

**COMPAL ELECTRONICS, INC.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2023 and 2022**

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## Independent Auditors' Review Report

To COMPAL ELECTRONICS, INC.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$37,720,485 thousand and \$42,415,339 thousand, constituting 8.2% and 8.0% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to \$18,588,771 thousand and \$21,674,472 thousand, constituting 5.6% and 5.3% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and the absolute value of total comprehensive income (loss) amounting to \$(110,413) thousand, \$(291,900) thousand, \$(150,189) thousand and \$(79,381) thousand, constituting 2.7%, 7.5%, 2.9% and 0.9% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2023 and 2022, respectively.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of COMPAL ELECTRONICS, INC. and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuan-Ying Kuo and Szu-Chuan Chien.



KPMG

Taipei, Taiwan (Republic of China)  
August 11, 2023

**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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**June 30, 2023, December 31, 2022, and June 30, 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

Assets		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note (6)(a))	\$ 64,525,917	14.0	79,665,302	17.6	84,858,805	16.0	2100	Short-term borrowings (Note (6)(m))	\$ 79,815,184	17.3	74,832,426	16.5	104,364,025	19.6
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	11,587	-	187	-	4,147,279	0.8	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	235,798	0.1	62,527	-	50,220	-
1135	Current financial assets for hedging (Note (6)(d))	3,098	-	-	-	56,591	-	2125	Current financial liabilities for hedging (Note (6)(d))	8,481	-	47,809	-	-	-
1170	Notes and accounts receivable, net (Note (6)(e))	217,959,929	47.3	186,804,648	41.2	220,288,409	41.5	2130	Current contract liabilities (Note (6)(w))	638,237	0.1	784,238	0.2	1,020,810	0.2
1180	Notes and accounts receivable due from related parties, net (Notes (6)(e) and (7))	5,523,288	1.2	4,416,073	1.0	3,633,971	0.7	2170	Notes and accounts payable	163,015,949	35.4	152,137,066	33.6	205,007,475	38.5
1200	Other receivables, net (Notes (6)(e) and (7))	2,233,598	0.5	2,369,411	0.5	2,617,658	0.5	2180	Notes and accounts payable to related parties (Note (7))	7,744,033	1.7	9,701,032	2.1	6,070,752	1.1
1310	Inventories (Notes (6)(f) and (8))	102,644,318	22.3	111,593,984	24.6	148,460,186	27.9	2200	Other payables (Note (7))	28,987,148	6.3	29,622,760	6.5	30,969,418	5.8
1470	Other current assets (Note (8))	5,282,138	1.2	5,856,898	1.3	4,703,941	0.9	2216	Dividends payable	989,195	0.2	-	-	1,021,020	0.2
		<u>398,183,873</u>	<u>86.5</u>	<u>390,706,503</u>	<u>86.2</u>	<u>468,766,840</u>	<u>88.3</u>	2230	Current tax liabilities	5,727,041	1.3	7,202,033	1.6	5,744,068	1.1
<b>Non-current assets:</b>															
1550	Investments accounted for using equity method (Note (6)(g))	7,555,769	1.7	8,047,569	1.7	8,283,534	1.6	2250	Current provisions (Note (6)(q))	833,327	0.2	734,061	0.2	906,888	0.2
1510	Non-current financial assets at fair value through profit or loss (Note (6)(b))	610,694	0.1	558,909	0.1	539,465	0.1	2280	Current lease liabilities (Note (6)(p))	2,012,067	0.4	1,813,555	0.4	2,034,225	0.4
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	5,654,747	1.2	5,425,908	1.2	5,406,620	1.0	2300	Other current liabilities (Note (7))	3,324,483	0.7	3,352,565	0.7	2,067,648	0.4
1600	Property, plant and equipment (Notes (6)(k), (6)(l) and (8))	28,112,042	6.1	28,808,211	6.4	28,446,755	5.3	2365	Current refund liabilities	2,982,825	0.6	2,632,039	0.6	2,961,546	0.6
1755	Right-of-use assets (Note (6)(l))	13,683,333	3.0	13,705,316	3.0	14,169,760	2.7	2322	Long-term borrowings, current portion (Note (6)(n))	<u>12,696,368</u>	<u>2.8</u>	<u>19,462,800</u>	<u>4.3</u>	<u>23,663,242</u>	<u>4.5</u>
1780	Intangible assets (Note (6)(h))	1,579,997	0.3	1,722,165	0.4	1,622,896	0.3			<u>309,010,136</u>	<u>67.1</u>	<u>302,384,911</u>	<u>66.7</u>	<u>385,881,337</u>	<u>72.6</u>
1840	Deferred tax assets	2,414,509	0.5	2,393,778	0.5	1,617,429	0.3	<b>Non-Current liabilities:</b>							
1990	Other non-current assets (Note (8))	2,559,686	0.6	2,116,074	0.5	2,316,610	0.4	2540	Long-term borrowings (Note (6)(n))	14,619,577	3.2	11,674,322	2.6	11,936,608	2.2
		<u>62,170,777</u>	<u>13.5</u>	<u>62,777,930</u>	<u>13.8</u>	<u>62,403,069</u>	<u>11.7</u>	2570	Deferred tax liabilities	1,294,078	0.3	1,247,342	0.3	1,143,637	0.2
								2580	Non-current lease liabilities (Note (6)(p))	8,039,649	1.7	9,533,209	2.1	9,659,720	1.8
								2640	Non-current net defined benefit liability	641,342	0.1	660,019	0.1	829,655	0.2
								2670	Non-current liabilities, others (Note (6)(g))	426,538	0.1	574,787	0.1	451,356	0.1
										<u>25,021,184</u>	<u>5.4</u>	<u>23,689,679</u>	<u>5.2</u>	<u>24,020,976</u>	<u>4.5</u>
										<u>334,031,320</u>	<u>72.5</u>	<u>326,074,590</u>	<u>71.9</u>	<u>409,902,313</u>	<u>77.1</u>
									<b>Total liabilities</b>						
									<b>Equity:</b>						
									<b>Equity attributable to owners of parent (Note (6)(t)):</b>						
								3110	Ordinary share	44,071,466	9.6	44,071,466	9.7	44,071,466	8.3
								3200	Capital surplus	4,270,409	0.9	5,078,580	1.1	5,100,399	1.0
								3300	Retained earnings	69,050,566	15.0	69,969,059	15.4	66,752,192	12.6
								3400	Other equity interest	(1,007,132)	(0.2)	(1,943,104)	(0.4)	(4,134,528)	(0.8)
								3500	Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)	(881,247)	(0.2)
										<u>115,504,062</u>	<u>25.1</u>	<u>116,294,754</u>	<u>25.6</u>	<u>110,908,282</u>	<u>20.9</u>
								36XX	<b>Non-controlling interests</b>	<u>10,819,268</u>	<u>2.4</u>	<u>11,115,089</u>	<u>2.5</u>	<u>10,359,314</u>	<u>2.0</u>
									<b>Total equity</b>	<u>126,323,330</u>	<u>27.5</u>	<u>127,409,843</u>	<u>28.1</u>	<u>121,267,596</u>	<u>22.9</u>
									<b>Total liabilities and equity</b>	<u>\$ 460,354,650</u>	<u>100.0</u>	<u>453,484,433</u>	<u>100.0</u>	<u>531,169,909</u>	<u>100.0</u>
	<b>Total assets</b>	<u>\$ 460,354,650</u>	<u>100.0</u>	<u>453,484,433</u>	<u>100.0</u>	<u>531,169,909</u>	<u>100.0</u>								

See accompanying notes to consolidated financial statements.

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)**

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Net sales revenue</b> (Notes (6)(w) and (7))	\$ 243,870,673	100.0	265,649,844	100.0	453,329,457	100.0	533,507,523	100.0
5000	<b>Cost of sales</b> (Notes (6)(f), (6)(r), (7) and (12))	<u>233,267,161</u>	<u>95.7</u>	<u>256,010,307</u>	<u>96.4</u>	<u>433,387,208</u>	<u>95.6</u>	<u>514,096,202</u>	<u>96.4</u>
	<b>Gross profit</b>	<u>10,603,512</u>	<u>4.3</u>	<u>9,639,537</u>	<u>3.6</u>	<u>19,942,249</u>	<u>4.4</u>	<u>19,411,321</u>	<u>3.6</u>
	<b>Operating expenses:</b> (Notes (6)(r) and (12))								
6100	Selling expenses	1,848,079	0.8	1,969,769	0.7	3,373,737	0.8	3,764,448	0.7
6200	Administrative expenses	1,182,137	0.5	1,287,142	0.5	2,356,491	0.5	2,480,110	0.4
6300	Research and development expenses	<u>4,812,885</u>	<u>1.9</u>	<u>4,405,716</u>	<u>1.6</u>	<u>9,197,583</u>	<u>2.0</u>	<u>8,379,962</u>	<u>1.6</u>
		<u>7,843,101</u>	<u>3.2</u>	<u>7,662,627</u>	<u>2.8</u>	<u>14,927,811</u>	<u>3.3</u>	<u>14,624,520</u>	<u>2.7</u>
	<b>Net operating income</b>	<u>2,760,411</u>	<u>1.1</u>	<u>1,976,910</u>	<u>0.8</u>	<u>5,014,438</u>	<u>1.1</u>	<u>4,786,801</u>	<u>0.9</u>
	<b>Non-operating income and expenses:</b>								
7100	Interest income (Note (6)(y))	1,326,363	0.5	645,692	0.2	2,476,460	0.5	1,256,390	0.2
7210	Other gains and losses, net (Notes (6)(d), (6)(y) and (6)(aa))	349,385	0.1	511,124	0.2	388,807	0.1	434,829	0.1
7050	Finance costs (Notes (6)(o) and (6)(p))	(1,298,774)	(0.5)	(486,265)	(0.2)	(2,444,645)	(0.5)	(813,777)	(0.2)
7190	Other income (Note (6)(y))	128,100	0.1	183,352	0.1	182,395	-	323,645	0.1
7590	Miscellaneous disbursements	(10,101)	-	(16,429)	-	(30,958)	-	(68,813)	-
7770	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(g))	<u>(80,335)</u>	<u>-</u>	<u>(16,477)</u>	<u>-</u>	<u>(200,424)</u>	<u>-</u>	<u>(95,781)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>414,638</u>	<u>0.2</u>	<u>820,997</u>	<u>0.3</u>	<u>371,635</u>	<u>0.1</u>	<u>1,036,493</u>	<u>0.2</u>
7900	<b>Profit from continuing operations before tax</b>	3,175,049	1.3	2,797,907	1.1	5,386,073	1.2	5,823,294	1.1
7950	<b>Less: Income tax expenses</b> (Note (6)(s))	<u>733,258</u>	<u>0.3</u>	<u>509,141</u>	<u>0.2</u>	<u>1,259,560</u>	<u>0.3</u>	<u>1,129,883</u>	<u>0.2</u>
	<b>Profit</b>	<u>2,441,791</u>	<u>1.0</u>	<u>2,288,766</u>	<u>0.9</u>	<u>4,126,513</u>	<u>0.9</u>	<u>4,693,411</u>	<u>0.9</u>
8300	<b>Other comprehensive income:</b>								
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
8311	Gains (losses) on remeasurements of defined benefit plans	8,485	-	(1,646)	-	16,894	-	(1,646)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	301,459	0.1	(976,442)	(0.3)	195,406	-	(1,041,797)	(0.2)
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	(9,247)	-	(16,148)	-	(6,982)	-	(23,222)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note (6)(s))	<u>11,768</u>	<u>-</u>	<u>(61,271)</u>	<u>-</u>	<u>13,458</u>	<u>-</u>	<u>(86,921)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>288,929</u>	<u>0.1</u>	<u>(932,965)</u>	<u>(0.3)</u>	<u>191,860</u>	<u>-</u>	<u>(979,744)</u>	<u>(0.2)</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	1,562,670	0.7	2,627,504	1.0	933,153	0.2	5,037,995	1.0
8368	Gains (losses) on hedging instrument (Note (6)(z))	21,740	-	22,591	-	42,426	-	56,591	-
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	(185,725)	(0.1)	(141,551)	(0.1)	(149,811)	-	118,664	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note (6)(s))	<u>4,425</u>	<u>-</u>	<u>(4,492)</u>	<u>-</u>	<u>8,714</u>	<u>-</u>	<u>11,278</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>1,394,260</u>	<u>0.6</u>	<u>2,513,036</u>	<u>0.9</u>	<u>817,054</u>	<u>0.2</u>	<u>5,201,972</u>	<u>1.0</u>
8300	<b>Other comprehensive income</b>	<u>1,683,189</u>	<u>0.7</u>	<u>1,580,071</u>	<u>0.6</u>	<u>1,008,914</u>	<u>0.2</u>	<u>4,222,228</u>	<u>0.8</u>
8500	<b>Total comprehensive income</b>	<u>\$ 4,124,980</u>	<u>1.7</u>	<u>3,868,837</u>	<u>1.5</u>	<u>5,135,427</u>	<u>1.1</u>	<u>8,915,639</u>	<u>1.7</u>
	<b>Profit, attributable to:</b>								
8610	Profit, attributable to owners of parent	\$ 2,091,774	0.9	2,017,493	0.8	3,485,024	0.8	4,174,671	0.8
8620	Profit, attributable to non-controlling interests	<u>350,017</u>	<u>0.1</u>	<u>271,273</u>	<u>0.1</u>	<u>641,489</u>	<u>0.1</u>	<u>518,740</u>	<u>0.1</u>
		<u>\$ 2,441,791</u>	<u>1.0</u>	<u>2,288,766</u>	<u>0.9</u>	<u>4,126,513</u>	<u>0.9</u>	<u>4,693,411</u>	<u>0.9</u>
	<b>Comprehensive income attributable to:</b>								
8710	Comprehensive income (loss), attributable to owners of parent	\$ 3,709,521	1.5	3,510,365	1.3	4,428,356	1.0	8,224,762	1.6
8720	Comprehensive income (loss), attributable to non-controlling interests	<u>415,459</u>	<u>0.2</u>	<u>358,472</u>	<u>0.2</u>	<u>707,071</u>	<u>0.1</u>	<u>690,877</u>	<u>0.1</u>
		<u>\$ 4,124,980</u>	<u>1.7</u>	<u>3,868,837</u>	<u>1.5</u>	<u>5,135,427</u>	<u>1.1</u>	<u>8,915,639</u>	<u>1.7</u>
	<b>Earnings per share</b> (Note (6)(v))								
9750	<b>Basic earnings per share</b>	<u>\$ 0.48</u>		<u>0.46</u>		<u>0.80</u>		<u>0.96</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.48</u>		<u>0.46</u>		<u>0.80</u>		<u>0.95</u>	

See accompanying notes to consolidated financial statements.

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest				Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	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
<b>Balance at January 1, 2022</b>	\$ 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 six months ended June 30, 2022	-	-	-	-	4,174,671	4,174,671	-	-	-	-	-	4,174,671	518,740	4,693,411
Other comprehensive income	-	-	-	-	(588)	(588)	5,036,731	(1,001,178)	15,126	4,050,679	-	4,050,091	172,137	4,222,228
Total comprehensive income	-	-	-	-	4,174,083	4,174,083	5,036,731	(1,001,178)	15,126	4,050,679	-	8,224,762	690,877	8,915,639
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	-	35,916	-	-	(853)	(853)	-	-	-	-	-	35,063	-	35,063
Changes in equity of associates and joint ventures accounted for using equity method	-	1,231	-	-	(21,543)	(21,543)	-	21,543	-	21,543	-	1,231	-	1,231
Adjustments of capital surplus for cash dividends received by subsidiaries	-	100,035	-	-	-	-	-	-	-	-	-	100,035	-	100,035
Others	-	1,220	-	-	-	-	-	-	-	-	-	1,220	-	1,220
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(511,101)	(511,101)
<b>Balance at June 30, 2022</b>	\$ 44,071,466	5,100,399	22,576,846	8,206,750	35,968,596	66,752,192	(3,707,974)	(441,805)	15,251	(4,134,528)	(881,247)	110,908,282	10,359,314	121,267,596
<b>Balance at January 1, 2023</b>	\$ 44,071,466	5,078,580	22,576,846	8,206,750	39,185,463	69,969,059	(1,469,711)	(461,103)	(12,290)	(1,943,104)	(881,247)	116,294,754	11,115,089	127,409,843
Profit for the six months ended June 30, 2023	-	-	-	-	3,485,024	3,485,024	-	-	-	-	-	3,485,024	641,489	4,126,513
Other comprehensive income	-	-	-	-	7,360	7,360	742,962	181,818	11,192	935,972	-	943,332	65,582	1,008,914
Total comprehensive income	-	-	-	-	3,492,384	3,492,384	742,962	181,818	11,192	935,972	-	4,428,356	707,071	5,135,427
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	-	2,112	-	-	(1,443)	(1,443)	-	-	-	-	-	669	-	669
Changes in equity of associates and joint ventures accounted for using equity method	-	10,094	-	-	(2,287)	(2,287)	-	-	-	-	-	7,807	-	7,807
Adjustments of capital surplus for cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021
Others	-	1,031	-	-	-	-	-	-	-	-	-	1,031	-	1,031
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,002,892)	(1,002,892)
<b>Balance at June 30, 2023</b>	\$ 44,071,466	4,270,409	23,313,701	1,943,104	43,793,761	69,050,566	(726,749)	(279,285)	(1,098)	(1,007,132)	(881,247)	115,504,062	10,819,268	126,323,330

See accompanying notes to consolidated financial statements.

