposal	Shares/ Units	Amount	Shares/ Units	Amount
The Company	Kinpo & Compal Group Assets Development Corporation	Stock	Investments accounted for using equity method	(Note 1)	(Note 5)	52,500	505,547	350,000	3,500,000	-	-	-	-	-	(19,145) (Note 2)	402,500	3,986,402
The Company	Cal-Comp	Stock	Financial assets at fair value through other comprehensive income-non-current	(Note 1)	(Note 7)	281,233	579,341	1,249,470	1,718,266	-	-	-	-	23,436 (Note 3)	608,634 (Note 4)	1,554,139	2,906,241
BSH	CEV	Stock	Investments accounted for using equity method	(Note 1)	(Note 6)	-	-	-	1,658,070	-	-	-	-	-	36,262 (Note 2)	-	1,694,332
Arcadyan	Arcadyan Holding	Stock	Investments accounted for using equity method	(Note 1)	(Note 6)	47,780	1,804,421	60,000	1,843,500	60,000	-	1,843,500	-	-	262,540 (Note 2)	47,780	2,066,961

Note 1: Cash capital.
Note 2: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.
Note 3: Stock dividends.
Note 4: Others refer to unrealized gain and loss on financial asstes and its deferred taxes.
Note 5: Subsidiary whose over 50% common stock is directly owned.
Note 6: Subsidiary whose over 50% common stock is indirectly owned.
Note 7: The same chairman of the Company.

Table 5 Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(For the year ended December 31, 2023)

(In Thousands of New Taiwan Dollars)

Name of company	Transaction date (Note 1)	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	September 28, 2023	738,000	-	Chien Ming Construction Co. Ltd.	None	not applicable	not applicable	not applicable	not applicable	price comparison and negotiation	operational use	None

(Continued)

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, 2023)

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company Name	**Counter party**	**Nature of relationship**	**Purchase/ (Sale)**	**Amount**	**Percentage of total purchases/ (sales)**	**Payment terms**	**Unit price**	**Payment Terms**	**Ending Balance**	**Percentage of total notes/accounts receivable (payable)**	**Note**
The Company	CBN	The Company's subsidiaries	Sale	(170,327)	(0.0)%	Net 90 days from delivery	Similar to non-related parties	There is no significant difference.	137,791	0.1%	
	Arcadyan	The Company's subsidiaries	Sale	(1,418,650)	(0.2)%	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.	685,277	0.4%	
	CEP	Subsidiaries wholly owned by the Company	Sale	(114,975)	(0.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	97,737	0.1%	
	CEP	Subsidiaries wholly owned by the Company	Purchase	189,437	0.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	105,753,627	11.2%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(49,778,450)	(30.5)%	
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	71,030,857	7.5%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(2,070,603)	(1.3)%	
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	66,824,371	7.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,960,864)	(4.9)%	
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	29,504,779	3.1%	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.	(9,497,819)	(5.8)%	
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	2,973,830	0.3%	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.	(995,739)	(0.6)%	
	Kinpo	The same chairman of the Company	Purchase	45,822,993	4.9%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(9,565,439)	(5.9)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(71,030,857)	(99.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	2,070,603	99.1%	
	UCGI	With the same ultimate parent company	Sale	(211,853)	(0.3)%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	37,844	0.5%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	1,148,812	2.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	(0.0)%	
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	148,167	(0.3)%	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.	-	(0.0)%	
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(105,753,627)	(92.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	49,778,450	91.4%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(505,696)	(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.	9,236	0.0%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(8,058,473)	(5.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,590,654	7.6%	
	CEB	With the same ultimate parent company	Sale	(245,966)	(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.	11,918	0.0%	
	CEA	With the same ultimate parent company	Sale	(311,899)	(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.	68,223	0.1%	

(Continued)

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, 2023)

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Company Name	**Counter party**	**Nature of relationship**	**Purchase/ (Sale)**	**Amount**	**Percentage of total purchases/ (sales)**	**Payment terms**	**Unit price**	**Payment Terms**	**Ending Balance**	**Percentage of total notes/accounts receivable (payable)**	**Note**
CIH and its subsidiaries	BCI and its subsidiaries	With the same ultimate parent company	Purchase	346,858	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.	(16,460)	(0.0)%	
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Purchase	1,403,349	1.1%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(263,964)	(0.2)%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	694,749	0.5%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding.	(89,676)	(0.1)%	
	CPM	An associate	Purchase	2,444,514	1.9%	120 days	Similar to non-related parties	There is no significant difference.	(541,864)	(0.7)%	
	Changbao	An associate	Purchase	203,638	0.2%	120 days	Similar to non-related parties	There is no significant difference.	(6,375)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	721,560	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(276,555)	(0.4)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(29,504,779)	(92.2)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding.	9,497,819	93.0%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(346,858)	(0.9)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	16,460	0.0%	
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(424,337)	(4.1)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	1,276,398	3.3%	
	CEA	With the same ultimate parent company	Sale	(688,172)	(1.9)%	120 days	According to markup pricing	There is no significant difference.	193,709	0.5%	
	CEB	With the same ultimate parent company	Sale	(315,316)	(0.8)%	120 days	According to markup pricing	There is no significant difference.	402,431	3.1%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	505,696	1.6%	120 days	According to markup pricing	Adjustments will be made based on demand for funding.	(9,236)	(0.0)%	
	Rayonnant Technology and its subsidiaries	With the same ultimate parent company	Sale	120,513	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(25,132)	(0.1)%	
	CPM	An associate	Purchase	172,286	0.5%	120 days	Similar to non-related parties	There is no significant difference.	(12,690)	(0.0)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	230,457	0.7%	120 days	Similar to non-related parties	There is no significant difference.	(102,674)	(0.3)%	
CEA	CEB	With the same ultimate parent company	Sale	(1,562,819)	(21.3)%	45 days	Similar to non-related parties	There is no significant difference.	943,962	36.6%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	688,172	11.3%	120 days	According to markup pricing	There is no significant difference.	(193,709)	(25.8)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	311,899	5.1%	120 days	Similar to non-related parties	There is no significant difference.	(68,223)	(9.1)%	
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	315,316	8.0%	120 days	According to markup pricing	There is no significant difference.	(402,431)	(28.8)%	
	CEA	With the same ultimate parent company	Purchase	1,562,819	38.9%	45 days	Similar to non-related parties	There is no significant difference.	(943,962)	(67.6)%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	245,966	6.1%	120 days	Similar to non-related parties	There is no significant difference.	(11,918)	(0.9)%	
CEP	Compal Electronic, Inc.	Parent company	Sale	(189,437)	(91.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	
	Compal Electronic, Inc.	Parent company	Purchase	114,975	100.0%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(97,737)	89.2%	

(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, 2023)

(In Thousands of New Taiwan Dollars)