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 5,386,073	5,823,294
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation and amortization	4,007,520	3,399,974
Expected credit loss	22,227	7,933
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(41,732)	2,922
Finance cost	2,444,645	813,777
Interest income	(2,476,460)	(1,256,390)
Dividend income	(82,573)	(106,644)
Compensation cost of share-based payments	(4,205)	23,531
Share of loss of associates and joint ventures accounted for using equity method	200,424	95,781
(Gain) loss on disposal of property, plant and equipment, and intangible assets	(25,957)	16,090
Others	(177)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>4,043,712</b>	<b>2,996,974</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in financial assets at fair value through profit or loss	(11,400)	(3,746,525)
(Increase) decrease in notes and accounts receivable	(32,278,224)	66,346,830
Decrease in other receivable	588,868	192,122
Decrease (increase) in inventories	8,949,666	(33,105,148)
Decrease (increase) in other current assets	305,785	(462,582)
(Increase) decrease in other non-current assets	(418,062)	130,770
<b>Total changes in operating assets</b>	<b>(22,863,367)</b>	<b>29,355,467</b>
<b>Changes in operating liabilities:</b>		
Increase in financial liabilities at fair value through profit or loss	173,271	48,631
Increase (decrease) in notes and accounts payable	8,921,884	(13,129,840)
(Decrease) Increase in other payables	(665,108)	1,732,340
Increase in refund liabilities	350,786	926,109
Increase (decrease) in provisions	99,266	(300,013)
Decrease in contract liabilities	(146,001)	(45,144)
(Decrease) increase in other current liabilities	(28,082)	24,664
Others	(1,783)	(10,469)
<b>Total changes in operating liabilities</b>	<b>8,704,233</b>	<b>(10,753,722)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(14,159,134)</b>	<b>18,601,745</b>
<b>Total adjustments</b>	<b>(10,115,422)</b>	<b>21,598,719</b>
Cash inflow generated from operations	(4,729,349)	27,422,013
Interest received	2,289,403	1,039,368
Dividends received	15,240	106,644
Interest paid	(2,417,250)	(630,087)
Income taxes paid	(2,730,490)	(2,447,669)
<b>Net cash flows (used in) from operating activities</b>	<b>(7,572,446)</b>	<b>25,490,269</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(52,476)	(488,490)
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	3,420	2,010
Acquisition of property, plant and equipment	(3,000,643)	(3,422,963)
Proceeds from disposal of property, plant and equipment	151,224	70,603
Acquisition of intangible assets	(166,406)	(221,984)
Decrease (increase) in restricted assets	271,316	(685,230)
Others	85,940	(154,833)
<b>Net cash flows used in investing activities</b>	<b>(2,805,785)</b>	<b>(5,090,858)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	4,982,758	(14,058,650)
Repayments of bonds payable	-	(7,400)
Proceeds from long-term borrowings	19,805,661	43,787,225
Repayments of long-term borrowings	(23,626,838)	(33,147,888)
Payment of lease liabilities	(1,737,869)	(2,118,096)
Cash dividends paid	(5,228,555)	(8,714,259)
Change in non-controlling interests	(12,457)	(69,831)
Others	(104,492)	106,948
<b>Net cash flows used in financing activities</b>	<b>(5,921,792)</b>	<b>(14,221,951)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,160,638</b>	<b>3,519,242</b>
<b>Net increase in cash and cash equivalents</b>	<b>(15,139,385)</b>	<b>9,696,702</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>79,665,302</b>	<b>75,162,103</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 64,525,917</b>	<b>84,858,805</b>

See accompanying notes to consolidated financial statements.



**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****June 30, 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 August 11, 2023.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 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”

(Continued)

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

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments <sup>1</sup> , new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.  Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(Continued)

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

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

**(4) Summary of significant accounting policies:**

(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) and the guidelines of IAS 34 Interim Financial Reporting which are endorsed by the FSC. These consolidated interim financial statements do not include all of the information required by the Regulations and by the International Financial Reporting Standards, the International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC) for a complete set of the annual financial statements.

Except as described in the following paragraph, the significant accounting policies used in the interim financial statement are consistent with the consolidated financial statement for the year ended December 31, 2022. For related information, please refer to note (4) of the consolidated financial statement for the year ended December 31, 2022.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are consistent with the consolidated financial statement for the year ended December 31, 2022. For related information, please refer to note (4)(c) of the consolidated financial statement for the year ended December 31, 2022.

(Continued)

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

The list of subsidiaries in the consolidated financial statements as follows:

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Panpal Technology Corp. ("Panpal")	Investment	100%	100%	100%	Panpal held 31,648 thousand shares of the Company as of June 30, 2023, which represented 0.7% of the Company's outstanding shares.
"	Gempal Technology Corp. ("Gempal")	"	100%	100%	100%	Gempal held 18,369 thousand shares of the Company as of June 30, 2023, which represented 0.4% of the Company's outstanding shares.
"	Hong Ji Capital Co., Ltd. ("Hong Ji")	"	100%	100%	100%	
"	Hong Jin Investment Co., Ltd. ("Hong Jin")	"	100%	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%	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%	100%	
"	HengHao Technology Co., Ltd. ("HengHao")	Manufacturing of PCs, computer periphery devices, and electronic components	100%	100%	100%	
"	Ripal Optoelectronics Co., Ltd. ("Ripal")	Manufacturing of electric appliance and audiovisual electric products	100%	100%	100%	
"	Mactech Co., Ltd ("Mactech")	Manufacturing of equipment and lighting, retailing of equipment and international trading	53%	53%	53%	
"	General Life Biotechnology Co., Ltd. ("GLB")	Manufacturing and sales of medical equipment	50%	50%	50%	
"	Unicore BioMedical Co., Ltd. ("Unicore")	Management consulting services, rental and leasing business, wholesale and retail sale of medical equipment	100%	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%	91%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	Shennona Taiwan Co., Ltd. (“Shennona TW”)	Management consulting services, rental and leasing business, wholesale and retail sale of precision instruments and international trading	100%	100%	100%	
”	Aco Smartcare Co., Ltd. (“Aco Smartcare”)	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	52%	52%	52%	
”	Kinpo&Compal Group Assets Development Corporation (“Kinpo& Compal Group”)	Real estate development, leasing and related management business	70%	70%	70%	
”	Compal Ruifang Health Assets Development Corporation (“Compal Ruifang ”)	Investing and developing businesses, such as public construction and specific zones	100%	100%	100%	
”	Shennona Corporation (“Shennona”)	Medical care IOT business	100%	100%	100%	
”	Auscom Engineering Inc. (“Auscom”)	R&D of notebook PC related products and components	100%	100%	100%	
”	Just International Ltd. (“Just”)	Investment	100%	100%	100%	
”	Compal International Holding Co., Ltd. (“CIH”)	”	100%	100%	100%	
”	Compal Electronics (Holding) Ltd. (“CEH”)	”	100%	100%	100%	
”	Bizcom Electronics, Inc. (“Bizcom”)	Warranty services and marketing of monitors and notebook PCs	100%	100%	100%	(Notes 2 and 3)
”	Flight Global Holding Inc. (“FGH”)	Investment	100%	100%	100%	(Notes 2 and 3)
The Company and BSH	High Shine Industrial Corp. (“HSI”)	”	100%	100%	100%	
The Company	Compal Europe (Poland) Sp. z o.o. (“CEP”)	Maintenance and warranty services of notebook PCs	100%	100%	100%	
”	Big Chance International Co., Ltd. (“BCI”)	Investment	100%	100%	100%	
”	Compal Rayonnant Holdings Limited (“CRH”)	”	100%	100%	100%	
”	Core Profit Holdings Limited (“CORE”)	”	100%	100%	100%	
”	Compalead Electronics B.V. (“CPE”)	”	100%	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
The Company	CGS Technology (Poland) Sp. z o.o. ("CGSP")	Maintenance and warranty services of notebook PCs	100%	100%	100%	
Panpal and Gempal	Compalead Eletronica do Brasil Industria e Comercio Ltda. ("CEB")	Manufacturing of notebook PCs	100%	100%	100%	(Notes 2 and 3)
"	Compal Electronics India Private Limited ("CEIN")	Manufacturing and warranty service of mobile phones	100%	100%	100%	
Panpal and CEB	Compal Electronica DA Amazonia Ltda. ("CEA")	Manufacturing of notebook PCs	100%	100%	100%	(Notes 2 and 3)
Just	Compal Display Holding (HK) Limited ("CDH (HK)")	Investment	100%	100%	100%	
"	Compal Electronics International Ltd. ("CII")	"	100%	100%	100%	
"	Compal International Ltd. ("CPI")	"	100%	100%	100%	
CDH (HK)	Compal Electronics (China) Co., Ltd. ("CPC")	Manufacturing and sales of monitors	100%	100%	100%	
"	Compal Optoelectronics (Kunshan) Co., Ltd. ("CPO")	Manufacturing and sales of LCD TVs	100%	100%	100%	
"	Compal System Trading (Kunshan) Co., Ltd. ("CST")	International trade and distribution of computers and electronic components	100%	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%	100%	
CII	Smart International Trading Ltd. ("Smart")	Investment	100%	100%	100%	
"	Amexcom Electronics Inc. ("AEI")	Sales and maintenance of LCD TVs	-	100%	100%	The liquidation of the company had been completed on February 15, 2023.
"	Mexcom Electronics, LLC ("MEL")	Investment	100%	100%	100%	
"	Mexcom Technologies, LLC ("MTL")	"	100%	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.
CIH	Compal International Holding (HK) Limited ("CIH (HK)")	Investment	100%	100%	100%	

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
CIH	Jenpal International Ltd. (“Jenpal”)	Investment	100%	100%	100%	
”	Prospect Fortune Group Ltd. (“PFG”)	”	100%	100%	100%	
”	Fortune Way Technology Corp. (“FWT”)	”	100%	100%	100%	
CIH (HK)	Compal Electronics Technology (Kunshan) Co., Ltd. (“CET”)	Manufacturing of notebook PCs	100%	100%	100%	
”	Compal Information (Kunshan) Co., Ltd. (“CIC”)	”	100%	100%	100%	
”	Compal Information Technology (Kunshan) Co., Ltd. (“CIT”)	”	100%	100%	100%	
”	Kunshan Botai Electronics Co., Ltd. (“BT”)	”	100%	100%	100%	
”	Compal Digital Technology (Kunshan) Co., Ltd. (“CDT”)	Manufacturing and sales of notebook PCs, mobile phones, and digital products	100%	100%	100%	
BT	Compower Global Service Co., Ltd. (“CGS”)	Maintenance and warranty service of notebook PCs	100%	100%	100%	
CDH (HK) and CIH (HK)	Compal Investment (Jiangsu) Co., Ltd. (“CIJ”)	Investment	100%	100%	100%	
CIJ	Compal Display Electronics (Kunshan) Co., Ltd. (“CDE”)	Manufacturing and sales of LCD TVs	100%	100%	100%	
The Company and Webtek	Etrade Management Co., Ltd. (“Etrade”)	Investment	100%	100%	100%	
The Company	Webtek Technology Co., Ltd. (“Webtek”)	”	100%	100%	100%	
”	Forever Young Technology Inc. (“Forever”)	”	100%	100%	100%	
”	UniCom Global, Inc. (“UCGI”)	Manufacturing and sales of computers and electronic components	100%	100%	100%	
”	Palcom International Corporation (“Palcom”)	Sales of mobile phones	100%	100%	100%	
”	Poindus Systems Corp, Ltd. (“Poindus Systems”)	Sales of PCs and computer periphery devices	56%	56%	56%	The Group acquired 56% of its shares in March 2022.
Poindus Systems	Poindus Investment Co., Ltd. (“Poindus Investment”)	Investment holding	100%	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.

(Continued)

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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Poindus Systems	QiJie Electronics (ShenZhen) Co., Ltd. ("QiJie")	Sales of PCs and computer periphery devices	100%	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%	100%	The Group indirectly acquired 100% of its shares after acquiring 56% of Poindus Systems' shares in March 2022.
"	Adasys GmbH Elektronische Komponenten ("Adasys")	"	100%	100%	100%	"
Poindus Investment	Poindus Systems GmbH GroBhandel mit EDV. Oberursel ("Poindus GmbH")	"	100%	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.
CDH (HK) and Etrade	Compal Communication (Nanjing) Co., Ltd. ("CCI Nanjing")	Manufacturing and processing of mobile phones and tablet PCs	100%	100%	100%	
Etrade	Compal Digital Communication (Nanjing) Co., Ltd. ("CDCN")	"	100%	100%	100%	
"	Compal Wireless Communication (Nanjing) Co., Ltd. ("CWCN")	"	100%	100%	100%	
Forever	Hanhelt Communication (Nanjing) Co., Ltd. ("Hanhelt")	R&D and manufacturing of electronic communication equipment	100%	100%	100%	
"	Giant Rank Trading Ltd. ("GIA")	Sales of mobile phones	100%	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%	100%	
Arcadyan	Arcadyan Technology N.A. Corp. ("Arcadyan USA")	Sales of wireless network products	100%	100%	100%	
"	Arcadyan Germany Technology GmbH ("Arcadyan Germany")	Technical support and sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Corporation Korea ("Arcadyan Korea")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)

(Continued)



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

Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Arcadyan	Arcadyan Holding (BVI) Corp. ("Arcadyan Holding")	Investment	100%	100%	100%	
"	Arcadyan Technology Limited ("Arcadyan UK")	Technical support of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Australia Pty Ltd. ("Arcadyan AU")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan Technology Corporation (Russia), LLC. ("Arcadyan RU")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Zhi-Bao Technology Inc. ("Zhi-Bao")	Investment	100%	100%	100%	
"	Tatung Technology Inc. ("TTI")	R&D and sales of household digital electronic products	61%	61%	61%	
"	AcBel Telecom Inc. ("AcBel Telecom")	Investment	-	-	51%	The liquidation of the company had been completed on August 19, 2022. (Note 3)
Arcadyan and Zhi-Bao	Arcadyan do Brasil Ltda. ("Arcadyan Brasil")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
"	Arcadyan India Private Limited ("Arcadyan India")	Sales of wireless network products	100%	100%	100%	(Notes 2 and 3)
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%	62%	
CBN	Compal Broadband Networks Belgium BVBA ("CBNB")	Import and export business, technical support and consulting service of broadband networks	100%	100%	100%	
"	Compal Broadband Networks Netherlands B.V. ("CBNN")	"	100%	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%	45%	The Group had the ability to control Starmems. (Note 1)
Arcadyan Holding	Sinoprime Global Inc. ("Sinoprime")	Investment	100%	100%	100%	
"	Arcadyan Technology (Shanghai) Corp. ("SVA Arcadyan")	R&D and sales of wireless network products	100%	100%	100%	
"	Arch Holding (BVI) Corp. ("Arch Holding")	Investment	100%	100%	100%	
Arch Holding	Compal Networking (Kunshan) Co., Ltd. ("CNC")	Manufacturing of wireless network products	100%	100%	100%	

(Continued)

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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
Sinoprime	Arcadyan Technology (Vietnam) Co., Ltd. (“Arcadyan Vietnam”)	Manufacturing of wireless network products	100%	100%	100%	
TTI	Quest International Group Co., Ltd. (“Quest”)	Investment	100%	100%	100%	
”	Tatung Technology of Japan Co., Ltd. (“TTJC”)	Sales of household digital electronic products	100%	100%	100%	
Quest	Exquisite Electronic Co., Ltd. (“Exquisite”)	Investment	100%	100%	100%	
Exquisite	Tatung Home Appliances (Wujiang) Co., Ltd. (“THAC”)	Manufacturing of household digital electronic products	100%	100%	100%	
HSI	Intelligent Universal Enterprise Ltd. (“IUE”)	Investment	100%	100%	100%	
”	Goal Reach Enterprises Ltd. (“Goal”)	”	100%	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%	100%	(Notes 2 and 3)
Goal	Compal Development & Management (Vietnam) Co., Ltd. (“CDM”)	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	100%	100%	100%	
Rayonnant Technology and CRH	Allied Power Holding Corp. (“APH”)	Investment	100%	100%	100%	
APH	Primetek Enterprises Limited (“PEL”)	”	100%	100%	100%	
”	Rayonnant Technology (HK) Co., Ltd. (“Rayonnant Technology (HK)”)	”	100%	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%	100%	
HengHao	HengHao Holdings A Co., Ltd. (“HHA”)	Investment	100%	100%	100%	
HHA and BSH	HengHao Holdings B Co., Ltd. (“HHB”)	”	100%	100%	100%	
HHB	HengHao Optoelectronics Technology (Kunshan) Co., Ltd. (“HengHao Kunshan”)	Production of touch panels and related components	100%	100%	100%	
”	Lucom Display Technology (Kunshan) Limited (“Lucom”)	Manufacturing of touch panels and LCD TVs	100%	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.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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Name of investor	Name of Subsidiary	Nature of Operation	Percentage of ownership			Description
			June 30, 2023	December 31, 2022	June 30, 2022	
BCI	Center Mind International Co., Ltd. ("CMI")	Investment	100%	100%	100%	
"	Prisco International Co., Ltd. ("PRI")	"	100%	100%	100%	
CMI	Compal Investment (Sichuan) Co., Ltd. ("CIS")	Outward investment and consulting services	100%	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%	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%	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%	100%	
CORE	Billion Sea Holdings Limited ("BSH")	Investment	100%	100%	100%	
BSH	Mithera Capital Io LP ("Mithera")	"	99%	99%	99%	
"	Compal USA (Indiana), Inc. ("CIN")	Foundry of automotive electronic products	100%	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.

Note 2: The financial statements of the subsidiary as of June 30, 2023 have not been reviewed by CPA.

Note 3: The financial statements of the subsidiary as of June 30, 2022 have not been reviewed by CPA.

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

(c) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

Under defined benefit plans, pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the consolidated financial statements in conformity with Regulations as well as IFRSs (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated interim financial statements, the major sources of significant accounting assumptions, judgments and estimation uncertainty are consistent with note (5) of the annual consolidated financial statements for the year ended December 31, 2022.

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference compared with the consolidated financial statements for the year ended December 31, 2022. Please refer to the note (6) of the consolidated financial statements for the year ended December 31, 2022 and for other related information.

(a) Cash and cash equivalents

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Cash on hand	\$ 102,296	17,835	22,079
Checking accounts and demand deposits	30,903,593	39,976,385	36,071,592
Time deposits	30,839,919	35,233,038	48,586,814
Cash equivalents	<u>2,680,109</u>	<u>4,438,044</u>	<u>178,320</u>
	<b><u>\$ 64,525,917</u></b>	<b><u>79,665,302</u></b>	<b><u>84,858,805</u></b>

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets			
Structured deposits	\$ -	-	3,610,801
Stock unlisted in domestic markets	139,490	117,150	115,790
Fund in domestic or foreign markets	471,204	441,759	722,634
Derivative instruments not used for hedging			
Foreign exchange contracts	<u>11,587</u>	<u>187</u>	<u>237,519</u>
Total	<u>\$ 622,281</u>	<u>559,096</u>	<u>4,686,744</u>
Current	\$ 11,587	187	4,147,279
Non-current	<u>610,694</u>	<u>558,909</u>	<u>539,465</u>
	<u>\$ 622,281</u>	<u>559,096</u>	<u>4,686,744</u>
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<b>Financial liabilities held-for-trading:</b>			
Derivative instruments not used for hedging			
Foreign exchange contracts	\$ 197,459	62,527	270
Swap contracts	<u>38,339</u>	<u>-</u>	<u>49,950</u>
	<u>\$ 235,798</u>	<u>62,527</u>	<u>50,220</u>

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:

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

<b>June 30, 2023</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 36,000	EUR to USD	July 14~ October 13, 2023
Forward exchange purchased	USD 1,000	USD to BRL	November 10, 2023
<b>Derivative financial liabilities:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange purchased	USD164,600	USD to BRL	July 06, 2023~ May 31, 2024
Forward exchange purchased	USD 6,786	USD to INR	July 14~ August 30, 2023
Forward exchange sold	EUR 26,000	EUR to USD	July 14~ September 28, 2023
<b>Swap contracts:</b>			
Currency swap	USD 63,000	USD to TWD	July 28~ August 30, 2023
<b>December 31, 2022</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>
<b>Derivative financial assets:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 8,000	EUR to USD	May 12 ~ June 14, 2023
Forward exchange purchased	USD 512	USD to INR	January 31, 2023
<b>Derivative financial liabilities:</b>			
<b>Foreign exchange contracts:</b>			
Forward exchange sold	EUR 25,000	EUR to USD	January 31 ~ April 20, 2023
Forward exchange sold	EUR 2,000	EUR to TWD	January 31, 2023
Forward exchange purchased	USD 172,800	USD to BRL	January 04 ~ June 15, 2023

(Continued)

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

<b>June 30, 2022</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity date</b>	
<b>Derivative financial assets:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 30,000	EUR to USD	July 11~ October 14, 2022	
Forward exchange purchased	USD 210,460	USD to BRL	July 04, 2022~ June 15, 2023	
<b>Derivative financial liabilities:</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange purchased	USD 800	USD to BRL	August 29, 2022	
<b>Swap contracts:</b>				
Currency swap	USD 60,000	USD to TWD	July 14~ September 29, 2022	

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

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any aforementioned financial assets as collaterals for its loans.