Company Name	Counter party	Nature of relationship	Transaction details: Purchase/ (Sale)	Transaction details: Amount	Transaction details: Percentage of total purchases/ (sales)	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment Terms	Notes/Accounts receivable (payable): Ending Balance	Notes/Accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Note
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(2,973,830)	(88.9)%	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.	995,739	92.7%	
	Just and its subsidiaries	With the same ultimate parent company	Sale	(148,167)	(4.5)%	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.	-	0.0%	
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	196,028	19.2%	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.	-	(0.0)%	
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(212,507)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	128,048	100.0%	
UCGI	JUST and its subsidiaries	With the same ultimate parent company	Purchase	211,853	53.3%	60 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(37,844)	(12.3)%	
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(1,403,349)	(92.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	263,964	91.3%	
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(120,513)	(7.9)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	25,132	8.7%	
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(66,824,371)	(97.1)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	7,960,864	99.6%	
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(694,749)	(1.0)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	89,676	0.4%	
	Just and its subsidiaries	With the same ultimate parent company	Sale	(1,148,812)	(1.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	-	0.0%	
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(196,028)	(0.3)%	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.	-	0.0%	
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	8,058,473	11.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary.	(7,590,654)	(17.1)%	
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	212,507	0.5%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	(128,048)	(0.3)%	
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	424,337	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(1,276,398)	2.9%	
CBN	Compal Electronic, Inc.	Parent company	Purchase	160,983	17.0%	Net 90 days from delivery	-	There is no significant difference.	(130,494)	(69.0)%	
Arcadyan	Acradyan Germany	Arcadyan's subsidiary	Sale	(1,028,804)	(2.0)%	Net 150 days from delivery	-	-	208,003	2.0%	
	Acradyan USA	Arcadyan's subsidiary	Sale	(19,847,179)	(42.0)%	Net 120 days from delivery	-	-	3,444,196	39.0%	
	Acradyan AU	Arcadyan's subsidiary	Sale	(1,075,651)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	135,262	2.0%	
	Compal Electronic, Inc.	Parent company	Purchase	1,497,276	2.0%	Net 60 days from the end of the month of delivery	-	-	(685,277)	(6.0)%	
	CNC	Arcadyan's subsidiary	Purchase	8,605,578	12.0%	Net 120 days from delivery	According to markup pricing	-	(2,871,117)	(26.0)%	(Note 1)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	3,346,396	5.0%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note 1)
CNC	Arcadyan	With the same ultimate parent company	Sale	(8,605,578)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	2,871,117	(100.0)%	(Note 1)

(Continued)

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, 2023)

(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)	
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(3,346,396)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 2)	- %	(Note 1)
Acradyan Germany	Arcadyan	With the same ultimate parent company	Purchase	1,028,804	100.0%	Net 150 days from delivery	-	-	(208,003)	(100.0)%	
Acradyan USA	Arcadyan	With the same ultimate parent company	Purchase	19,847,179	100.0%	Net 120 days from delivery	-	-	(3,444,196)	(100.0)%	
Acradyan AU	Arcadyan	With the same ultimate parent company	Purchase	1,075,651	100.0%	Net 60 days from the end of the month of delivery	-	-	(135,262)	(100.0)%	

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, 2023 is 1,439,730 thousand dollars.

Table 7 Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(December 31, 2023)

(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	Arcadyan	The Company's subsidiary	685,277	1.33	-	-	-	(Note 1)	-
The Company	CBN	The Company's subsidiary	137,791	0.86	-	-	95,958	(Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	4,050,926 (Note 2)	(Note 2)	-	-	4,050,926	(Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	6,407,361 (Note 2)	(Note 2)	-	-	6,406,905	(Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	2,070,603	37.47	-	-	1,450,425	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	49,778,450	2.17	-	-	47,287,744	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	7,590,654	1.37	-	-	-	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	9,497,819	3.22	-	-	9,497,819	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,276,398	0.83	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	1,193,411	0.38	-	-	630	(Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	193,709	3.68	-	-	26,671	(Note 1)	-
CEA	CEB	With the same ultimate parent company	943,962	2.30	-	-	146,874	(Note 1)	-
Rayonnant Technology and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	263,964	6.13	-	-	-	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	995,739	1.84	-	-	307,188	(Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	128,048	1.23	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	7,960,864	10.38	-	-	7,667,057	(Note 1)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	135,262	5.16	-	-	118,749	(Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	3,444,196	5.26	-	-	3,212,352	(Note 1)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,439,730 (Note 2)	(Note 2)	-	-	-	(Note 1)	
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	208,003	2.56	-	-	15,897	(Note 1)	-
CNC	Arcadyan	With the same ultimate parent company	2,871,117 (Note 3)	2.93	-	-	747,311	(Note 1)	-

Note 1: Balance as of February 16, 2024.

Note 2: Receivables due to purchasing on behalf of related parties.

Note 3: 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, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: Depember 31, 2023	Original Investment Amount: December 31, 2022	Ending Balance: Shares	Ending Balance: Percentage of Ownership	Ending Balance: Carrying Value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	4,025,000	525,000	402,500	70%	3,986,402	(27,399)	(19,145)	
	Bizcom	Milpitas, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	463,533	11,411	11,411	
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,585,776	286,164	286,164	
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	45,073,776	2,551,767	2,551,767	
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,763,551 (Note 1)	44,704	6,725	
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,729,447 (Note 1)	148,827	126,784	
	Kinpo Group Management	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,044	434	162	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	114,460	(1,751)	(7,998)	
	Unicore	Taipei City	Management & Consultant, rental and leasing business and wholesale and retail of medical equipments	200,000	200,000	20,000	100%	67,239	(17,243)	(17,243)	
	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%	3,618,638	-	-	
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and international trade	20,000	6,000	2,000	100%	17,859	63	163	
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	405,002	204,120	40,477	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	337,905	18,886	11,194	
	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	159,083	90,000	330,276	71%	65,171	(60,467)	(36,581)	
	LIPO	Cayman Islands	Investment	489,450	489,450	98	49%	43,115	(726,686)	(356,076)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	898,170	34,757	34,757	
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	12,259	(36,374)	(12,731)	
	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%	621	(117,415)	(39,020)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,192,920	111,601	111,601	
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	387,050	51,046	51,046	
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	272,981	41,491	20,848	
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	154,186	4,718	4,718	
	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%	2,854,945	2,420,569	453,726	
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,161,690	(246,117)	(246,117)	
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	16,232	(430)	(430)	
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	449,280	413,513	221,560	
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(24,107)	14,323	3,540	
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	92,753	(1,399)	344	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	167,893	(66,765)	(19,029)	

(Continued)

COMPAL ELECTRONICS, INC.
Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: Depcmber 31, 2023	Original Investment Amount: December 31, 2022	Ending Balance: Shares	Ending Balance: Percentage of Ownership	Ending Balance: Carrying Value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	ARCE	Taipei City	Biotechnology services, research & development services, intellectual property rights, wholesale of animal medication, retail sale and management advisory	158,160	60,000	44,540	23%	104,286	(103,713)	(26,180)	
	Hippo Screen	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%	10,571	(26,827)	(24,404)	
	Infinno	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	24,850	(26,017)	(7,212)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(767,963)	15,876	25,773	
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	9,128,247	572,422	572,422	
	CBN	Hsinchu County	R&D and sales of cable modem, digital setup box, and other communication products	284,827	284,827	29,060	43%	469,329	(326,109)	(142,346)	
	Rayonnant Technology	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	215,898	18,969	15,649	
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	306,661	19,254	19,254	
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,521,614	34,228	11,885	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(259,807)	(463,604)	105,576	
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	610,994	(151,389)	(151,389)	
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,545,807	17,232	17,232	
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	82,467	(81,407)	(80,146)	
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	98,152	(11,342)	(11,339)	
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	779,482	602,154	125,916	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	8,079,840	417,529	417,529	
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	300,000	100,000	30,000	100%	300,478	538	538	
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	379,334	50,433	21,862	
	Compal Healthcare	Taipei City	Information software services, data processing services, and electronic information supply services	20,000	-	2,000	100%	20,003	3	3	
	CMX	Mexcio	Production of automotive electronic products	77,997	-	-	100%	92,642	15,018	15,018	
								104,656,676		4,088,258	
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%	610,998	2,420,569	Investment gain (losses) recognized by Panpal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	148,263	148,263	2,927	6%	116,705	204,120	Investment gain (losses) recognized by Panpal	
	Others							(720,869)			
Gempal	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%	717,079	2,420,569	Investment gain (losses) recognized by Gempal	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	53,645	53,645	3,220	6%	128,375	204,120	Investment gain (losses) recognized by Gempal	
	Others							(975)			