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Equity investments at fair value through other comprehensive income:			
Stock listed in domestic markets	\$ 3,139,704	2,797,667	2,703,207
Stock listed in foreign markets	472,472	579,341	514,008
Stock unlisted in domestic markets	1,827,696	1,822,164	1,973,003
Stock unlisted in foreign markets	214,875	226,736	216,402
<b>Total</b>	<b>\$ 5,654,747</b>	<b>5,425,908</b>	<b>5,406,620</b>

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

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of June 30, 2023 and 2022.

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 six months ended June 30, 2023 and 2022, will be \$282,737 and \$270,331, respectively. These analyses are performed on the same basis for the period and assume that all other variables remain the same.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The Group's information of market risk please refer to note (6)(aa).

As of June 30, 2023, December 31 and June 30, 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:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<b>Cash flow hedge:</b>			
<b>Financial assets used for hedging:</b>			
Forward exchange contracts	\$ 3,098	-	56,591
<b>Financial liabilities used for hedging:</b>			
Forward exchange contracts	\$ 8,481	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 June 30, 2023, December 31 and June 30, 2022, the details related to the items designated as hedge instruments were as follows:

	<b>June 30, 2023</b>			
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>
<b>Derivative financial assets used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 15,000	EUR to USD	July 28~ December 28, 2023	1.0967
<b>Derivative financial liabilities used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 6,000	EUR to USD	July 28~ December 28, 2023	1.0465

(Continued)



**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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<b>December 31, 2022</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>
<b>Derivative financial liabilities used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 65,000	EUR to USD	January 30~ December 28, 2023	1.0472
<b>June 30, 2022</b>				
	<b>Contract amount (in thousands)</b>	<b>Currency</b>	<b>Maturity period</b>	<b>Average strike price</b>
<b>Derivative financial assets used for hedging</b>				
<b>Foreign exchange contracts:</b>				
Forward exchange sold	EUR 18,000	EUR to USD	July 28~ September 29, 2022	1.1546

- (iii) For the three months and six months ended June 30, 2023 and 2022, the ineffective portions of cash flow hedge recognized in profits (losses) amounted of \$0, \$31,715, \$0 and \$31,715, respectively, recorded as "other gains and losses, net".
- (iv) For the three months and six months ended June 30, 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).

(e) Notes and accounts receivable

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Notes receivables from operating activities	\$ 5,022	10,645	34,146
Accounts receivables – measured at amortized cost	174,405,885	179,043,536	196,418,724
Accounts receivables – fair value through other comprehensive income	<u>53,012,582</u>	<u>16,091,084</u>	<u>31,372,469</u>
	227,423,489	195,145,265	227,825,339
Less: allowance for uncollectible accounts	<u>(3,940,272)</u>	<u>(3,924,544)</u>	<u>(3,902,959)</u>
	<b><u>\$ 223,483,217</u></b>	<b><u>191,220,721</u></b>	<b><u>223,922,380</u></b>
Notes and accounts receivable	<b><u>\$ 217,959,929</u></b>	<b><u>186,804,648</u></b>	<b><u>220,288,409</u></b>
Notes and accounts receivable – related parties	<b><u>\$ 5,523,288</u></b>	<b><u>4,416,073</u></b>	<b><u>3,633,971</u></b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

- (i) The loss allowance provision of IT product segment of the Group was determined as follows:

<b>June 30, 2023</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 202,634,629	0%	-	No
Level B	12,432,966	0.91%	113,233	No
Level C	<u>3,790,493</u>	100%	<u>3,790,493</u>	Yes
	<b><u>\$ 218,858,088</u></b>		<b><u>3,903,726</u></b>	
<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 168,144,302	0%	-	No
Level B	12,364,116	0.68%	84,412	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 184,303,952</u></b>		<b><u>3,879,946</u></b>	
<b>June 30, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 203,069,526	0%	-	No
Level B	13,211,372	0.53%	70,382	No
Level C	<u>3,795,534</u>	100%	<u>3,795,534</u>	Yes
	<b><u>\$ 220,076,432</u></b>		<b><u>3,865,916</u></b>	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (ii) The loss allowance provision of strategically integrated product segment of the Group was determined as follows:

<b>June 30, 2023</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,224,729	0%	-	No
Level B	5,209,687	0.10%	5,267	No
Level C	1,110,728	1.00%	11,022	No
Level D	-	-	-	-
Level E	20,257	100%	20,257	Yes
	<b>\$ 8,565,401</b>		<b>36,546</b>	
<b>December 31, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,524,744	0%	-	No
Level B	6,876,702	0.10%	6,923	No
Level C	1,419,845	1.00%	17,653	No
Level D	-	-	-	-
Level E	20,022	100%	20,022	Yes
	<b>\$ 10,841,313</b>		<b>44,598</b>	
<b>June 30, 2022</b>				
<b>Credit rating</b>	<b>Carrying amount of notes and accounts receivable</b>	<b>Weighted- average ECL rate</b>	<b>Lifetime ECLs</b>	<b>Credit- impaired</b>
Level A	\$ 2,781,508	0%	-	No
Level B	3,557,445	0.10%	3,602	No
Level C	1,390,610	1.00%	14,097	No
Level D	-	-	-	-
Level E	19,344	100%	19,344	Yes
	<b>\$ 7,748,907</b>		<b>37,043</b>	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The aging analysis of notes and accounts receivable's overdue was determined as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Overdue 1 to 180 days	\$ 1,590,714	3,119,372	1,355,378
Overdue 181 to 365 days	41,914	-	11,066
Overdue 365 days	<u>-</u>	<u>8,552</u>	<u>8,262</u>
	<b><u>\$ 1,632,628</u></b>	<b><u>3,127,924</u></b>	<b><u>1,374,706</u></b>

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 3,924,544	3,891,948
Acquisition through business combination	-	59
Impairment losses recognized (reversed)	21,037	8,391
Effect of changes in exchange rates	<u>(5,309)</u>	<u>2,561</u>
Balance at June 30	<b><u>\$ 3,940,272</u></b>	<b><u>3,902,959</u></b>

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 June 30, 2023, December 31 and June 30, 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 1,837,000 thousand and EUR 1,000 thousand, USD 1,600,000 thousand and EUR 1,000 thousand, USD 1,601,000 thousand and EUR 15,000 thousand, respectively. Based on the agreements, the Group is not responsible for guaranteeing the ability of the accounts receivable obligor to make payment when it is affected by credit risk. Thus, this is a non-recourse accounts receivable factoring. The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them. After the transfer of the accounts receivable, the Group can request partial advanced amount, while the interest calculated at an agreed rate is paid to the bank in the period during the time of receiving advance and the accounts receivable is collected. The remaining amounts with no advance are received when the accounts receivable are settled by the customers. As of June 30, 2023, December 31 and June 30, 2022, the factored accounts receivable with no advance amounting to \$30,524, \$447 and \$893, respectively, were accounted for as other receivables.

(Continued)

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

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 June 30, 2023, December 31 and June 30, 2022, accounts receivable factored were recovered and derecognized since the conditions of derecognition were met.

As of June 30, 2023, December 31 and June 30, 2022, the details of the factored accounts receivable but unsettled were as follows:

June 30, 2023							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>3,354,518</u>	<u>-</u>	<u>3,323,994</u>	<u>30,524</u>	-	<u>3,354,518</u>	2.75%~5.99%
December 31, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>30,114,458</u>	<u>-</u>	<u>30,114,011</u>	<u>447</u>	-	<u>30,114,458</u>	2.75%~5.61%
June 30, 2022							
Purchaser	Accounts receivable factored (gross)	Amount advanced		Amount recognized in other receivable	Collateral	Amount derecognized	Interest rate
		Unpaid	Paid				
Financial Institution	\$ <u>17,668,721</u>	<u>-</u>	<u>17,667,828</u>	<u>893</u>	-	<u>17,668,721</u>	1.57%~2.75%

As of June 30, 2023, December 31 and June 30, 2022, the Group did not provide any aforementioned notes and accounts receivable as collaterals.

(f) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	\$ 35,503,037	42,519,903	26,596,328
Work in progress	7,597,347	11,680,487	14,520,592
Raw materials	57,535,810	56,764,510	105,884,391
Raw materials in transit	2,008,124	629,084	1,458,875
	<u>\$ 102,644,318</u>	<u>111,593,984</u>	<u>148,460,186</u>

(i) For the three months and six months ended June 30, 2023 and 2022, inventory cost recognized as cost of sales amounted to \$233,267,161, \$256,010,307, \$433,387,208 and \$514,096,202, respectively.

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

(ii) The loss due to the write-down of inventories to net realizable value amounted to \$239,582, \$930,972, \$345,593 and \$1,530,250 for the three months and six months ended June 30, 2023 and 2022, respectively.

(iii) As of June 30, 2023, December 31 and June 30, 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:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Associates	\$ 7,672,140	8,142,707	8,374,647
Joint venture	<u>6,101</u>	<u>(18,066)</u>	<u>(18,069)</u>
	7,678,241	8,124,641	8,356,578
Plus: credit balance of investment in equity method (other non-current liability)	-	43,757	44,003
Less: unrealized profits or losses	<u>(122,472)</u>	<u>(120,829)</u>	<u>(117,047)</u>
	<b><u>\$ 7,555,769</u></b>	<b><u>8,047,569</u></b>	<b><u>8,283,534</u></b>

(i) Associates

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

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Allied Circuit Co., Ltd. ("Allied Circuit")	\$ 2,376,034	1,741,281	2,084,391
Avalue Technology Inc. ("Avalue")	<u>1,604,338</u>	<u>1,214,819</u>	<u>911,861</u>
	<b><u>\$ 3,980,372</u></b>	<b><u>2,956,100</u></b>	<b><u>2,996,252</u></b>

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The Group's share of the gain (loss) of associates	<b><u>\$ (88,578)</u></b>	<b><u>(15,132)</u></b>	<b><u>(224,352)</u></b>	<b><u>(94,454)</u></b>

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- 3) The Group's financial information for investments accounted for using the equity method that are individually immaterial was as follows:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>	
Carrying amount of individually immaterial associates	\$ <u>7,672,140</u>	<u>8,142,707</u>	<u>8,374,647</u>	
	<u>For the three months ended</u> <u>June 30,</u>		<u>For the six months ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Group's share of the net income (loss) of associates:				
Profit (loss) from continuing operations	\$ (88,578)	(15,132)	(224,352)	(94,454)
Other comprehensive income	<u>(194,972)</u>	<u>(157,699)</u>	<u>(156,793)</u>	<u>95,442</u>
Total comprehensive income	<u>\$ (283,550)</u>	<u>(172,831)</u>	<u>(381,145)</u>	<u>988</u>

(ii) Joint venture

In April 2010, the Group and another company established a jointly controlled entity, Compal Connector Manufacture Ltd. ("CCM"), and obtained an ownership interest of 51%. CCM's actual paid-in capital amounted to USD10,000 thousands. Moreover, in May 2014, the Group and another company established a jointly controlled entity, Zheng Ying Electronics (Chongqing) Co., Ltd., ("Zheng Ying"), and obtained an ownership interest of 51%. Zheng Ying's actual paid-in capital amounted to USD 2,500 thousands. The 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:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
The carrying amount of the Group's interests in all individually insignificant joint ventures	\$ <u>6,101</u>	<u>(18,066)</u>	<u>(18,069)</u>

(Continued)

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The Group's share of the net income (loss) of joint ventures:				
Net income (losses) from continuing operations (also the total comprehensive income (losses))	\$ <u>8,243</u>	<u>(1,345)</u>	<u>23,928</u>	<u>(1,327)</u>

(iii) Although the Group is the single largest shareholder of some associates, after a comprehensive assessment that the remaining shares of these associates are not concentrated in specific shareholders, the Group is still not able to obtain more than half of the board seats, and it has not obtained more than half of the voting rights of shareholders attending the shareholders' meeting. The Group judges that it does not have absolute power and leading ability over the relevant activities and variable remuneration of these associates, so it assesses that the Group has no control over these associates.

(iv) As of June 30, 2023, December 31 and June 30, 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 \$249,890 and \$2,078, 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	\$ <u>353,046</u>
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(Continued)



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

(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)
	<u>\$ 563,868</u>

(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	<u>(563,868)</u>
	<u>\$ 37,060</u>

Goodwill is mainly derived from the business value of Poindus Systems in the industrial PCs market. It is expected that the business of Poindus System and the Group business will be integrated to generate synergy.

(i) Changes in subsidiaries' equity

There were no significant transactions for the six months ended June 30, 2023 and 2022. Please refer to note (6)(i) of the consolidated financial statement for the year ended December 31, 2022.

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

(j) Material non-controlling interests of subsidiaries

There were no significant transactions for the six months ended June 30, 2023 and 2022. Please refer to note (6)(j) of the consolidated financial statement for the year ended December 31, 2022.

(k) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Buildings and building improvement</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Under construction and prepayment for purchase of equipment</u>	<u>Total</u>
Cost:						
Balance on January 1, 2023	\$ 2,485,718	21,658,458	36,234,090	13,405,317	2,295,702	76,079,285
Additions	-	2,071	75,473	861,371	2,064,993	3,003,908
Disposals and derecognitions	-	(171,140)	(272,458)	(277,577)	-	(721,175)
Reclassifications	-	53,659	536,415	134,499	(724,573)	-
Effect of movements in exchange rates	1,309	168,826	(386,665)	(347,191)	(163,642)	(727,363)
Balance on June 30, 2023	<u>\$ 2,487,027</u>	<u>21,711,874</u>	<u>36,186,855</u>	<u>13,776,419</u>	<u>3,472,480</u>	<u>77,634,655</u>
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	24,364	1,089,417	1,188,401	443,626	2,746,148
Disposals and derecognitions	-	(88,141)	(201,483)	(514,839)	-	(804,463)
Reclassifications	-	33,425	499,840	74,162	(607,427)	-
Effect of movements in exchange rates	6,258	862,716	1,598,704	471,655	330,081	3,269,414
Balance on June 30, 2022	<u>\$ 2,483,517</u>	<u>18,216,163</u>	<u>34,992,902</u>	<u>13,057,155</u>	<u>4,760,036</u>	<u>73,509,773</u>
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	-	584,092	1,947,914	784,142	-	3,316,148
Disposals and derecognitions	-	(150,385)	(187,114)	(258,461)	-	(595,960)
Effect of movements in exchange rates	-	93,057	(874,261)	312,555	-	(468,649)
Balance on June 30, 2023	<u>\$ -</u>	<u>13,082,721</u>	<u>25,433,233</u>	<u>11,006,659</u>	<u>-</u>	<u>49,522,613</u>
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	-	433,557	1,506,523	794,975	-	2,735,055
Disposals and derecognitions	-	(87,594)	(153,820)	(476,356)	-	(717,770)
Effect of movements in exchange rates	-	482,380	557,851	718,783	-	1,759,014
Balance on June 30, 2022	<u>\$ -</u>	<u>11,817,865</u>	<u>23,165,060</u>	<u>10,080,093</u>	<u>-</u>	<u>45,063,018</u>
Carrying amounts:						
Balance on January 1, 2023	<u>\$ 2,485,718</u>	<u>9,102,501</u>	<u>11,687,396</u>	<u>3,236,894</u>	<u>2,295,702</u>	<u>28,808,211</u>
Balance on June 30, 2023	<u>\$ 2,487,027</u>	<u>8,629,153</u>	<u>10,753,622</u>	<u>2,769,760</u>	<u>3,472,480</u>	<u>28,112,042</u>
Balance on January 1, 2022	<u>\$ 2,476,919</u>	<u>6,394,277</u>	<u>10,751,918</u>	<u>2,773,768</u>	<u>4,593,482</u>	<u>26,990,364</u>
Balance on June 30, 2022	<u>\$ 2,483,517</u>	<u>6,398,298</u>	<u>11,827,842</u>	<u>2,977,062</u>	<u>4,760,036</u>	<u>28,446,755</u>

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

As of June 30, 2023, December 31 and June 30, 2022, part of the Group's property, plant and equipment were provided as collateral for long-term borrowings. Please refer to note (8).

(l) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Vehicles and other</u>	<u>Total</u>
Cost:					
Balance on January 1, 2023	\$ 12,180,851	3,320,227	51,104	72,553	15,624,735
Additions	-	441,514	-	7,457	448,971
Deductions	-	(12,034)	-	(6,765)	(18,799)
Effect of movements in exchange rates	11,096	2,597	(377)	193	13,509
Balance on June 30, 2023	<u>\$ 12,191,947</u>	<u>3,752,304</u>	<u>50,727</u>	<u>73,438</u>	<u>16,068,416</u>
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	230,052	34,146	7,832	11,488,054
Deductions	-	(284,214)	-	(6,907)	(291,121)
Effect of movements in exchange rates	73,747	38,187	926	82	112,942
Balance on June 30, 2022	<u>\$ 12,149,764</u>	<u>3,688,014</u>	<u>111,674</u>	<u>70,961</u>	<u>16,020,413</u>
Depreciation:					
Balance on January 1, 2023	\$ 241,063	1,613,228	18,093	47,035	1,919,419
Depreciation for the period	122,703	356,035	2,471	10,651	491,860
Deductions	-	(6,061)	-	(6,765)	(12,826)
Effect of movements in exchange rates	1,676	(14,766)	(363)	83	(13,370)
Balance on June 30, 2023	<u>\$ 365,442</u>	<u>1,948,436</u>	<u>20,201</u>	<u>51,004</u>	<u>2,385,083</u>
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	28,940	406,446	6,147	9,777	451,310
Deductions	-	(228,605)	-	(6,907)	(235,512)
Effect of movements in exchange rates	16,341	10,680	708	64	27,793
Balance on June 30, 2022	<u>\$ 114,936</u>	<u>1,651,169</u>	<u>43,755</u>	<u>40,793</u>	<u>1,850,653</u>
Carrying amount:					
Balance on January 1, 2023	<u>\$ 11,939,788</u>	<u>1,706,999</u>	<u>33,011</u>	<u>25,518</u>	<u>13,705,316</u>
Balance on June 30, 2023	<u>\$ 11,826,505</u>	<u>1,803,868</u>	<u>30,526</u>	<u>22,434</u>	<u>13,683,333</u>
Balance on January 1, 2022	<u>\$ 790,338</u>	<u>2,205,205</u>	<u>39,702</u>	<u>30,973</u>	<u>3,066,218</u>
Balance on June 30, 2022	<u>\$ 12,034,828</u>	<u>2,036,845</u>	<u>67,919</u>	<u>30,168</u>	<u>14,169,760</u>

In January 2022, the Group signed a contract with the Taipei City Government to obtain the superficies of No.91, Ruan Qiao Section, Beitou District, Taipei City, which has a term of 50 years and may be extended for additional 20 years. The registration procedures had been completed in May 2022, and the right-of-use assets and lease liabilities were recognized on the commencement date of the lease.