(Continued)

Table 8 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: Depember 31, 2023	Original Investment Amount: December 31, 2022	Ending Balance: Shares	Ending Balance: Percentage of Ownership	Ending Balance: Carrying Value	Net income (losses) of investee	Share of profits/losses of investee	Note
Hong Ji	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%	717,079	2,420,569	Investment gain (losses) recognized by Hong Ji	
	Allied Circuit	Taoyuan City	Production and selling of PCB boards	10,389	10,389	851	2%	29,057	204,120	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%	341,189	2,420,569	Investment gain (losses) recognized by Hong Jin	
Just	CDH (HK)	Hong Kong	Investment	1,912,845	1,912,845	62,298	100%	8,037,301	258,934	Investment gain (losses) recognized by Just	
	CII	British Virgin Islands	Investment	391,335	283,868	12,745	100%	270,052	(96,811)	Investment gain (losses) recognized by Just	
	CPI	British Virgin Islands	Investment	15,353	15,353	500	100%	15,009	1,363	Investment gain (losses) recognized by Just	
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	377	(4)	Investment gain (losses) recognized by CII	
	AEI	U.S.A	Sales and maintenance of LCD TVs	-	30,705	1,000	0%	-	-	Investment gain (losses) recognized by CII	
	MEL	U.S.A	Investment	252,825	252,825	-	100%	209,575	21	Investment gain (losses) recognized by CII	
	MTL	U.S.A	Investment	31	31	-	100%	31	-	Investment gain (losses) recognized by CII	
	CNA	U.S.A	Sales of automotive electronic products	76,763	-	2,500	100%	76,763	-	Investment gain (losses) recognized by CII	
	CUS	U.S.A	Sales of automotive electronic products	76,763	-	2,500	100%	(19,631)	(97,813)	Investment gain (losses) recognized by CII	
CIH	CIH (HK)	Hong Kong	Investment	2,296,811	2,296,811	74,803	100%	44,212,065	2,495,365	Investment gain (losses) recognized by CIH	
	Jenpal	British Virgin Islands	Investment	225,682	225,682	7,350	100%	117,441	6,055	Investment gain (losses) recognized by CIH	
	PFG	British Virgin Islands	Investment	31	31	1	100%	85,596	81,321	Investment gain (losses) recognized by CIH	
	FWT	British Virgin Islands	Investment	457,505	457,505	14,900	100%	457,504	-	Investment gain (losses) recognized by CIH	
	CCM	British Virgin Islands	Investment	156,596	156,596	5,100	51%	6,144	(38,884)	Investment gain (losses) recognized by CIH	
HSI	IUE	British Virgin Islands	Investment	2,057,235	2,057,235	67,000	100%	1,075,861	417,702	Investment gain (losses) recognized by HSI	
	Goal	British Virgin Islands	Investment	389,954	389,954	12,700	100%	333,976	(4,189)	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	2,057,235	2,057,235	67,000	100%	1,075,861	417,702	Investment gain (losses) recognized by IUE	
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	389,954	389,954	12,700	100%	292,617	(4,189)	Investment gain (losses) recognized by Goal	
BCI	CMI	British Virgin Islands	Investment	2,481,578	2,481,578	80,820	100%	5,724,519	329,358	Investment gain (losses) recognized by BCI	
	PRI	British Virgin Islands	Investment	307,050	307,050	10,000	100%	3,403,728	243,065	Investment gain (losses) recognized by BCI	
CORE	BSH	British Virgin Islands	Investment	4,513,635	4,513,635	147,000	100%	8,079,840	417,529	Investment gain (losses) recognized by CORE	
BSH	Mithera	Cayman Islands	Investment	155,060	155,060	-	99%	136,929	(3,437)	Investment gain (losses) recognized by BSH	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: Depcember 31, 2023	Original Investment Amount: December 31, 2022	Ending Balance: Shares	Ending Balance: Percentage of Ownership	Ending Balance: Carrying Value	Net income (losses) of investee	Share of profits/losses of investee	Note
BSH	CIN	U.S.A	Manufaturing	249,632	249,632	1	100%	226,337	11,208	Investment gain (losses) recognized by BSH	
	HSI	British Virgin Islands	Investment	1,136,085	1,136,085	37,000	46%	960,555	413,513	Investment gain (losses) recognized by BSH	
	HHB	British Virgin Islands	Investment	184,230	-	6,000	11%	276,345	(249,738)	Investment gain (losses) recognized by BSH	
	CEV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs, mobile phones, tablet PCs, smart watches, communication equipment, and other electronic products	1,658,070	-	-	100%	1,694,332	36,796	Investment gain (losses) recognized by BSH	
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	100%	-	-	Investment gain (losses) recognized by Forever	
	CWV	Vietnam	R&D, manufacturing, sales, and maintenance of notebook PCs, computer monitors, LCD TVs and electronic components	61,410	61,410	-	100%	101,047	2,518	Investment gain (losses) recognized by Forever	
Webtek	Etrade	British Virgin Islands	Investment	767,625	767,625	25,000	35%	(154,553)	(463,604)	Investment gain (losses) recognized by Webtek	
Unicore	Raycore	Taipei City	Animal medication retail and wholesale	-	-	-	0%	-	-	Investment gain (losses) recognized by Unicore	
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	1,071,027	1,071,027	47,780	100%	2,066,961	186,347	Investment gain (losses) recognized by Arcadyan	
	Arcadyan USA	U.S.A	Technology support and sales of wireless network products	23,055	23,055	1	100%	92,028	19,720	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Germany	Germany	Technology support and sales of wireless network products	1,125	1,125	0.5	100%	99,059	7,798	Investment gain (losses) recognized by Arcadyan	
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	35,156	11,668	Investment gain (losses) recognized by Arcadyan	
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	343,292	(63,223)	Investment gain (losses) recognized by Arcadyan	
	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	153,318	(79,482)	Investment gain (losses) recognized by Arcadyan	
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	5,590	561	Investment gain (losses) recognized by Arcadyan	
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	69,715	8,257	Investment gain (losses) recognized by Arcadyan	
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	3,212	(1,005)	Investment gain (losses) recognized by Arcadyan	
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	9,061	(331,620)	Investment gain (losses) recognized by Arcadyan	
Arcadyan and Zhi-Bao	Arcadyan Brasil	Brazil	Sales of wireless network products	81,593	81,593	968	100%	(45,570)	(1,032)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	
	Arcadyan India	India	Sales of wireless network products	76,952	29,110	19,800	100%	49,894	(18,275)	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 8 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/

				Original Investment Amount		Ending Balance					
Investor Company	Investee Company	Location	Main Businesses and Products	Depcember 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value	Net income (losses) of investee	Share of profits/losses of investee	Note
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	891,980	891,980	29,050	100%	1,580,601	362,862	Investment gain (losses) recognized by Arcadyan Holding	
	Arch Holding	British Virgin Islands	Investment	338,093	338,093	35	100%	622,790	(270,710)	Investment gain (losses) recognized by Arcadyan Holding	
TTI	Quest	Samoa	Investment	36,846	36,846	1,200	100%	10,294	(2,952)	Investment gain (losses) recognized by TTI	
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	2,693	(397)	Investment gain (losses) recognized by TTI	
Quest	Exquisite	Samoa	Investment	35,925	35,925	1,170	100%	9,457	(2,960)	Investment gain (losses) recognized by Quest	
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	890,445	890,445	-	100%	1,575,996	362,769	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%	223,285	(331,620)	Investment gain (losses) recognized by Zhi-Bao	
Rayonnant Technology	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	206,209	41,217	Investment gain (losses) recognized by Rayonnant Technology	
	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 Technology	
CRH	APH	British Virgin Islands	Investment	383,813	383,813	12,500	59%	306,661	41,217	Investment gain (losses) recognized by CRH	
APH	PEL	British Virgin Islands	Investment	96,751	96,751	3,151	100%	45,559	1,595	Investment gain (losses) recognized by APH	
	Rayonnant (HK)	Hong Kong	Investment	552,690	552,690	18,000	100%	459,161	39,622	Investment gain (losses) recognized by APH	
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,322,489)	(234,458)	Investment gain (losses) recognized by HHT	
HHA	HHB	British Virgin Islands	Investment	1,439,513	1,439,513	46,882	89%	(1,584,042)	(249,738)	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%	5,266	(344)	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%	6,267	(164)	Investment gain (losses) recognized by CBN	
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	3,502	(36,374)	Investment gain (losses) recognized by CBN	
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,755,942	2,755,942	95,862	37%	4,231,691	(677,928)	Investment gain (losses) recognized by FGH	
GLB	PT GLB Biotechnology Indonesia	Indonesia	Manufacturing and wholesale of medical equipment	88,506	-	42	99%	83,655	351	Investment gain (losses) recognized by GLB	
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	5,238	(3,360)	Investment gain (losses) recognized by Mactech	
Poindus Systems	Poindus Investment	Taipei City	Investment holding	4,100	4,100	(Note 2)	100%	496	(67)	Investment gain (losses) recognized by Poindus Systems	
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(11,342)	(7,165)	Investment gain (losses) recognized by Poindus Systems	