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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The related depreciation expenses of right-of-use assets amounting to \$56,081, \$18,693, \$112,161, and \$18,693 and the interest expenses of lease liabilities amounting to \$10,955, \$3,707, \$21,976 and \$3,707, 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 three months and six months ended June 30, 2023 and 2022, respectively.

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Unsecured bank loans	\$ 79,806,223	74,823,426	104,363,890
Secured bank loans	<u>8,961</u>	<u>9,000</u>	<u>135</u>
	<b><u>\$ 79,815,184</u></b>	<b><u>74,832,426</u></b>	<b><u>104,364,025</u></b>
Unused credit line for short-term borrowings	<b><u>\$ 210,019,000</u></b>	<b><u>212,701,000</u></b>	<b><u>169,041,000</u></b>
Range of interest rates	<b><u>1.58%~9.8%</u></b>	<b><u>0.05%~8.37%</u></b>	<b><u>0.05%~5.57%</u></b>

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

For the collaterals for part of the Group's borrowings, please refer to note (8).

(n) Long-term borrowings

The details of long-term borrowings were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Unsecured bank loans	\$ 26,765,042	30,525,000	34,975,000
Secured bank loans	550,903	612,122	624,850
Less: current portion	<u>(12,696,368)</u>	<u>(19,462,800)</u>	<u>(23,663,242)</u>
Total	<b><u>\$ 14,619,577</u></b>	<b><u>11,674,322</u></b>	<b><u>11,936,608</u></b>
Unused credit line for long-term borrowings	<b><u>\$ 20,127,000</u></b>	<b><u>13,018,000</u></b>	<b><u>5,924,000</u></b>
Range of interest rates	<b><u>1.58%~5.28%</u></b>	<b><u>1.25%~2.06%</u></b>	<b><u>0.68%~1.75%</u></b>

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

The Group pledges property, plant and equipment as collateral for its partial long-term borrowings. Please refer to note (8).

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(o) Unsecured convertible corporate bonds

- (i) The Company's subsidiary, Arcadyan, issued the first domestic unsecured convertible corporate bonds on June 6, 2019. The details were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Total convertible corporate bonds issued	\$ -	1,000,000	1,000,000
Accumulated converted amount	-	(992,600)	(992,600)
Repayments of bonds payable	-	(7,400)	(7,400)
Balance of corporate bonds payable as of the reporting date	<u>\$ -</u>	<u>-</u>	<u>-</u>
Expired conversion options included in equity components (classified as capital surplus and non-controlling interests)	<u>\$ 361</u>	<u>361</u>	<u>361</u>
	<b>For the three months ended June 30,</b>	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>
Interest expenses	<u>\$ -</u>	<u>17</u>	<u>-</u>
			<u>763</u>

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

- (ii) 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.
- (iii) 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).
- (iv) There were no significant issues, repurchases and repayments of bonds payable for the six months ended June 30, 2023 and 2022. For related information, please refer to note (6)(o) of the annual consolidated financial statements for the year ended December 31, 2022.
- (p) Lease liabilities

The details of leases liabilities were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Current	<u>\$ 2,012,067</u>	<u>1,813,555</u>	<u>2,034,225</u>
Non-current	<u>\$ 8,039,649</u>	<u>9,533,209</u>	<u>9,659,720</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	<b>\$ 8,962</b>	<b>9,386</b>	<b>18,243</b>	<b>24,232</b>
Variable lease payments not included in the measurement of lease liabilities	<b>\$ -</b>	<b>243</b>	<b>-</b>	<b>743</b>
Expenses relating to leases of low-value assets or short-term leases	<b>\$ 14,360</b>	<b>41,103</b>	<b>30,175</b>	<b>116,779</b>

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

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b>\$ 1,786,287</b>	<b>2,259,850</b>

(i) Real estate leases

The Group leases land leasehold rights and buildings for its office and plant space. The leases of office space typically run for a period of 1~19 years, and of land leasehold rights for 45~50 years. The Group obtained the superficies of Beitou District, Taipei City in May 2022, please refer to note (6)(l).

(ii) Other leases

The Group leases vehicles and equipment with lease terms of 1~5 years.

The Group also leases some office space, equipment and vehicles with contract terms of 1~3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Provisions

There is no significant changes of provisions for the six months ended June 30, 2023 and 2022. Please refer to note (6)(q) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(Continued)

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

(r) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Cost of sales	\$ 258	246	532	500
Selling expenses	288	202	572	377
Administrative expenses	914	683	1,845	1,407
Research and development expenses	2,465	1,806	4,899	3,546
Total	<u>\$ 3,925</u>	<u>2,937</u>	<u>7,848</u>	<u>5,830</u>

(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 \$123,968, \$118,663, \$250,283 and \$239,524 for the three months and six months ended June 30, 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 \$253,083, \$339,739, \$506,754 and \$655,377 for the three months and six months ended June 30, 2023 and 2022, respectively.

(s) Income taxes

(i) The Group entities are subject to income tax rates according to the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management in all the year. The amounts of income tax were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax expense	<u>\$ 733,258</u>	<u>509,141</u>	<u>1,259,560</u>	<u>1,129,883</u>

(Continued)

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

- (ii) The amounts of income tax recognized in other comprehensive income were as follows:

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Remeasurement of the defined benefit liability	\$ 1,697	(329)	3,379	(329)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	<u>10,071</u>	<u>(60,942)</u>	<u>10,079</u>	<u>(86,592)</u>
	<b><u>\$ 11,768</u></b>	<b><u>(61,271)</u></b>	<b><u>13,458</u></b>	<b><u>(86,921)</u></b>
<b>Items that will be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences of foreign operations	\$ 77	(15,810)	229	(40)
Gains (losses) on hedging instrument	<u>4,348</u>	<u>11,318</u>	<u>8,485</u>	<u>11,318</u>
	<b><u>\$ 4,425</u></b>	<b><u>(4,492)</u></b>	<b><u>8,714</u></b>	<b><u>11,278</u></b>

- (iii) Examination and approval

The Company's tax returns for the year through 2020 were assessed by the tax authorities.

The income tax returns through 2021 and the liquidation period of Acbel Telecom have been examined by the tax authorities. The ROC tax authorities have assessed the income tax returns of Palcom, Panpal, Gempal, Hong Ji, Hong Jin, Unicore, Raycore, Hippo Screen, Shennona, Ripal, CBN, Zhi-Bao, TTI, Mactech, Aco Healthcare, Starmems, Poindus Systems and Poindus Investment through 2021, of UCGI, Arcadyan, HengHao and GLB through 2020, of Rayonnant Technology through 2019.

- (t) Capital and other equities

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 2023 and 2022. Please refer to note (6)(t) of the consolidated financial statement for the year ended December 31, 2022.

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

(i) Capital surplus

The balances of capital surplus were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Additional paid-in capital	\$ 1,018,079	1,898,477	1,898,480
Treasury share transactions	2,781,989	2,721,968	2,721,968
Difference between consideration and carrying amount arising from acquisition or disposal of subsidiaries	36,766	36,766	36,766
Recognition of changes in ownership interests in subsidiaries	158,184	156,072	158,591
Changes in equity of associates and joint ventures accounted for using equity method	<u>275,391</u>	<u>265,297</u>	<u>284,594</u>
	<b><u>\$ 4,270,409</u></b>	<b><u>5,078,580</u></b>	<b><u>5,100,399</u></b>

The Company's Board of Directors meeting held on March 15, 2022, approved to distribute cash of \$1,762,859 (representing 0.4 New Taiwan Dollars per share), by using the additional paid-in capital. The Company's Board of Directors meeting held on March 15, 2023, approved to distribute cash of \$881,429 (representing 0.2 New Taiwan Dollars per share), by using the additional paid-in capital. The related information can be accessed through the Market Observation Past System website.

(ii) 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.

(Continued)

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

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.

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount per share</u>	<u>Total amount</u>	<u>Amount per share</u>	<u>Total amount</u>
Cash dividends distributed to common shareholders	\$ 1.0	<u>4,407,147</u>	1.6	<u>7,051,435</u>

(iii) Treasury stock

The subsidiaries of the Company did not sell the ordinary shares of the Company in the six months ended June 30, 2023 and 2022. As of June 30, 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 29.25, 23.05 and 22.75 New Taiwan dollars per share as of June 30, 2023, December 31 and June 30, 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.

(iv) Other equity interests (net-of-taxes)

	<u>Exchange differences on transaction of foreign operation financial statements</u>	<u>Unrealized gain (loss) from financial assets at fair value through other comprehensive income</u>	<u>Others</u>	<u>Total</u>
Balance on January 1, 2023	\$ (1,469,711)	(461,103)	(12,290)	(1,943,104)
The Group	892,773	188,800	11,192	1,092,765
Associates	(149,811)	(6,982)	-	(156,793)
Balance on June 30, 2023	<u>\$ (726,749)</u>	<u>(279,285)</u>	<u>(1,098)</u>	<u>(1,007,132)</u>
Balance on January 1, 2022	\$ (8,744,705)	537,830	125	(8,206,750)
The Group	4,918,067	(977,848)	15,126	3,955,345
Associates	118,664	(1,787)	-	116,877
Balance on June 30, 2022	<u>\$ (3,707,974)</u>	<u>(441,805)</u>	<u>15,251</u>	<u>(4,134,528)</u>

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

(u) Share-based payment

There were no significant changes in share-based payment during the six months ended June 30, 2023 and 2022. Please refer to note (6)(u) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(v) Earnings per share

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

	<b>For the three months ended</b>		<b>For the six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Basic earnings per share:</b>				
Profit attributable to ordinary shareholders of the Company	\$ <u>2,091,774</u>	<u>2,017,493</u>	<u>3,485,024</u>	<u>4,174,671</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>	<u>4,357,130</u>
<b>Diluted earnings per share:</b>				
Profit attributable to ordinary shareholders of the Company (after adjustment of potential diluted ordinary shares)	\$ <u>2,091,774</u>	<u>2,017,493</u>	<u>3,485,024</u>	<u>4,174,671</u>
Weighted-average number of outstanding ordinary shares of potential diluted ordinary shares				
Weighted-average number of outstanding ordinary shares (in thousands)	4,357,130	4,357,130	4,357,130	4,357,130
Effect of potential diluted common stock				
Employee compensation (in thousands)	<u>12,762</u>	<u>19,020</u>	<u>25,529</u>	<u>40,599</u>
Weighted-average number of ordinary shares (after adjustment of potential diluted ordinary shares) (in thousands)	<u>4,369,892</u>	<u>4,376,150</u>	<u>4,382,659</u>	<u>4,397,729</u>

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

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>For the three months ended June 30, 2023</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 95,436,552	4,028,663	99,465,215
China	38,303,541	50,659	38,354,200
Netherlands	14,892,996	169,031	15,062,027
Germany	7,443,864	1,464,136	8,908,000
Others	<u>75,655,466</u>	<u>6,425,765</u>	<u>82,081,231</u>
	<b><u>\$ 231,732,419</u></b>	<b><u>12,138,254</u></b>	<b><u>243,870,673</u></b>
Major products:			
5C related electronics products	\$ 231,254,049	11,715,507	242,969,556
Others	<u>478,370</u>	<u>422,747</u>	<u>901,117</u>
	<b><u>\$ 231,732,419</u></b>	<b><u>12,138,254</u></b>	<b><u>243,870,673</u></b>
	<b>For the three months ended June 30, 2022</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 112,768,147	4,737,423	117,505,570
China	30,582,888	154,064	30,736,952
Netherlands	17,759,103	320,392	18,079,495
Germany	10,450,899	809,963	11,260,862
Others	<u>83,200,610</u>	<u>4,866,355</u>	<u>88,066,965</u>
	<b><u>\$ 254,761,647</u></b>	<b><u>10,888,197</u></b>	<b><u>265,649,844</u></b>
Major products:			
5C related electronics products	\$ 253,701,317	10,550,417	264,251,734
Others	<u>1,060,330</u>	<u>337,780</u>	<u>1,398,110</u>
	<b><u>\$ 254,761,647</u></b>	<b><u>10,888,197</u></b>	<b><u>265,649,844</u></b>

(Continued)

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

	<b>For the six months ended June 30, 2023</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 181,431,851	8,112,999	189,544,850
China	61,611,837	86,745	61,698,582
Netherlands	28,155,097	492,231	28,647,328
Germany	16,377,199	2,369,587	18,746,786
Others	<u>142,594,081</u>	<u>12,097,830</u>	<u>154,691,911</u>
	<b><u>\$ 430,170,065</u></b>	<b><u>23,159,392</u></b>	<b><u>453,329,457</u></b>
Major products:			
5C related electronics products	\$ 428,893,464	22,502,131	451,395,595
Others	<u>1,276,601</u>	<u>657,261</u>	<u>1,933,862</u>
	<b><u>\$ 430,170,065</u></b>	<b><u>23,159,392</u></b>	<b><u>453,329,457</u></b>
	<b>For the six months ended June 30, 2022</b>		
	<b>IT Product Segment</b>	<b>Strategically Integrated Product Segment</b>	<b>Total</b>
Primary geographical markets:			
United States	\$ 212,071,156	7,888,831	219,959,987
China	64,470,934	196,132	64,667,066
Netherlands	34,302,960	679,268	34,982,228
Germany	24,851,751	1,946,776	26,798,527
Others	<u>176,622,846</u>	<u>10,476,869</u>	<u>187,099,715</u>
	<b><u>\$ 512,319,647</u></b>	<b><u>21,187,876</u></b>	<b><u>533,507,523</u></b>
Major products:			
5C related electronics products	\$ 510,518,525	20,425,658	530,944,183
Others	<u>1,801,122</u>	<u>762,218</u>	<u>2,563,340</u>
	<b><u>\$ 512,319,647</u></b>	<b><u>21,187,876</u></b>	<b><u>533,507,523</u></b>

(Continued)

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

(ii) Contract balances

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Notes and accounts receivable (including related parties)	\$ 227,423,489	195,145,265	227,825,339
Less: allowance for impairment	<u>(3,940,272)</u>	<u>(3,924,544)</u>	<u>(3,902,959)</u>
Total	<b><u>\$ 223,483,217</u></b>	<b><u>191,220,721</u></b>	<b><u>223,922,380</u></b>
Contract liabilities	<b><u>\$ 638,237</u></b>	<b><u>784,238</u></b>	<b><u>1,020,810</u></b>

For the details on accounts receivable and allowance for impairment, please refer to note (6)(e).

The amount of revenue recognized for the six months ended June 30, 2023 and 2022 that were included in the balance of contract liability at the beginning of the period was \$700,126 and \$462,999, respectively.

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

(x) Employees' and directors' compensations

Based on the Company's articles of incorporation, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensations to employees and directors, shall be distributed to employees as compensations in an amount of not less than two percent (2%) thereof and to directors as compensations in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensations to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

The Company accrued and recognized its employee compensation of \$224,246, \$207,626, \$373,283 and \$432,716, and directors' compensation of \$11,858, \$10,979, \$19,739 and \$22,882 for the three months and six months ended June 30, 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 Company accrued and recognized its employee compensation of \$750,945 and \$1,350,062, and directors' compensation of \$39,790 and \$71,390 for the years ended December 31, 2022 and 2021, respectively. There is no differences between the amount approved in the Board of Directors' meeting and those recognized in the financial statements, the related information can be accessed through the Market Observation Post System website.

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

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 1,315,503	644,883	2,439,399	1,254,831
Other interest income	10,860	809	37,061	1,559
Total interest income	<u>\$ 1,326,363</u>	<u>645,692</u>	<u>2,476,460</u>	<u>1,256,390</u>

(ii) Other income

The other incomes for the three months and six months ended June 30, 2023 and 2022, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Dividend revenue	\$ 79,320	89,636	82,573	106,644
Other revenue	48,780	93,716	99,822	217,001
	<u>\$ 128,100</u>	<u>183,352</u>	<u>182,395</u>	<u>323,645</u>

(iii) Other gains and losses

The other gains and losses for the three months and six months ended June 30, 2023 and 2022, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Gains (losses) on financial assets and liabilities at fair value through profit or loss, net	\$ (219,753)	410,738	(419,653)	(474,583)
Foreign currency exchange gains (losses), net	551,562	107,065	782,326	925,502
Gains (losses) on disposal of property, plant, and equipment, and intangible assets	17,406	(6,679)	25,957	(16,090)
Others	170	-	177	-
	<u>\$ 349,385</u>	<u>511,124</u>	<u>388,807</u>	<u>434,829</u>

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

(z) Reclassification of the components of other comprehensive income

The details of reclassification of the components of other comprehensive income for the three months and six months ended June 30, 2023 and 2022, were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Cash flow hedge:				
Gains (losses) from current period	\$ 14,873	63,549	1,888	97,549
Less: reclassification of gains (losses) included in profit or loss	(6,867)	40,958	(40,538)	40,958
Profit (loss) recognized in other comprehensive income	\$ 21,740	22,591	42,426	56,591

(aa) Financial instruments

Except for those described below, there were no significant changes on fair value, credit risk, liquidity risk and market risk of financial instruments. Please refer to note (6)(aa) of the consolidated financial statements for the year ended December 31, 2022 for related information.

(i) Credit risk

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

Other financial assets at amortized cost include other receivables and time deposits. These financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note (4)(g) of the consolidated financial statements for the year ended December 31, 2022.) Due to the counter parties and the performing parties of the Group's time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The movements in the allowance for the six months ended June 30, 2023 and 2022 were as follows:

	<b>Other receivables</b>
Balance on January 1, 2023	\$ 2,756
Impairment losses recognized (reversed)	1,190
Balance on June 30, 2023	\$ 3,946
Balance on January 1, 2022	\$ 2,973
Impairment losses recognized (reversed)	(458)
Balance on June 30, 2022	\$ 2,515

(Continued)



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

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities. In addition to lease liabilities and bonds payable, excluding estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>June 30, 2023</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 559,864	(559,864)	(194,528)	(40,950)	(324,386)
Unsecured borrowings	106,571,265	(106,571,265)	(92,317,024)	(4,650,000)	(9,604,241)
Lease liabilities – current and non-current	10,051,716	(11,310,623)	(2,085,445)	(5,409,071)	(3,816,107)
Notes and accounts payable	170,759,982	(170,759,982)	(170,759,982)	-	-
Other payables and dividends payable	29,976,343	(29,976,343)	(29,976,343)	-	-
Derivative financial liabilities					
Forward exchange contracts:	197,459				
Outflow		(6,408,162)	(6,408,162)	-	-
Inflow		6,207,510	6,207,510	-	-
Currency swap contracts:	38,339				
Outflow		(1,957,410)	(1,957,410)	-	-
Inflow		1,914,625	1,914,625	-	-
Forward exchange contracts used for hedging:	8,481				
Outflow		(203,520)	(203,520)	-	-
Inflow		195,085	195,085	-	-
	<u>\$ 318,163,449</u>	<u>(319,429,949)</u>	<u>(295,585,194)</u>	<u>(10,100,021)</u>	<u>(13,744,734)</u>
<b>December 31, 2022</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 621,122	(621,122)	(171,800)	(207,617)	(241,705)
Unsecured borrowings	105,348,426	(105,348,426)	(94,123,426)	(5,400,000)	(5,825,000)
Lease liabilities – current and non-current	11,346,764	(12,637,278)	(1,888,347)	(6,783,542)	(3,965,389)
Notes and accounts payable	161,838,098	(161,838,098)	(161,838,098)	-	-
Other payables	29,622,760	(29,622,760)	(29,622,760)	-	-
Derivative financial liabilities					
Forward exchange contracts:	62,527				
Outflow		(6,386,190)	(6,386,190)	-	-
Inflow		6,176,658	6,176,658	-	-
Forward exchange contracts used for hedging:	47,809				
Outflow		(2,126,800)	(2,126,800)	-	-
Inflow		2,090,285	2,090,285	-	-
	<u>\$ 308,887,506</u>	<u>(310,313,731)</u>	<u>(287,890,478)</u>	<u>(12,391,159)</u>	<u>(10,032,094)</u>

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

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 ~ 2 years</u>	<u>Over 2 years</u>
<b>June 30, 2022</b>					
Non-derivative financial liabilities					
Secured borrowings	\$ 624,985	(624,985)	(88,377)	(178,366)	(358,242)
Unsecured borrowings	139,338,890	(139,338,890)	(127,938,890)	(3,750,000)	(7,650,000)
Lease liabilities – current and non-current	11,693,945	(13,024,960)	(2,114,921)	(1,909,711)	(9,000,328)
Notes and accounts payable	211,078,227	(211,078,227)	(211,078,227)	-	-
Other payables and dividends payable	31,990,438	(31,990,438)	(31,990,438)	-	-
Derivative financial liabilities					
Forward exchange contracts:	270				
Outflow		(24,200)	(24,200)	-	-
Inflow		23,736	23,736	-	-
Currency swap contracts:	49,950				
Outflow		(1,780,200)	(1,780,200)	-	-
Inflow		1,731,020	1,731,020	-	-
	<u>\$ 394,776,705</u>	<u>(396,107,144)</u>	<u>(373,260,497)</u>	<u>(5,838,077)</u>	<u>(17,008,570)</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

Unit: thousands of foreign currency / thousands of New Taiwan Dollars

	<u>June 30, 2023</u>			<u>December 31, 2022</u>			<u>June 30, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign Currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets									
Monetary items									
USD to TWD	\$ 9,066,334	31.14	282,325,641	11,446,943	30.71	351,535,620	12,682,761	29.72	376,931,657
USD to CNY	19,611	7.2687	610,687	12,508	6.9571	384,121	21,816	6.6951	648,372
EUR to TWD	55,305	33.81	1,869,862	65,974	32.72	2,158,669	86,240	31.05	2,677,752
CNY to USD	2,844,554	0.1376	12,188,527	3,598,880	0.1437	15,881,955	3,361,217	0.1494	14,924,368
Non-monetary items									
THB to TWD	541,453	0.8726	472,472	652,264	0.8882	579,341	608,942	0.8441	514,008
Financial liabilities									
Monetary items									
USD to TWD	8,851,991	31.14	275,651,000	10,358,052	30.71	318,095,777	12,257,646	29.72	364,297,239
USD to CNY	1,966	7.2687	61,221	1,087	6.9571	33,382	1,176	6.6951	34,951
USD to BRL	217,207	4.8192	6,763,826	194,543	5.2177	5,974,416	237,707	5.238	7,064,652
EUR to TWD	1,673	33.81	56,564	21,492	32.72	703,218	39,501	31.05	1,226,506
CNY to USD	3,448,600	0.1376	14,776,782	3,522,857	0.1437	15,546,463	3,328,777	0.1494	14,780,329

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable, and other payables that are denominated in foreign currency. Assuming all other variable factors remain constant, a strengthening (weakening) 5% of appreciation (depreciation) of the each major foreign currency against Group entities' functional currency as of June 30, 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.

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
USD (against the TWD)		
Strengthening 5%	\$ 333,732	631,721
Weakening 5%	(333,732)	(631,721)
USD (against the CNY)		
Strengthening 5%	27,473	30,671
Weakening 5%	(27,473)	(30,671)
USD (against the BRL)		
Strengthening 5%	(338,191)	(353,233)
Weakening 5%	338,191	353,233
EUR (against the TWD)		
Strengthening 5%	90,665	72,562
Weakening 5%	(90,665)	(72,562)
CNY (against the USD)		
Strengthening 5%	(129,413)	7,202
Weakening 5%	129,413	(7,202)

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 three months and six months ended June 30, 2023 and 2022, the foreign exchange gains, including both realized and unrealized, amounted to \$551,562, \$107,065, \$782,326 and \$925,502, respectively.

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

(iv) Interest rate analysis

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

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

Assuming all other variable factors remaining constant, if the interest rate had increased or decreased by 0.25%, the impact to the net profit before tax would be as follows for the six months ended June 30, 2023 and 2022, which would be mainly resulted from the bank savings and borrowings with variable interest rates.

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Interest increased by 0.25%	\$ 23,121	16,924
Interest decreased by 0.25%	(23,121)	(16,924)

(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.

(Continued)

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

	June 30, 2023				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 11,587	-	11,587	-	11,587
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>610,694</u>	-	-	610,694	610,694
Subtotal	<u>622,281</u>				
<b>Derivative financial assets for hedging</b>	<u>3,098</u>	-	3,098	-	3,098
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed in domestic markets	3,139,704	3,139,704	-	-	3,139,704
Stocks listed in foreign markets	472,472	472,472	-	-	472,472
Stocks unlisted in domestic markets	1,827,696	-	-	1,827,696	1,827,696
Stocks unlisted in foreign markets	214,875	-	-	214,875	214,875
Accounts receivable	<u>53,012,582</u>	-	53,012,582	-	53,012,582
Subtotal	<u>58,667,329</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	64,525,917	-	-	-	-
Notes and accounts receivable, net	164,947,347	-	-	-	-
Notes and accounts receivable due from related parties, net	5,523,288	-	-	-	-
Other receivables	2,233,598	-	-	-	-
Other current assets (restricted assets)	534,153	-	-	-	-
Refundable deposits	744,069	-	-	-	-
Other non-current assets (restricted assets)	<u>967,647</u>	-	-	-	-
Subtotal	<u>239,476,019</u>				
Total	<u>\$ 298,768,727</u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>235,798</u>	-	235,798	-	235,798
<b>Financial liabilities used for hedging</b>	<u>8,481</u>	-	8,481	-	8,481
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	79,815,184	-	-	-	-
Notes and accounts payable	163,015,949	-	-	-	-
Notes and accounts payable to related parties	7,744,033	-	-	-	-
Other payables and dividends payable	29,976,343	-	-	-	-
Lease liabilities—current and non-current	10,051,716	-	-	-	-
Long-term borrowings current portion	12,696,368	-	-	-	-
Long-term borrowings	14,619,577	-	-	-	-
Deposits received	<u>414,816</u>	-	-	-	-
Subtotal	<u>318,333,986</u>				
Total	<u>\$ 318,578,265</u>				

(Continued)

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

	December 31, 2022				
	Book value	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 187	-	187	-	187
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>558,909</u>	-	-	558,909	558,909
Subtotal	<u>559,096</u>				
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed 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	<u>16,091,084</u>	-	16,091,084	-	16,091,084
Subtotal	<u>21,516,992</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	79,665,302	-	-	-	-
Notes and accounts receivable, net	170,713,564	-	-	-	-
Notes and accounts receivable due from related parties, net	4,416,073	-	-	-	-
Other receivables	2,369,411	-	-	-	-
Other current assets (restricted assets)	803,156	-	-	-	-
Refundable deposits	828,367	-	-	-	-
Other non-current assets (restricted assets)	<u>969,960</u>	-	-	-	-
Subtotal	<u>259,765,833</u>				
Total	<u><b>\$ 281,841,921</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>62,527</u>	-	62,527	-	62,527
Derivative financial liabilities for hedging	<u>47,809</u>	-	47,809	-	47,809
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	74,832,426	-	-	-	-
Notes and accounts payable	152,137,066	-	-	-	-
Notes and accounts payable to related parties	9,701,032	-	-	-	-
Other payables	29,622,760	-	-	-	-
Lease liabilities—current and non-current	11,346,764	-	-	-	-
Long-term borrowings current portion	19,462,800	-	-	-	-
Long-term borrowings	11,674,322	-	-	-	-
Deposits received	<u>519,308</u>	-	-	-	-
Subtotal	<u>309,296,478</u>				
Total	<u><b>\$ 309,406,814</b></u>				

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

	June 30, 2022				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss—current and non-current</b>					
Derivative financial assets for non-hedging	\$ 237,519	-	237,519	-	237,519
Non-derivative financial assets mandatorily measured at fair value through profit or loss	4,449,225	-	3,909,760	539,465	4,449,225
Subtotal	<u>4,686,744</u>				
<b>Derivative financial assets for hedging</b>	<u>56,951</u>	-	56,951	-	56,951
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed in domestic markets	2,703,207	2,703,207	-	-	2,703,207
Stocks listed in foreign markets	514,008	514,008	-	-	514,008
Stocks unlisted in domestic markets	1,973,003	-	-	1,973,003	1,973,003
Stocks unlisted in foreign markets	216,402	-	-	216,402	216,402
Accounts receivable	31,372,469	-	31,372,469	-	31,372,469
Subtotal	<u>36,779,089</u>				
<b>Financial assets measured at amortized cost</b>					
Cash and cash equivalents	84,858,805	-	-	-	-
Notes and accounts receivable, net	188,915,940	-	-	-	-
Notes and accounts receivable due from related parties, net	3,633,971	-	-	-	-
Other receivables	2,617,658	-	-	-	-
Other current assets (restricted assets)	711,061	-	-	-	-
Refundable deposits	851,226	-	-	-	-
Other non-current assets (restricted assets)	952,256	-	-	-	-
Subtotal	<u>282,540,917</u>				
Total	<u><b>\$ 324,063,701</b></u>				
<b>Financial liabilities at fair value through profit or loss</b>					
Derivative financial liabilities for non-hedging	\$ <u>50,220</u>	-	50,220	-	50,220
<b>Financial liabilities measured at amortized cost</b>					
Short-term borrowings	104,364,025	-	-	-	-
Notes and accounts payable	205,007,475	-	-	-	-
Notes and accounts payable to related parties	6,070,752	-	-	-	-
Other payables and dividends payable	31,990,438	-	-	-	-
Lease liabilities—current and non-current	11,693,945	-	-	-	-
Long-term borrowings current portion	23,663,242	-	-	-	-
Long-term borrowings	11,936,608	-	-	-	-
Deposits received	395,791	-	-	-	-
Subtotal	<u>395,122,276</u>				
Total	<u><b>\$ 395,172,496</b></u>				

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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2) Fair value valuation technique of financial instruments not measured at fair value

The Group estimates financial instruments that not measured at fair value by methods and assumption as follows:

a) Financial assets and liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Fair value valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a base to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument is not in accord with the definition mentioned above, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

The fair value of the listed company is determined by reference to the market quotation.

The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its competitors. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The measurement of fair value of a non-active market financial instruments held by the Group which do not have quoted market prices are based on the comparable market approach, with the use of key assumptions of price-book ratio multiple or earnings multiple of comparable listed companies as its basic measurement. These assumptions have been adjusted for the effect of discount without the marketability of the equity securities.

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

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Transfer from one level to another

There was no transfer from one level to another in the six months ended June 30, 2023 and 2022.

5) Changes in level 3

The change in level 3 at fair value in the six months ended June 30, 2023 and 2022, were as follows:

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2023	\$ 558,909	2,048,900	2,607,809
Total gains and losses recognized:			
In profit or loss	41,732	-	41,732
In other comprehensive income	-	(39,762)	(39,762)
Purchased	17,428	35,048	52,476
Proceeds from capital reduction of investments	-	(3,420)	(3,420)
Effect of changes in exchange rates	(7,375)	1,805	(5,570)
Balance on June 30, 2023	<u>\$ 610,694</u>	<u>2,042,571</u>	<u>2,653,265</u>
Balance on January 1, 2022	\$ 259,778	2,189,125	2,448,903
Total gains and losses recognized:			
In profit or loss	(2,922)	-	(2,922)
In other comprehensive income	-	(212,868)	(212,868)
Purchased	282,609	205,881	488,490
Proceeds from liquidation of investments	-	(2,010)	(2,010)
Effect of changes in exchange rates	-	9,277	9,277
Balance on June 30, 2022	<u>\$ 539,465</u>	<u>2,189,405</u>	<u>2,728,870</u>

For the six months ended June 30, 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:

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

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
Total gains and losses recognized:		
In profit or loss before tax (as “other gains and losses”)	\$ <u>41,732</u>	<u>(2,922)</u>
In other comprehensive income (as “unrealized gains and losses from equity instruments at fair value through other comprehensive income”)	\$ <u>(39,762)</u>	<u>(212,868)</u>
6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement		

The Group’s financial instruments that use level 3 input to measure fair values include financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, financial assets at fair value through profit or loss.

Most of fair value measurements of the Group which are categorized as equity investment into level 3 have several significant unobservable inputs. Significant unobservable inputs of equity investments without quoted price are independent of each other.

The quantified information for significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationships between significant unobservable inputs and fair value</b>
Financial assets at fair value through other comprehensive income – equity investment without an active market	Comparable market approach (Price-Book ratio method and Earnings multiplier method)	Price-Book ratio multiples (1.54~2.86, 1.54~2.89 and 1.62~4.78, respectively, on June 30, 2023, December 31 and June 30, 2022)  Multiples of earnings (15.80, 14.33~17.25 and 1.42, respectively, on June 30, 2023, December 31 and June 30, 2022)  Lack-of-Marketability discount rate (40%~65%, 40%~65% and 40%~85%, respectively, on June 30, 2023, December 31 and June 30, 2022)	The higher the multiple is, the higher the fair value will be.  The higher the multiple is, the higher the fair value will be.  The higher the Lack-of-Marketability discount rate is, the lower the fair value will be.

(Continued)

**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationships between significant unobservable inputs and fair value</u>
Financial assets at fair value through other comprehensive income	Net asset value method	Net asset value	Inapplicable
Financial assets at fair value through profit or loss	Net asset value method	Net asset value	Inapplicable

7) Sensitivity analysis for fair value of financial instruments using level 3 inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impacts on other comprehensive income or loss are as follows:

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
<b>June 30, 2023</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>17,936</u>	<u>18,265</u>
	Multiples of earnings	5%	\$ <u>2,971</u>	<u>2,997</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,782</u>	<u>9,427</u>
<b>December 31, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>8,394</u>	<u>11,549</u>
	Multiples of earnings	5%	\$ <u>5,808</u>	<u>5,820</u>
	Lack-of-Marketability discount rate	5%	\$ <u>9,432</u>	<u>6,266</u>

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

	Input	Move up or down	Other comprehensive income	
			Favorable change	Unfavorable change
<b>June 30, 2022</b>				
Financial assets at fair value through other comprehensive income	Price-Book ratio multiples	5%	\$ <u>10,440</u>	<u>9,266</u>
	Multiples of earnings	5%	\$ <u>6,260</u>	<u>5,880</u>
	Lack-of-Marketability discount rate	5%	\$ <u>6,410</u>	<u>7,964</u>

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

8) Offsetting financial assets and financial liabilities

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

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

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

<b>June 30, 2023</b>			
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	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	\$ <u>382,311,790</u>	<u>382,311,790</u>	-
	(USD <u>12,277,193</u> )	(USD <u>12,277,193</u> )	
<b>December 31, 2022</b>			
<b>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</b>			
	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	\$ <u>351,096,620</u>	<u>351,096,620</u>	-
	(USD <u>11,432,648</u> )	(USD <u>11,432,648</u> )	

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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June 30, 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	\$ <u>371,098,249</u>	<u>371,098,249</u>	-
	(USD <u>12,486,482</u> )	(USD <u>12,486,482</u> )	

(ab) Financial risk management

The Group's objectives and policies for managing the financial risk are consistent with those disclosed in the note (6)(ab) of the consolidated financial statements for the year ended December 31, 2022.

(ac) Capital management

The Group's objectives, policies and processes of capital management are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2022. There were no significant changes of quantitative data of capital management compared to the consolidated financial statements for the year ended December 31, 2022. Please refer to note (6)(ac) of the consolidated financial statements for the year ended December 31, 2022.

(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 six months ended June 30, 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	June 30, 2023
Short-term borrowings	\$ 74,832,426	4,982,758	-	79,815,184
Long-term borrowings	31,137,122	(3,821,177)	-	27,315,945
Lease liabilities	11,346,764	(1,737,869)	442,821	10,051,716
Deposits received and others	<u>574,787</u>	<u>(104,492)</u>	<u>(43,757)</u>	<u>426,538</u>
Total liabilities from financing activities	<u>\$ 117,891,099</u>	<u>(680,780)</u>	<u>399,064</u>	<u>117,609,383</u>

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

	<b>January 1, 2022</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>June 30, 2022</b>
Short-term borrowings	\$ 118,422,407	(14,058,650)	268	104,364,025
Bonds payable	326,571	(7,400)	(319,171)	-
Long-term borrowings	24,960,513	10,639,337	-	35,599,850
Lease liabilities	2,304,796	(2,118,096)	11,507,245	11,693,945
Deposits received and others	366,068	84,306	982	451,356
Total liabilities from financing activities	<u>\$ 146,380,355</u>	<u>(5,460,503)</u>	<u>11,189,324</u>	<u>152,109,176</u>

**(7) Related-party transactions:**

(a) Name and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Compal Precision Module (Jiangsu) Co., Ltd. (“CPM”)	An associate
Changbao Electronic Technology (Chongqing) Co., Ltd. (“Changbao”)	An associate
Avalue	An associate
Crownpo Technology Inc. (“Crownpo”)	An associate
Allied Circuit	An associate
LIZ Electronics (Kunshan) Co., Ltd.	An associate
LIZ Electronics (Nantong) Co., Ltd.	An associate
ARCE Therapeutics Co., Ltd. (“ARCE”)	An associate
Raypal Biomedical Co., Ltd. (“Raypal”)	An associate
Hong Ya Technology Co., Ltd. (“Hong Ya”)	An associate
Kinpo Group Management Service Company (“Kinpo Group Management Service”)	An associate
Acbel Polytech Inc. (“Acbel”) and its subsidiaries	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”) and its subsidiaries	The same Chairman of the Board with the Company
Kinpo	The same Chairman of the Board with the Company

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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(b) Transactions with key management personnel

Key management personnel remunerations comprised:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 176,352	172,656	351,508	353,916
Post-employment benefits	1,864	1,928	3,745	3,854
Share-based payments	297	3,081	918	6,744
	<b><u>\$ 178,513</u></b>	<b><u>177,665</u></b>	<b><u>356,171</u></b>	<b><u>364,514</u></b>

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:

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Associates	\$ 31,623	48,812	75,442	99,131
Other related parties	-	2,117	79	2,567
	<b><u>\$ 31,623</u></b>	<b><u>50,929</u></b>	<b><u>75,521</u></b>	<b><u>101,698</u></b>

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

(ii) Purchase of goods from related parties

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

	<b>For the three months ended June 30,</b>		<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Associates	\$ 862,468	1,245,699	1,523,109	2,522,104
Other related parties	9,981,944	6,055,423	18,652,161	11,421,549
	<b><u>\$ 10,844,412</u></b>	<b><u>7,301,122</u></b>	<b><u>20,175,270</u></b>	<b><u>13,943,653</u></b>

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.