(Continued)

Table 8 The information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(December 31, 2023)

(In Thousands of New Taiwan Dollars/

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
				Depcmber 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Poindus Systems	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	3,314	(7,306)	Investment gain (losses) recognized by Poindus Systems	
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 2)	100%	70	-	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.

Notes to Parent-Company-Only Financial Statements

Table 9 Information on investment in Mainland China:

(December 31, 2023)

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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	1,136,085	(Note 1)	1,136,085	-	-	1,136,085	204,302	100%	204,302	2,798,518	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	614,100	(Note 2)	614,100	-	-	614,100	15,442	100%	15,442	138,610	-
CET	Manufacturing of notebook PCs	368,460	(Note 2)	368,460	-	-	368,460	87,694	100%	87,694	5,053,795	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	259,651	(Note 2)	(Note 3)	-	-	-	125,012	100%	125,012	404,180	-
FIP	Manufacturing of auto parts and accessories	302,926	(Note 2)	(Note 3)	-	-	-	(1,443)	60%	(866)	258,799	-
BT	Manufacturing of notebook PCs	30,705	(Note 2)	30,705	-	-	30,705	17,294	100%	17,294	(98,654)	-
CGS	Maintenance and warranty service of notebook PCs	8,655	(Note 2)	(Note 3)	-	-	-	23,859	100%	23,859	(14,311)	-
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	982,560	(Note 1)	409,298	-	-	409,298	(626,184)	43%	(270,386)	28,494	-
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	614,100	(Note 1)	45,136	-	-	45,136	(543,490)	48%	(258,701)	47,562	-
CIC	Manufacturing of notebook PCs	368,460	(Note 2)	368,460	-	-	368,460	551,963	100%	551,963	10,930,283	-
CPO	Manufacturing and sales of LCD TVs	371,531	(Note 1)	371,531	-	-	371,531	125,216	100%	125,216	3,111,095	-
CIT	Manufacturing of notebook PCs	736,920	(Note 2)	736,920	-	-	736,920	1,845,493	100%	1,845,493	27,565,297	-
CST	International trade and distribution of computers and electronic components	42,987	(Note 2)	42,987	-	-	42,987	(691)	100%	(691)	44,382	-
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	307,050	(Note 2)	156,596	-	-	156,596	(47,084)	51%	(24,013)	12,056	-
CIJ	Investment and consulting services	478,998	(Note 2)	478,998	-	-	478,998	(92,422)	100%	(92,422)	2,551,776	-
CDE	Manufacturing and sales of LCD TVs	460,575	(Note 2)	(Note 3)	-	-	-	(92,361)	100%	(92,361)	2,516,825	-
CIS	Outward investment and consulting services	2,481,578	(Note 1)	2,481,578	-	-	2,481,578	329,358	100%	329,358	5,724,519	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,456,400	(Note 2)	(Note 3)	-	-	-	328,816	100%	328,816	5,692,814	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,564	(Note 2)	(Note 3)	-	-	-	572	100%	572	25,360	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	307,050	(Note 1)	307,050	-	-	307,050	243,065	100%	243,065	3,403,728	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	12,896,100	(Note 2)	2,537,062	-	-	2,537,062	(538,847)	37%	(197,326)	5,233,177	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,842,300	(Note 2)	351,756	-	-	351,756	(69,403)	37%	(25,416)	630,376	-