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

(iii) Receivables due from relate parties

The receivables arising from the transactions mentioned above and others on behalf of related parties were as follows:

<u>Account</u>	<u>Related party categories</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes and accounts receivable	Associates	\$ 27,870	44,795	32,705
Notes and accounts receivable	Other related parties	5,495,418	4,371,278	3,601,266
Other receivables	Associates	1,231	1,321	1,009
Other receivables	Other related parties	38,561	-	13,677
		<u>\$ 5,563,080</u>	<u>4,417,394</u>	<u>3,648,657</u>

(iv) Payables to related parties

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

<u>Account</u>	<u>Related party categories</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes and accounts payable	Associates	\$ 886,895	774,001	1,256,204
Notes and accounts payable	Other related parties	6,857,138	8,927,031	4,814,548
Other payables	Associates	-	96	650
Other payables	Other related parties	74,033	20,327	7,062
Other current liabilities	Other related parties	194,850	-	-
		<u>\$ 8,012,916</u>	<u>9,721,455</u>	<u>6,078,464</u>

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Inventories	Bank loans	\$ 48,552	59,707	64,318
Other current assets	Customs deposit	534,153	534,153	336,523
Other current assets	Pledged deposit	-	269,003	374,538
Property, plant, and equipment	Bank loans	474,587	485,364	456,669
Other non-current assets	Customs deposit	800	800	500
Other non-current assets	Pledged deposit	966,847	969,160	951,756
		<u>\$ 2,024,939</u>	<u>2,318,187</u>	<u>2,184,304</u>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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**(9) Commitments and contingencies:**

The details of commitments and contingencies were as follows:

- (a) Huawei Technologies Co., Ltd. filed an infringement litigation against the Group on October 28, 2022. The Group will carefully evaluate the litigation, discuss with related client for the following strategies and actions, and engage professional attorneys, to protect the rights and reputation of the Company from any damage.
- (b) In August 2019, Inventec Corporation filed a lawsuit to the Taiwan Taipei District Prosecutor Office against the Group concerning its former employees who join the Group. This is deemed as an act of violation according to the Trade Secret Law and Copyright Law. The Group engaged lawyers to defend its right on this matter immediately. Currently, the case is still in progress in Taipei District Court; therefore, the Group cannot make any reasonable estimation regarding the possible impact on its business operation.
- (c) The Group entered into various patent license agreements with third parties, and was required to make royalty payments of a predetermined amount periodically.
- (d) As of June 30, 2023, December 31 and June 30, 2022, the Group's signed commitments to purchase property, plant and equipment amounted to \$427,210, \$967,396 and \$189,739, respectively.

**(10) Losses due to major disasters: None**

**(11) Subsequent events:**

Given the benefit from the synergies of merger and acquisition of AcBel and ABB Power Conversion Division, the Company's Board had resolved on July 18, 2023 for both the Company and Panpal to participate in AcBel's capital increase under the identities of the original shareholders and designated individuals by investing in the aggregate amount not exceeding NT\$590,000 thousand, at a subscription price of NT\$38.8 per share, including the contributions from the Company and Panpal separately in the amount not exceeding NT\$295,000 thousand for each.

**(12) Other:**

- (a) The employee benefits, depreciation and amortization expenses by categorized function are summarized as follows:

By function	Three months ended June 30, 2023			Three months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	3,127,601	3,792,470	6,920,071	4,003,715	3,869,334	7,873,049
Labor and health insurance	230,808	261,862	492,670	290,914	243,760	534,674
Pension	215,444	165,532	380,976	305,997	155,342	461,339
Others	658,640	185,845	844,485	785,354	163,240	948,594
Depreciation	1,595,827	338,496	1,934,323	1,409,030	275,638	1,684,668
Amortization	19,074	148,705	167,779	12,084	110,058	122,142

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

By function By item	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	6,222,293	7,855,050	14,077,343	8,149,437	7,393,473	15,542,910
Labor and health insurance	482,079	538,819	1,020,898	560,175	505,042	1,065,217
Pension	430,247	334,638	764,885	590,139	310,592	900,731
Others	1,347,929	355,095	1,703,024	1,753,348	346,854	2,100,202
Depreciation	3,055,780	640,067	3,695,847	2,594,215	573,457	3,167,672
Amortization	34,969	276,704	311,673	21,380	210,922	232,302

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

**(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 six months ended June 30, 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 June 30, 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: None
- (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 5
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 6
- (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 7

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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- (b) Information on investees: Please refer to Table 8
- (c) Information on investment in mainland China: Please refer to Table 9
- (d) Major shareholders:

Shareholder's Name	Shareholding	
	Shares	Percentage
Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF	269,986,000	6.12 %

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:**

	<b>Three months ended June 30, 2023</b>			
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 231,732,419	12,138,254	-	243,870,673
Revenue from segments	<u>141,907</u>	<u>-</u>	<u>(141,907)</u>	<u>-</u>
<b>Total revenue</b>	<b>\$ <u>231,874,326</u></b>	<b><u>12,138,254</u></b>	<b><u>(141,907)</u></b>	<b><u>243,870,673</u></b>
<b>Reportable segment profit</b>	<b>\$ <u>2,401,746</u></b>	<b><u>773,303</u></b>	<b><u>-</u></b>	<b><u>3,175,049</u></b>
	<b>Three months ended June 30, 2022</b>			
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 254,761,647	10,888,197	-	265,649,844
Revenue from segments	<u>467,783</u>	<u>-</u>	<u>(467,783)</u>	<u>-</u>
<b>Total revenue</b>	<b>\$ <u>255,229,430</u></b>	<b><u>10,888,197</u></b>	<b><u>(467,783)</u></b>	<b><u>265,649,844</u></b>
<b>Reportable segment profit</b>	<b>\$ <u>2,262,163</u></b>	<b><u>535,744</u></b>	<b><u>-</u></b>	<b><u>2,797,907</u></b>

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**COMPAL ELECTRONICS, INC. AND SUBSIDIARIES**  
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	<b>Six months ended June 30, 2023</b>			
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 430,170,065	23,159,392	-	453,329,457
Revenue from segments	<u>141,907</u>	<u>-</u>	<u>(141,907)</u>	<u>-</u>
<b>Total revenue</b>	<b>\$ 430,311,972</b>	<b>23,159,392</b>	<b>(141,907)</b>	<b>453,329,457</b>
<b>Reportable segment profit</b>	<b>\$ 3,945,101</b>	<b>1,440,972</b>	<b>-</b>	<b>5,386,073</b>
	<b>Six months ended June 30, 2022</b>			
	<b>Information technology product segment</b>	<b>Strategically integrated product segment</b>	<b>Adjustment and elimination</b>	<b>Total</b>
<b>Revenue:</b>				
Revenue from external customers	\$ 512,319,647	21,187,876	-	533,507,523
Revenue from segments	<u>823,550</u>	<u>-</u>	<u>(823,550)</u>	<u>-</u>
<b>Total revenue</b>	<b>\$ 513,143,197</b>	<b>21,187,876</b>	<b>(823,550)</b>	<b>533,507,523</b>
<b>Reportable segment profit</b>	<b>\$ 4,780,205</b>	<b>1,043,089</b>	<b>-</b>	<b>5,823,294</b>

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(June 30, 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	230,000	230,000	230,000	2.29%	Short-term financing	-	Operating demand	-	-	-	23,100,812	46,201,624	(Note 1)
0	The Company	HengHao	Other receivables	Y	200,000	200,000	200,000	2.29%	Short-term financing	-	Operating demand	-	-	-	23,100,812	46,201,624	(Note 1)
0	The Company	CEB	Other receivables	Y	1,712,700	934,200	934,200	5.00~5.71%	Short-term financing	-	Operating demand	-	-	-	23,100,812	46,201,624	(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	-	-	-	577,806	46,201,624	(Note 1)
0	The Company	CEA	Other receivables	Y	3,425,400	2,024,100	2,024,100	5.00%~5.71%	Short-term financing	-	Operating demand	-	-	-	23,100,812	46,201,624	(Note 1)
1	CIH	CEP	Other receivables	Y	62,280	62,280	62,280	6.08%	Short-term financing	-	Operating demand	-	-	-	42,553,108	42,553,108	(Note 2)
2	CPC	CIC	Other receivables	Y	444,500	428,200	428,200	2.20%	Short-term financing	-	Operating demand	-	-	-	2,589,107	2,589,107	(Note 3)
3	CIT	CCI Nanjing	Other receivables	Y	2,179,800	2,179,800	1,806,120	6.08%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	Rayonnant (Taicang)	Other receivables	Y	77,850	77,850	-	6.08%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	HengHao Kunshan	Other receivables	Y	1,848,600	934,200	934,200	5.75%~6.08%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
3	CIT	CEA	Long-term receivables	Y	311,400	311,400	-	5.61%	Short-term financing	-	Operating demand	-	-	-	25,750,769	25,750,769	(Note 4)
4	CPO	CIT	Other receivables	Y	666,750	642,300	642,300	2.20%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
4	CPO	CEA	Long-term receivables	Y	934,200	934,200	622,800	5.61%	Short-term financing	-	Operating demand	-	-	-	3,047,746	3,047,746	(Note 5)
5	CET	BT	Other receivables	Y	532,680	256,920	171,280	2.00%~2.20%	Short-term financing	-	Operating demand	-	-	-	4,960,064	4,960,064	(Note 6)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	1,100,000	500,000	-	2.16%~2.29%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	HengHao	Other receivables	Y	600,000	-	-	2.29%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	HengHao	Long-term receivables	Y	600,000	600,000	600,000	2.19%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
6	Panpal	Kinpo & Compal Group Assets Development Corporation	Long-term receivables	Y	500,000	500,000	-	2.19%	Short-term financing	-	Operating demand	-	-	-	2,045,874	2,045,874	(Note 7)
7	CIC	HengHao Kunshan	Other receivables	Y	1,712,700	1,712,700	1,712,700	6.08%	Short-term financing	-	Operating demand	-	-	-	10,388,018	10,388,018	(Note 8)
7	CIC	CEB	Long-term receivables	Y	311,400	311,400	311,400	5.61%	Short-term financing	-	Operating demand	-	-	-	10,388,018	10,388,018	(Note 8)
8	BSH	CIN	Other receivables	Y	560,520	560,520	389,250	6.08%	Short-term financing	-	Operating demand	-	-	-	8,034,374	8,034,374	(Note 9)
9	Gempal	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	600,000	600,000	600,000	2.29%	Short-term financing	-	Operating demand	-	-	-	855,095	855,095	(Note 10)
9	Gempal	Ray-Kwong Medical Management Consulting	Other receivables	Y	10,000	10,000	10,000	2.29%	Short-term financing	-	Operating demand	-	-	-	13,749	855,095	(Note 10)
10	CGSP	CEP	Other receivables	Y	62,280	62,280	-	6.08%	Short-term financing	-	Operating demand	-	-	-	92,429	92,429	(Note 11)
11	Hong Ji	Kinpo & Compal Group Assets Development Corporation	Other receivables	Y	450,000	450,000	450,000	2.29%	Short-term financing	-	Operating demand	-	-	-	467,760	467,760	(Note 12)
12	Hong Jin	Hippo Screen	Long-term receivables	Y	35,000	35,000	20,000	2.19%	Short-term financing	-	Operating demand	-	-	-	149,771	149,771	(Note 13)
13	Arcadyan	Arcadyan Brasil	Other receivables	Y	62,140	62,140	43,498	5.00%	Short-term financing	-	Operating demand	-	-	-	2,706,083	5,412,167	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	304,800	-	-	1.00%	Transaction for business between two parties	14,851,460	-	-	-	-	2,706,083	5,412,167	(Note 14)
13	Arcadyan	Arcadyan Vietnam	Other receivables	Y	310,700	310,700	-	5.50%	Transaction for business between two parties	19,822,660	-	-	-	-	2,706,083	5,412,167	(Note 14)

(Continued)

Notes to Consolidated Financial Statements

Table 1 Loans to other parties:

(June 30, 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	1,864,200	1,864,200	1,553,500	5.50%	Short-term financing	-	Operating demand	-	-	-	3,912,734	3,912,734	(Note 15)
15	Poindus Systems	Adasys	Long-term receivables	Y	21,333	-	-	2.00%	Transaction for business between two parties	55,901		-	-	-	51,844	207,377	(Note 16)
15	Poindus Systems	Adasys	Long-term receivables	Y	22,002	21,924	21,924	3.58%	Transaction for business between two parties	55,901		-	-	-	51,844	207,377	(Note 16)
15	Poindus Systems	Poindus UK	Long-term receivables	Y	25,591	25,591	25,591	1.00%	Transaction for business between two parties	32,084		-	-	-	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:

(June 30, 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	40,882	40,882	-	0.04%	57,752,031	Y	-	-
0	The Company	CEB	(Note 5)	28,876,015	361,224	361,224	361,224	-	0.31%	57,752,031	Y	-	-
0	The Company	HengHao Kunshan	(Note 5)	28,876,015	26,670	25,680	25,680	-	0.02%	57,752,031	Y	-	Y
1	Arcadyan	Arcadyan AU	(Note 5)	1,804,055	233,025	233,025	-	-	1.72%	5,412,167	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 June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(June 30, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Holding percentage (%)	Fair value	
The Company	Taiwan Star	-	Financial assets at fair value through other comprehensive income-non-current	98,046	305,905	2%	305,905	
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	124,044	1,829,646	8%	1,829,646	
	Cal-Comp	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	281,233	472,472	5%	472,472	
	HWA VI Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	48	17,430	10%	17,430	
	HWA Chi Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income-non-current	53	12,021	11%	12,021	
	mProbe Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,000	16,240	3%	16,240	
	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	20,740	1%	20,740	
	Ganzin Technology, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	2,000	36,000	7%	36,000	
	Genovior Biotech Crop.	-	Financial assets at fair value through other comprehensive income-non-current	3,846	6,538	2%	6,538	
	Airoha Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	215	126,682	-	126,682	
	Clean Energy Fund	-	Financial assets at fair value through profit or loss-non current	-	162,812	2%	162,812	
	IIH Biomedical Venture Fund	-	Financial assets at fair value through profit or loss-non current	5,000	74,450	8%	74,450	
	Phoenix Innovation Investment Corporation.	-	Financial assets at fair value through profit or loss-non current	6,000	65,040	19%	65,040	
	Others		Financial assets at fair value through profit or loss and other comprehensive income		143,562		143,562	
	Total				<b>3,391,214</b>			
Panpal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	31,648	925,706	1%	925,706	(Note 1)
	Kinpo	The same chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	69,370	1,023,202	5%	1,023,202	
	CDIB Partners Investment Holding Corp.	-	Financial assets at fair value through other comprehensive income-non-current	54,000	746,820	5%	746,820	
	AcBel	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Financial assets at fair value through other comprehensive income-non-current	5,677	263,681	1%	263,681	
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,225	78,263	6%	78,263	
	Taiwan Biotech Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	8,680	164,922	3%	164,922	
	Others	-	Financial assets at fair value through other comprehensive income-non-current		13,129		13,129	
	Total				<b>3,215,723</b>			
Gempal	Compal Electronics, Inc.	The parent company	Financial assets at fair value through other comprehensive income-non-current	18,369	537,303	-	537,303	(Note 1)
	Lian Hong Art. Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,225	78,239	6%	78,239	

(Continued)



Notes to Consolidated Financial Statements

Table 3 Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):  
(June 30, 2023)

(In Thousands of shares/ units)

Name of holder	Category and name of security	Relationship with security issuer	Account name	Ending balance			Note	
				Shares/Units (thousands)	Carrying value	Holding percentage (%)		Fair value
Gempal	Others	-	Financial assets at fair value through other comprehensive income-non-current		976		976	
	Total				<b>616,518</b>			
Hong Ji	SUYIN Optronics Co., Ltd. ("SUYIN Optronics")	-	Financial assets at fair value through other comprehensive income-non-current	380	-	1%	-	(Note 2)
Hong Jin	SUYIN Optronics	-	Financial assets at fair value through other comprehensive income-non-current	332	-	1%	-	(Note 2)
Arcadyan	GeoThings Inc.	-	Financial assets at fair value through profit or loss-non- current	200	-	4%	-	(Note 2)
Arcadyan	AirHop Communication Inc.	-	Financial assets at fair value through profit or loss-non- current	1,152	-	5%	-	(Note 2)
	Adant Technologies Inc.	-	Financial assets at fair value through profit or loss-non- current	349	-	5%	-	(Note 2)
	IOT Eye, Inc.	-	Financial assets at fair value through profit or loss-non- current	60	-	14%	-	(Note 2)
	TIEF Fund, L.P.	-	Financial assets at fair value through profit or loss-non- current	-	55,832	7%	55,832	
	Chimei Motor Electronics Co., LTD	-	Financial assets at fair value through other comprehensive income-non-current	1,650	40,969	5%	40,969	
	Golden Smarhome Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	1,229	-	2%	-	(Note 2)
	Total				<b>96,801</b>			
Mactech	Taichung International Golf Country Club	-	Financial assets at fair value through other comprehensive income-non-current	-	<b>11,220</b>	-	11,220	
HHB	HWALLAR OPTRONICS (Fuzhou) CO., LTD.	-	Financial assets at fair value through profit or loss-non- current	-	-	19%	-	(Note 2)
Mithera	Beyond Limits, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	873	<b>140,130</b>	-	140,130	
BT	Suzhou Genki Fuhong Health Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	-	<b>4,284</b>	17%	4,284	
CIT	Kunjiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership Fund	-	Financial assets at fair value through profit or loss-non- current	-	<b>245,562</b>	-	245,562	
BSH	Achi Capital Partners Fund LP	-	Financial assets at fair value through profit or loss-non- current	-	<b>6,998</b>	-	6,998	

Note 1 : The transaction had been eliminated in the consolidated financial statements.

Note 2 : The carrying value is the remaining amount after deducting accumulated impairment.

(Continued)

Notes to Consolidated Financial Statements

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

(For the six months ended June 30, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales			Others		Ending Balance		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Cost	Gain (loss) on disposal	Shares/Units	Amount	Shares/Units	Amount
Arcadyan	Arcadyan Holding	Investments accounted for using equity method	cash capital increase	(Note 3)	47,780	1,804,421	50,000	1,531,200	-	-	-	-	-	273,034	97,780	3,608,655
							(Note 1)	(Note 1)					(Note 2)			

Note 1: The Board of Directors approved to increase the cash capital of Arcadyan Holding by US\$60,000 thousand dollars on March 14, 2023. As of June 30, 2023, the investment funds has been remitted US\$50,000 thousand dollars.

Note 2: Others refer to investment income using equity method and foreign currency translation differences of foreign operations.

Note 3: Subsidiary whose over 50% common stock is indirectly owned.

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the six months ended June 30, 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)	
The Company	Arcadyan	The Company's subsidiaries	Sale	(141,907)	0.0%	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	211,510	0.1%	(Note 2)
	CIH and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	51,618,068	12.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(51,490,807)	(30.2)%	(Note 2)
	Just and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	38,475,716	9.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(602,779)	(0.4)%	(Note 2)
	HSI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	34,527,277	8.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(8,172,351)	(4.8)%	(Note 2)
	BCI and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	14,006,572	3.5%	120 days	Markup based on BCI and its subsidiaries' cost	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(8,980,227)	(5.3)%	(Note 2)
	Etrade and its subsidiaries	Subsidiaries wholly owned by the Company	Purchase	2,832,785	0.7%	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	(3,046,682)	(1.8)%	(Note 2)
	Kinpo	The same chairman of the Company	Purchase	18,152,232	4.5%	Net 35 days from the end of the month	Similar to non-related parties	There is no significant difference.	(6,414,453)	(3.8)%	
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(38,475,716)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	602,779	92.7%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	802,594	2.9%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(459,913)	(3.5)%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Purchase	147,646	0.5%	Net 60 days from delivery	Accordinging Etrade and its subsidiaries to markup pricing	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(54,063)	(0.4)%	(Note 2)
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(51,618,068)	(99.8)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	51,490,807	88.0%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Sale	(494,992)	(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	15,619	0.0%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(2,722,620)	(5.3)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	5,804,335	9.9%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(111,903)	(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	111,156	0.2%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(156,607)	(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	114,723	0.2%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	328,891	0.6%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(25,134)	(0.0)%	(Note 2)
	Rayonnant and its subsidiaries	With the same ultimate parent company	Purchase	669,718	1.3%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(299,078)	(0.5)%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	208,333	0.4%	120 days	Similar to non-related parties	Adjustments will be made based on demand for funding	(59,479)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	1,160,469	2.3%	120 days	Similar to non-related parties	There is no significant difference.	(648,525)	(1.0)%	
	Changbao	An associate	Purchase	182,260	0.4%	120 days	Similar to non-related parties	There is no significant difference.	(69,859)	(0.1)%	

(Continued)

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the six months ended June 30, 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)	
CIH and its subsidiaries	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	348,312	0.7%	120 days	Similar to non-related parties	There is no significant difference.	(310,533)	(0.5)%	
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(14,006,572)	(87.9)%	120 days	Markup based on BCI and its subsidiaries' cost	Adjustments will be made based on demand for funding	8,980,227	76.0%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Sale	(328,891)	(2.1)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	25,134	0.2%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Sale	(169,095)	(1.1)%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	1,049,175	8.9%	(Note 2)
	CEA	With the same ultimate parent company	Sale	(370,893)	(2.3)%	120 days	According to markup pricing	There is no significant difference.	320,962	2.7%	(Note 2)
	CEB	With the same ultimate parent company	Sale	(298,819)	(1.9)%	120 days	According to markup pricing	There is no significant difference.	627,181	5.3%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	494,992	3.5%	120 days	According to markup pricing	Adjustments will be made based on demand for funding	(15,619)	(0.1)%	(Note 2)
	CPM	An associate	Purchase	135,771	1.0%	120 days	Similar to non-related parties	There is no significant difference.	(130,030)	(0.5)%	
	Acbel and its subsidiaries	The Chairman of the Board is the first degree of kinship of the Chairman of the Company	Purchase	103,535	0.7%	120 days	Similar to non-related parties	There is no significant difference.	(85,003)	(0.3)%	
CEA	CEB	With the same ultimate parent company	Sale	(643,523)	(18.3)%	45 days	Similar to non-related parties	There is no significant difference.	939,609	37.0%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	370,893	12.2%	120 days	According to markup pricing	There is no significant difference.	(320,962)	(25.5)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	156,607	5.1%	120 days	Similar to non-related parties	There is no significant difference.	(114,723)	(9.1)%	(Note 2)
CEB	BCI and its subsidiaries	With the same ultimate parent company	Purchase	298,819	17.5%	120 days	According to markup pricing	There is no significant difference.	(627,181)	(22.4)%	(Note 2)
	CEA	With the same ultimate parent company	Purchase	643,523	37.6%	45 days	Similar to non-related parties	There is no significant difference.	(939,609)	(33.6)%	(Note 2)
	CIH and its subsidiaries	With the same ultimate parent company	Purchase	111,903	6.5%	120 days	Similar to non-related parties	There is no significant difference.	(111,156)	(4.0)%	(Note 2)
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(2,832,785)	(94.8)%	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	3,046,682	98.2%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(147,646)	(4.9)%	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	54,063	1.7%	(Note 2)
	HSI and its subsidiaries	With the same ultimate parent company	Purchase	193,970	(20.1)%	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	(41,112)	(15.6)%	(Note 2)
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	Sale	(155,829)	(100.0)%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	146,827	99.9%	(Note 2)
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(669,718)	(93.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	299,078	96.0%	(Note 2)
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	Sale	(34,527,277)	(96.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	8,172,351	93.5%	(Note 2)
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Sale	(208,333)	(0.6)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	59,479	0.7%	(Note 2)
	Just and its subsidiaries	With the same ultimate parent company	Sale	(802,594)	(2.2)%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	459,913	5.3%	(Note 2)
	Etrade and its subsidiaries	With the same ultimate parent company	Sale	(193,970)	(0.5)%	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	41,112	0.5%	(Note 2)

(Continued)

Notes to Consolidated Financial Statements

Table 5 Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock:

(For the six months ended June 30, 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)	
HSI and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	Purchase	2,722,620	9.8%	120 days	Similar to non-related parties	There is no significant difference, and adjustments will be made based on demand for funding if necessary	(5,804,335)	(13.8)%	(Note 2)
	BCI and its subsidiaries	With the same ultimate parent company	Purchase	169,095	0.6%	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	(1,049,175)	(2.5)%	(Note 2)
	Forever and its subsidiaries	With the same ultimate parent company	Purchase	155,829	0.6%	Net 60 days from delivery	Similar to non-related parties	There is no significant difference.	(146,827)	(0.3)%	(Note 2)
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	Sale	(658,422)	(3.0)%	Net 150 days from delivery	-	-	600,028	7.0%	(Note 2)
	Arcadyan USA	Arcadyan's subsidiary	Sale	(8,804,752)	(38.0)%	Net 120 days from delivery	-	-	2,992,706	33.0%	(Note 2)
	Arcadyan AU	Arcadyan's subsidiary	Sale	(507,202)	(2.0)%	Net 60 days from the end of the month of delivery	-	-	144,601	2.0%	(Note 2)
	CNC	Arcadyan's subsidiary	Purchase	4,095,949	13.0%	Net 120 days from delivery	According to markup pricing	-	(4,400,387)	(50.0)%	(Note 1、2)
	Arcadyan Vietnam	Arcadyan's subsidiary	Purchase	1,271,039	4.0%	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 company	Sale	(4,095,949)	(100.0)%	Net 120 days from delivery	According to markup pricing	-	4,400,387	99.0%	(Note 1、2)
Arcadyan Vietnam	Arcadyan	With the same ultimate parent company	Sale	(1,271,039)	(100.0)%	Net 180 days from the end of the month of delivery	According to markup pricing	-	(Note 3)	- %	(Note 1、2)
Arcadyan Germany	Arcadyan	With the same ultimate parent company	Purchase	658,422	100.0%	Net 150 days from delivery	-	-	(600,028)	(100.0)%	(Note 2)
Arcadyan USA	Arcadyan	With the same ultimate parent company	Purchase	8,804,752	100.0%	Net 120 days from delivery	-	-	(2,992,706)	(100.0)%	(Note 2)
Arcadyan AU	Arcadyan	With the same ultimate parent company	Purchase	507,202	100.0%	Net 60 days from the end of the month of delivery	-	-	(144,601)	(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 June 30, 2023 is 1,555,222 thousand dollars.

(Continued)

Notes to Consolidated Financial Statements

Table 6 Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(June 30, 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	211,510	0.34	-	-	-	(Note 1)	-
The Company	CBN	The Company's subsidiary	148,460	0.74	-	-	59,199	(Note 1)	-
The Company	Just and its subsidiaries	The Company's subsidiary	2,677,475 (Note 3)	(Note 3)	-	-	2,114,906	(Note 1)	-
The Company	HIS and its subsidiaries	The Company's subsidiary	1,074,304 (Note 3)	(Note 3)	-	-	1,074,304	(Note 1)	-
The Company	Cal-Comp	The same chairman of the Company	5,495,060 (Note 3)	(Note 3)	-	-	2,690,090	(Note 1)	-
Just and its subsidiaries	Compal Electronic, Inc.	Parent company	602,779	66.23	-	-	388,705	(Note 1)	-
CIH and its subsidiaries	Compal Electronic, Inc.	Parent company	51,490,807	2.08	-	-	48,762,330	(Note 1)	-
CIH and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	5,804,335	1.09	-	-	-	(Note 1)	-
CIH and its subsidiaries	CEB	With the same ultimate parent company	111,156	2.44	-	-	21,335	(Note 1)	-
CIH and its subsidiaries	CEA	With the same ultimate parent company	114,723	2.62	-	-	2,385	(Note 1)	-
BCI and its subsidiaries	Compal Electronic, Inc.	Parent company	8,980,227	3.14	-	-	8,980,227	(Note 1)	-
BCI and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	1,049,175	0.20	-	-	-	(Note 1)	-
BCI and its subsidiaries	CEB	With the same ultimate parent company	627,181	1.07	-	-	71,384	(Note 1)	-
BCI and its subsidiaries	CEA	With the same ultimate parent company	320,962	2.96	-	-	39,321	(Note 1)	-
CEA	CEB	With the same ultimate parent company	939,609	1.90	-	-	372,836	(Note 1)	-
Rayonnant and its subsidiaries	CIH and its subsidiaries	With the same ultimate parent company	299,078	5.43	-	-	-	(Note 1)	-
Etrade and its subsidiaries	Compal Electronic, Inc.	Parent company	3,046,682	2.14	-	-	675,838	(Note 1)	-
Forever and its subsidiaries	HSI and its subsidiaries	With the same ultimate parent company	146,827	1.71	-	-	-	(Note 1)	-
HSI and its subsidiaries	Compal Electronic, Inc.	Parent company	8,172,351	10.55	-	-	-	(Note 1)	-
HSI and its subsidiaries	Just and its subsidiaries	With the same ultimate parent company	459,913	6.56	-	-	-	(Note 1)	-
Arcadyan	Arcadyan USA	Arcadyan's subsidiary	2,992,706	4.96	-	-	2,270,855	(Note 2)	-
Arcadyan	Arcadyan Vietnam	Arcadyan's subsidiary	1,555,222 (Note 3)	(Note 3)	-	-	-	(Note 2)	-
Arcadyan	Arcadyan AU	Arcadyan's subsidiary	144,601	4.76	-	-	-	(Note 2)	-
Arcadyan	Arcadyan Germany	Arcadyan's subsidiary	600,028	2.20	-	-	242,700	(Note 2)	-
CNC	Arcadyan	With the same ultimate parent company	4,400,387 (Note 4)	2.21	-	-	180,016	(Note 2)	-
TTI	THAC	With the same ultimate parent company	272,003 (Note 3)	(Note 3)	-	-	-	(Note 2)	-

Note 1: Balance as of August 4, 2023.

Note 2: Balance as of July 27, 2023.

Note 3: Receivables due to purchasing on behalf of related parties.

Note 4: Accounts receivables due to processing raw material.

(Continued)

Notes to Consolidated Financial Statements

Table 7 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 2023)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
0	The Company	Arcadyan	1	Sales Revenue	141,907	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.	-
1	JUST and its subsidiaries	The Company	2	Accounts Receivable	211,510	"	-
				Sales Revenue	38,475,716	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	8.5%
2	CIH and its subsidiaries	The Company	2	Accounts Receivable	602,779	"	0.1%
				Sales Revenue	51,618,068	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	11.4%
2	CIH and its subsidiaries	BCI and its subsidiaries	3	Accounts Receivable	51,490,807	"	11.2%
				Sales Revenue	494,992	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%
2	CIH and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	15,619	"	-
				Sales Revenue	2,722,620	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.6%
2	CIH and its subsidiaries	CEA	3	Accounts Receivable	5,804,335	"	1.3%
				Sales Revenue	156,607	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
2	CIH and its subsidiaries	CEB	3	Accounts Receivable	114,723	"	-
				Sales Revenue	111,903	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	-
3	BCI and its subsidiaries	The Company	2	Accounts Receivable	111,156	"	-
				Sales Revenue	14,006,572	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%
3	BCI and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	8,980,227	"	2.0%
				Sales Revenue	328,891	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	0.1%
3	BCI and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	25,134	"	-
				Sales Revenue	169,095	The price is based on the operating cost. The credit period is net 120 days, and will be adjusted if necessary.	-
3	BCI and its subsidiaries	CEB	3	Accounts Receivable	1,049,175	"	0.2%
				Sales Revenue	298,819	The price is based on the operating cost. The credit period is net 120 days.	0.1%
3	BCI and its subsidiaries	CEA	3	Accounts Receivable	627,181	"	0.1%
				Sales Revenue	370,893	The price is based on the operating cost. The credit period is net 120 days.	0.1%
4	CEA	CEB	3	Accounts Receivable	320,962	"	0.1%
				Sales Revenue	643,523	There is no significant difference of price to non-related parties. The credit period is net 45 days.	0.1%
5	Etrade and its subsidiaries	The Company	2	Accounts Receivable	939,609	"	0.2%
				Sales Revenue	2,832,785	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	0.6%
5	Etrade and its subsidiaries	JUST and its subsidiaries	3	Accounts Receivable	3,046,682	"	0.7%
				Sales Revenue	147,646	The price is based on the operating cost. The credit period is net 60 days from delivery, and will be adjusted if necessary.	-
6	Forever and its subsidiaries	HSI and its subsidiaries	3	Accounts Receivable	54,063	"	-
				Sales Revenue	155,829	There is no significant difference of price to non-related parties. The credit period is net 60 days from delivery.	-
7	Rayonnant and its subsidiaries	CIH and its subsidiaries	3	Accounts Receivable	146,827	"	-
				Sales Revenue	669,718	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%
8	HSI and its subsidiaries	The Company	2	Accounts Receivable	299,078	"	0.1%
				Sales Revenue	34,527,277	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	7.6%
8	HSI and its subsidiaries	Etrade and its subsidiaries	3	Accounts Receivable	8,172,351	"	1.8%
				Sales Revenue	193,970	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	41,112	"	-

(Continued)

Notes to Consolidated Financial Statements

Table 7 Business relationships and significant intercompany transactions:

(For the six months ended June 30, 2023)

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Intercompany transactions			Percentage of the consolidated net revenue or total assets
				Accounts name	Amount	Terms	
8	HSI and its subsidiaries	CIH and its subsidiaries	3	Sales Revenue	208,333	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	59,479	"	-
8	HSI and its subsidiaries	JUST and its subsidiaries	3	Sales Revenue	802,594	There is no significant difference of price to non-related parties. The credit period is net 120 days, and will be adjusted if necessary.	0.2%
				Accounts Receivable	459,913	"	0.1%
9	Arcadyan	Arcadyan Germany	3	Sales Revenue	658,422	There is no significant difference of price to non-related parties. The credit period is net 150 days from delivery.	0.1%
				Accounts Receivable	600,028	"	0.1%
9	Arcadyan	Arcadyan USA	3	Sales Revenue	8,804,752	There is no significant difference of price to non-related parties. The credit period is net 120 days from delivery.	1.9%
				Accounts Receivable	2,992,706	"	0.7%
9	Arcadyan	Arcadyan AU	3	Sales Revenue	507,202	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	144,601	"	-
9	Arcadyan	Arcadyan Vietnam	3	Other Receivable	1,555,222	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%
10	CNC	Arcadyan	3	Processing Revenue	4,095,949	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	4,400,387	"	1.0%
11	Arcadyan Vietnam	Arcadyan	3	Processing Revenue	1,271,039	The credit period is net 180 days from the end of the month of delivery and depended on funding demand.	0.3%

Note 1: The numbers filled in as follows:

1. 0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Transactions labeled as follows:

1. represents transactions between the parent company and its subsidiaries.
2. represents transactions between the subsidiaries and the parent company.
3. represents transactions between subsidiaries.

(Continued)



## Notes to Consolidated Financial Statements

Table 8 The information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

(June 30, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	Kinpo & Compal Group Assets Development Corporation	Taipei City	Real estate development leasing and related management business	525,000	525,000	52,500	70%	496,792	(12,555)	(8,754)	(Note 2)
	Bizcom	Houston, USA	Warranty services and marketing of LCD TVs and notebook PCs	36,369	36,369	100	100%	462,915	4,140	4,140	(Note 2)
	Just	British Virgin Islands	Investment	1,480,509	1,480,509	48,010	100%	10,641,385	263,896	263,896	(Note 2)
	CIH	British Virgin Islands	Investment	1,787,680	1,787,680	53,001	100%	44,184,102	1,002,949	1,002,949	(Note 2)
	Panpal	Taipei City	Investment	5,171,837	5,171,837	500,000	100%	4,650,964	70,350	32,373	(Note 2)
	Gempal	Taipei City	Investment	900,036	900,036	90,000	100%	1,670,237	80,375	58,331	(Note 2)
	Kinpo Group management consultant company ("Kinpo Group management")	Taipei City	Consultation, training services, etc.	3,000	3,000	300	38%	5,118	628	235	
	Ripal	Tainan City	Manufacturing of electric appliance and audiovisual electric products	60,000	60,000	6,000	100%	115,222	(989)	(7,236)	(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%	78,852	(5,630)	(5,630)	(Note 2)
	Lead-Honor Optronics. Co., Ltd. ("Lead-Honor")	Taoyuan City	Manufacturing of electric appliance and audiovisual electric products	42,000	42,000	2,772	42%	-	-	-	
	CEH	British Virgin Islands	Investment	34	34	1	100%	3,669,876	-	-	(Note 2)
	Shennona Taiwan	Taipei City	Management & Consultant, rental and leasing business, wholesale and retail sale of precision instruments and International Trade	6,000	6,000	600	100%	13,047	9,251	9,351	(Note 2)
	Allied Circuit	Taoyuan City	Production and sales of PCB boards	395,388	395,388	10,158	20%	382,901	93,269	18,493	
	Poindus Systems	Taipei City	Design and manufacture of PCs and peripheral equipment	353,046	353,046	11,768	56%	327,590	838	1,081	(Note 2)
	Aco Smartcare	Hsinchu City	Wholesale and retail sale of computer software, software design services, data processing services, wholesale and retail sale of electronic materials, wholesale and retail sale of precision instruments, and biotechnology services	90,000	90,000	100,000	52%	31,026	(25,565)	(13,303)	(Note 2)
	Lipo Holding Co., Ltd.	Cayman Islands	Investment	489,450	489,450	98	49%	179,089	(439,968)	(215,584)	
	CPE	The Netherlands	Investment	197,463	197,463	6,427	100%	896,451	19,910	19,910	(Note 2)
	Starmems	Hsinchu County	R&D of MEMS microphone related products	35,000	35,000	3,500	35%	19,692	(15,136)	(5,298)	(Note 2)
	Crownpo Technology Inc. ("Crownpo")	Taipei City	Manufacturing, processing, and selling resistor chips, networking chips, diodes, multilayer ceramic capacitors, semiconductor devices, and selling electronic products	149,547	149,547	3,739	33%	19,326	(64,510)	(21,438)	
	Hong Ji	Taipei City	Investment	1,000,000	1,000,000	100,000	100%	1,133,922	49,383	49,383	(Note 2)
	Hong Jin	Taipei City	Investment	295,000	295,000	29,500	100%	360,151	22,542	22,542	(Note 2)
	Mactech	Taichung City	Manufacturing of equipment and lighting, retailing of equipment and international trading	219,601	219,601	21,756	53%	250,977	449	(854)	(Note 2)
	Auscom	Austin, TX USA	R&D of notebook PC related products and components	101,747	101,747	3,000	100%	153,000	1,318	1,318	(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%	2,616,550	1,071,999	200,942	(Note 2)
	FGH	British Virgin Islands	Investment	2,754,741	2,754,741	89,755	100%	4,294,982	(48,053)	(48,053)	(Note 2)
	Shennona	Delaware, USA	Medical care IOT business	48,210	48,210	-	100%	16,462	(421)	(421)	(Note 2)
	HSI	British Virgin Islands	Investment	1,346,814	1,346,814	42,700	54%	313,914	147,876	79,232	(Note 2)
	CEP	Poland	Maintenance and warranty services of notebook PCs	90,156	90,156	136	100%	(26,965)	(302)	1,001	(Note 2)
	Hippo Screen Neurotech Co., Ltd.	Taipei City	Management & Consultant, Rental and Leasing Business, wholesale and retail sale of precision instruments and International Trade	112,000	112,000	9,100	91%	22,790	(13,400)	(12,185)	(Note 2)
	Infinno Technology Corporation ("Infinno")	Hsinchu County	Manufacturing of electronic components, wholesale and retail sale of precision instruments and electronic materials	127,026	127,026	4,648	28%	27,623	(16,014)	(4,439)	
	HengHao	Taipei City	Manufacturing of PCs, computer periphery devices, and electronic components	5,729,757	5,729,757	20,015	100%	(806,262)	(9,963)	10,745	(Note 2)
	BCI	British Virgin Islands	Investment	2,636,051	2,636,051	90,820	100%	8,802,549	114,873	114,873	(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%	547,592	(144,066)	(64,136)	(Note 2)