(Continued)

Notes to Parent-Company-Only Financial Statements

Table 9 Information on investment in Mainland China:

(December 31, 2023)

(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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	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						
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	552,690	(Note 2)	383,813	-	-	383,813	39,622	100%	39,622	459,761	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	829,035	(Note 1)	675,510	-	-	675,510	(119,549)	100%	(119,549)	(1,301,309)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	178,089	(Note 1)	178,089	-	-	178,089	(4,985)	100%	(4,985)	84,009	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,504,545	(Note 1)	583,395	-	-	583,395	(331,697)	100%	(331,697)	738,240	-
Hanhelt	R&D and manufacturing of electronic communication equipment	61,410	(Note 1)	61,410	-	-	61,410	2,929	100%	2,929	2,456	-
Arcadyan												
SVA Arcadyan	R&D and sales of wireless network products	248,711	(Note 1)	412,061 (Note 7)	-	-	412,061	6,885	100%	6,885	41,114	-
CNC	Manufacturing and wireless network products	382,277	(Note 1)	338,093 (Note 8)	-	-	338,093	(207,710)	100%	(207,710)	622,790	-
THAC	Manufacturing of household electronics products	371,684	(Note 1、9、10)	35,311	-	-	35,311	(4,331)	100%	(4,331)	27,020	-
HengHao												
HengHao Kunshan	Production of touch panels and related components	1,228,200	(Note 1)	1,222,151	-	-	1,222,151	(249,493)	100%	(249,493)	(1,477,911)	-
HengHao Zhejiang	Production of touch panels and related components	276,345	(Note 2)	(Note 3)	-	-	-	(1,333)	100%	(1,333)	275,032	-
Lucom	Manufacturing of notebook PCs and related modules	460,575	(Note 2)	199,552 (Note 12)	-	-	199,552	1,039	100%	1,039	141,779	
Poindus Systems												
Qijie	Sales of PCs and peripherals	30,705	(Note 1)	30,705	-	-	30,705	(2,051)	100%	(2,051)	9,589	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of December 31, 2023	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	16,658,599 (US$542,537) (Note 5)	24,221,609 (US$788,849)	(Note 6)
Arcadyan	785,465 (US$25,581)	1,054,287 (US$34,336)	8,881,334
HengHao	1,439,205 (US$46,872)	1,439,205 (US$46,872)	(Note 13)
Poindus Systems	30,705 (US$1,000)	30,705 (US$1,000)	322,110

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”), Compal Electronics (China) Co., Ltd. (“CPC”) and Compal Smart Device (Chongqing) Co., Ltd. (“CSD;”) 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： Arcadyan’s subsidiary, TTI, increase the capital of TCH by accounts receivable of TTI amounting to US$8,755 thousands on August 16, 2023.

Note 11： The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.

Note 12： The Company had an accumulated investment amounting to US$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US$3,184 thousand and US$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.

Note 13： The net equity of HengHao is negative at December 31, 2023.

(iii) Significant transactions:

For the year ended December 31, 2023, 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”.