(Continued)

## Notes to Consolidated Financial Statements

Table 8 The information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

(June 30, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	Rayonnant	Taipei City	Manufacturing and sales of PCs, computer periphery devices, and electronic components	295,000	295,000	29,500	100%	207,441	3,966	3,966	(Note 2)
	CRH	British Virgin Islands	Investment	377,328	377,328	12,500	100%	302,568	10,601	10,601	(Note 2)
	Acendant Private Equity Investment Ltd.	British Virgin Islands	Investment	943,922	943,922	31,253	35%	1,407,461	(29,645)	(10,293)	
	Etrade	British Virgin Islands	Investment	1,532,029	1,532,029	46,900	65%	(157,782)	(41,692)	229,411	(Note 2)
	Webtek	British Virgin Islands	Investment	3,340	3,340	100	100%	751,523	(10,188)	(10,188)	(Note 2)
	Forever	British Virgin Islands	Investment	1,575	1,575	50	100%	1,562,966	9,740	9,740	(Note 2)
	UCGI	Taipei City	Manufacturing and retail sale of computers and electronic components	689,997	689,997	20,000	100%	127,230	(36,643)	(35,383)	(Note 2)
	Palcom	Taipei City	Selling of mobile phones	100,000	100,000	10,000	100%	92,680	(16,815)	(16,811)	(Note 2)
	Avalue	New Taipei City	Manufacturing, processing, and import and export business of industrial motherboards	547,595	547,595	14,924	21%	720,887	308,182	65,157	
	CORE	British Virgin Islands	Investment	4,318,860	4,318,860	147,000	100%	7,977,707	195,657	195,657	(Note 2)
	Compal Ruifang	New Taipei City	Investing and developing businesses, such as public construction and specific zones	100,000	100,000	10,000	100%	100,347	384	407	(Note 2)
	GLB	New Taipei City	Manufacturing and wholesale of medical equipment	247,560	247,560	15,035	50%	365,404	20,888	7,055	(Note 2)
	CGSP	Poland	Maintenance and warranty services of notebook PCs	89,669	89,669	-	100%	93,708	(284)	(15)	(Note 2)
	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%	119,148	(38,480)	(10,676)	
	Raypal	Taipei City	Cancerous immunocyte therapy and regenerative medicine	209,076	209,076	4,646	30%	180,632	(24,305)	(6,291)	
								<u>99,403,790</u>		<u>1,915,801</u>	
Panpal	Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	279,202	279,202	8,192	4%	563,719	1,071,999	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%	110,336	93,269	Investment gain (losses) recognized by Panpal	
Gempal	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(614,470) 663,526	1,071,999	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%	121,370	93,269	Investment gain (losses) recognized by Gempal	
Hong Ji	Others Arcadyan	Hsinchu City	Telecommunication equipment and apparatus manufacturing, electronic parts and components manufacturing, restrained telecom radio frequency equipment and materials import and manufacturing	306,655	306,655	9,279	4%	(840) 663,526	1,071,999	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%	27,205	93,269	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%	314,587	1,071,999	Investment gain (losses) recognized by Hong Jin	(Note 2)
Just	CDH (HK)	Hong Kong	Investment	1,939,944	1,939,944	62,298	100%	8,025,522	206,113	Investment gain (losses) recognized by Just	(Note 2)
	CII	British Virgin Islands	Investment	396,879	287,889	12,745	100%	371,610	956	Investment gain (losses) recognized by Just	(Note 2)
	CPI	British Virgin Islands	Investment	15,570	15,570	500	100%	15,122	1,238	Investment gain (losses) recognized by Just	(Note 2)
CII	Smart	British Virgin Islands	Investment	31	31	1	100%	385	(1)	Investment gain (losses) recognized by CII	(Note 2)
	AEI	U.S.A	Sales and maintenance of LCD TVs	-	31,140	1,000	0%	-	-	Investment gain (losses) recognized by CII	(Note 2)

(Continued)

## Notes to Consolidated Financial Statements

Table 8 The information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

(June 30, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
CII	MEL	U.S.A	Investment	256,407	256,407	-	100%	212,532	9	Investment gain (losses) recognized by CII	(Note 2)
	MTL	U.S.A	Investment	31	31	-	100%	31	-	Investment gain (losses) recognized by CII	(Note 2)
	CNA	U.S.A	Sales of automotive electronic products	77,850	-	2,500	100%	77,850	-	Investment gain (losses) recognized by CII	(Note 2)
	CUS	U.S.A	Sales of automotive electronic products	77,850	-	2,500	100%	77,850	-	Investment gain (losses) recognized by CII	(Note 2)
CIH	CIH (HK)	Hong Kong	Investment	2,329,350	2,329,350	74,803	100%	43,338,160	974,916	Investment gain (losses) recognized by CIH	(Note 2)
	Jenpal	British Virgin Islands	Investment	228,879	228,879	7,350	100%	115,813	2,708	Investment gain (losses) recognized by CIH	(Note 2)
	PFG	British Virgin Islands	Investment	31	31	1	100%	42,824	36,585	Investment gain (losses) recognized by CIH	(Note 2)
	FWT	British Virgin Islands	Investment	463,986	463,986	14,900	100%	463,985	-	Investment gain (losses) recognized by CIH	(Note 2)
	CCM	British Virgin Islands	Investment	158,814	158,814	5,100	51%	6,101	(39,116)	Investment gain (losses) recognized by CIH	(Note 2)
HSI	IUE	British Virgin Islands	Investment	2,086,380	2,086,380	67,000	100%	828,346	151,786	Investment gain (losses) recognized by HSI	(Note 2)
	Goal	British Virgin Islands	Investment	395,478	395,478	12,700	100%	338,908	(3,910)	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	2,086,380	2,086,380	67,000	100%	828,346	151,786	Investment gain (losses) recognized by IUE	(Note 2)
Goal	CDM	Vietnam	Construction of and investment in infrastructure in Ba-Thien industrial district of Vietnam	395,478	395,478	12,700	100%	296,963	(3,910)	Investment gain (losses) recognized by Goal	(Note 2)
BCI	CMI	British Virgin Islands	Investment	2,516,735	2,516,735	80,820	100%	5,479,911	3,404	Investment gain (losses) recognized by BCI	(Note 2)
	PRI	British Virgin Islands	Investment	311,400	311,400	10,000	100%	3,322,638	111,469	Investment gain (losses) recognized by BCI	(Note 2)
CORE	BSH	British Virgin Islands	Investment	4,577,580	4,577,580	147,000	100%	7,977,707	195,657	Investment gain (losses) recognized by CORE	(Note 2)
BSH	Mithera	Cayman Islands	Investment	157,257	157,257	-	99%	140,493	(1,760)	Investment gain (losses) recognized by BSH	(Note 2)
	HSI	British Virgin Islands	Investment	1,152,180	1,152,180	37,000	46%	842,530	147,876	Investment gain (losses) recognized by BSH	(Note 2)
	CIN	U.S.A	Manufacturing	253,168	253,168	1	100%	203,063	10,182	Investment gain (losses) recognized by BSH	(Note 2)
BSH	HHB	British Virgin Islands	Investment	186,840	-	6,000	11%	176,029	(217,810)	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	373,680	-	-	100%	375,762	2,042	Investment gain (losses) recognized by BSH	(Note 2)
Forever	GIA	British Virgin Islands	Selling of mobile phones	-	-	-	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	62,280	62,280	-	100%	103,712	1,006	Investment gain (losses) recognized by Forever	(Note 2)
Webtek	Etrade	British Virgin Islands	Investment	778,500	778,500	25,000	35%	(19,479)	(41,692)	Investment gain (losses) recognized by Webtek	(Note 2)
Arcadyan	Arcadyan Holding	British Virgin Islands	Investment	3,232,227	1,701,027	97,780	100%	3,608,655	223,863	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan USA	U.S.A	Sales of wireless network products	23,055	23,055	1	100%	(74,352)	6,589	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%	94,998	3,859	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan Korea	Korea	Sales of wireless network products	2,879	2,879	20	100%	26,835	3,368	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Zhi-Bao	Hsinchu City	Investment	48,000	48,000	34,980	100%	374,714	(31,493)	Investment gain (losses) recognized by Arcadyan	(Note 2)

(Continued)

## Notes to Consolidated Financial Statements

Table 8 The information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

(June 30, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Arcadyan	TTI	Taipei City	R&D and sales of household digital products	308,726	308,726	25,028	61%	200,777	(16,851)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan UK	UK	Technical support of wireless network products	1,988	1,988	50	100%	5,334	278	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan AU	Australia	Sales of wireless network products	1,161	1,161	50	100%	69,092	7,005	Investment gain (losses) recognized by Arcadyan	(Note 2)
	Arcadyan RU	Russia	Sales of wireless network products	7,672	7,672	-	100%	3,806	(504)	Investment gain (losses) recognized by Arcadyan	(Note 2)
	CBN	Hsinchu County	Sales of communication and electronic components	11,925	11,925	533	1%	10,354	(144,066)	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%	(43,899)	1,246	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
	Arcadyan India	India	Sales of wireless network products	29,110	29,110	7,500	100%	42,901	19,706	Investment gain (losses) recognized by Arcadyan and Zhi-Bao	(Note 2)
Arcadyan Holding	Sinoprime	British Virgin Islands	Investment	902,584	902,584	29,050	100%	1,456,966	215,775	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
	Arch Holding	British Virgin Islands	Investment	342,112	342,112	35	100%	830,905	(6,324)	Investment gain (losses) recognized by Arcadyan Holding	(Note 2)
TTI	Quest	Samoa	Investment	37,284	37,284	1,200	100%	(237,197)	(12,487)	Investment gain (losses) recognized by TTI	(Note 2)
	TTJC	Japan	Sales of household digital electronic products	9,626	9,626	0.7	100%	2,739	(332)	Investment gain (losses) recognized by TTI	(Note 2)
Quest	Exquisite	Samoa	Investment	36,352	36,352	1,170	100%	(238,058)	(12,495)	Investment gain (losses) recognized by Quest	(Note 2)
Sinoprime	Arcadyan Vietnam	Vietnam	Manufacturing of wireless network products	901,030	901,030	-	100%	1,452,367	213,775	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	19.42%	255,135	(144,066)	Investment gain (losses) recognized by Zhi-Bao	(Note 2)
Rayonnant	APH	British Virgin Islands	Investment	257,454	257,454	8,651	41%	203,294	17,937	Investment gain (losses) recognized by Rayonnant	(Note 2)
	Forming Co., Ltd.	Taoyuan City	R&D and manufacturing of electronic materials	27,300	27,300	1,820	21%	-	-	Investment gain (losses) recognized by Rayonnant	(Note 2)
CRH	APH	British Virgin Islands	Investment	389,250	389,250	12,500	59%	302,568	17,937	Investment gain (losses) recognized by CRH	(Note 2)
APH	PEL	British Virgin Islands	Investment	98,122	98,122	3,151	100%	45,256	634	Investment gain (losses) recognized by APH	(Note 2)
	Rayonnant(HK)	Hong Kong	Investment	560,520	560,520	18,000	100%	452,337	17,302	Investment gain (losses) recognized by APH	(Note 2)
HHT	HHA	British Virgin Islands	Investment	1,429,235	1,429,235	46,882	100%	(1,314,519)	(207,000)	Investment gain (losses) recognized by HHT	(Note 2)
HHA	HHB	British Virgin Islands	Investment	1,459,906	1,459,906	46,882	89%	(1,487,254)	(217,810)	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%	5,413	(165)	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%	6,394	-	Investment gain (losses) recognized by CBN	(Note 2)
	Starmems	Taiwan	R&D of MEMS microphone related products	10,000	10,000	1,000	10%	5,626	(15,136)	Investment gain (losses) recognized by CBN	(Note 2)
FGH	Wah Yuen Technology Holding Ltd. and its subsidiaries	Mauritius	Investment	2,794,986	2,794,986	95,862	37%	4,366,155	(136,501)	Investment gain (losses) recognized by FGH	
Mactech	Taiwan Intelligent Robotics Company, Ltd.	Taipei City	Manufacturing of equipment and lighting	43,200	43,200	2,160	15%	3,509	(14,850)	Investment gain (losses) recognized by Mactech	

(Continued)

## Notes to Consolidated Financial Statements

Table 8 The information on investees for the six months ended June 30, 2023 (excluding information on investees in Mainland China):

(June 30, 2023)

(In Thousands of New Taiwan Dollars/ shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
Poindus Systems	Poindus Investment	Taipei City	investment holding	4,100	4,100	(Note 3)	100%	564	-	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Poindus UK	UK	Sales of PCs and peripherals	14,297	14,297	300	100%	(5,985)	(2,464)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
	Adasys	Germany	Sales of PCs and peripherals	57,712	57,712	0.002	100%	5,663	(6,490)	Investment gain (losses) recognized by Poindus Systems	(Note 2)
Poindus Investment	Poindus GmbH	Germany	Sales of PCs and peripherals	1,721	1,721	(Note 3)	100%	139	-	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)

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

**Table 9 Information on investment in Mainland China:**

(June 30, 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 June 30, 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	1,152,180	(Note 1)	1,152,180	-	-	1,152,180	114,340	100%	114,340	2,750,522	-
CDT	Manufacturing and sales of notebook PCs, mobile phones, and Digital products	622,800	(Note 2)	622,800	-	-	622,800	9,564	100%	9,564	134,889	-
CET	Manufacturing of notebook PCs	373,680	(Note 2)	373,680	-	-	373,680	(60,573)	100%	(60,573)	4,976,003	-
CSD	Research, manufacture and sales of communication devices, mobile phones, electronic computer, smart watch, and provide related technology service	257,047	(Note 2)	-	-	-	-	109,784	100%	109,784	352,703	-
BT	Manufacturing of notebook PCs	31,140	(Note 2)	31,140	-	-	31,140	17,997	100%	17,997	(98,991)	-
CGS	Maintenance and warranty service of notebook PCs	8,568	(Note 2)	-	-	-	-	16,066	100%	16,066	(21,801)	-
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	996,480	(Note 1)	415,096	-	-	415,096	(179,553)	43%	(167,560)	128,795	-
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	622,800	(Note 1)	45,776	-	-	45,776	(156,249)	48%	(148,177)	155,139	-
CIC	Manufacturing of notebook PCs	373,680	(Note 2)	373,680	-	-	373,680	186,932	100%	186,932	10,724,013	-
CPO	Manufacturing and sales of LCD TVs	376,794	(Note 1)	376,794	-	-	376,794	101,462	100%	101,462	3,056,498	-
CIT	Manufacturing of notebook PCs	747,360	(Note 2)	747,360	-	-	747,360	823,446	100%	823,446	26,950,680	-
CST	International trade and distribution of computers and electronic components	43,596	(Note 2)	43,596	-	-	43,596	(2,074)	100%	(2,074)	43,587	-
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	311,400	(Note 2)	158,814	-	-	158,814	(46,415)	51%	(23,672)	11,973	-
CIJ	Investment and consulting services	485,784	(Note 2)	485,784	-	-	485,784	(10,069)	100%	(10,069)	2,670,036	-
CDE	Manufacturing and sales of LCD TVs	467,100	(Note 2)	-	-	-	-	(9,329)	100%	(9,329)	2,635,282	-
CIS	Outward investment and consulting services	2,516,735	(Note 1)	2,516,735	-	-	2,516,735	3,404	100%	3,404	5,479,911	-
CEC	R&D and manufacturing of notebook PCs, tablet PCs, digital products, network switches, wireless AP, and automobile electronic products	2,491,200	(Note 2)	-	-	-	-	3,167	100%	3,167	5,448,057	-
CMC	Corporate management consulting, financial and tax consulting, investment consulting, and investment management consulting services	24,912	(Note 2)	-	-	-	-	282	100%	282	25,363	-
CEQ	R&D, manufacturing and sales of notebook PCs and related components. Also provides related maintenance and warranty services	311,400	(Note 1)	311,400	-	-	311,400	111,469	100%	111,469	3,322,638	-
Compal Precision Module (Jiangsu) Co., Ltd.	Manufacturing and selling of magnesium alloy injection molding	13,078,800	(Note 2)	2,573,005	-	-	2,573,005	22,027	37%	8,066	5,380,766	-
Changbao Electronic Technology (Chongqing) Co., Ltd.	Production and marketing of magnesium alloy molding	1,868,400	(Note 2)	356,740	-	-	356,740	(56,307)	37%	(20,620)	628,781	-
Rayonnant (Taicang)	Manufacturing and sales of aluminum alloy and magnesium alloy products	560,520	(Note 2)	389,250	-	-	389,250	17,302	100%	17,302	452,945	-
CCI Nanjing	Manufacturing and processing of mobile phones and tablet PCs	840,780	(Note 1)	685,080	-	-	685,080	(47,383)	100%	(47,383)	(1,264,035)	-
CDCN	Manufacturing and processing of mobile phones and tablet PCs	180,612	(Note 1)	180,612	-	-	180,612	428	100%	428	88,562	-
CWCN	Manufacturing and processing of mobile phones and tablet PCs	1,525,860	(Note 1)	591,660	-	-	591,660	5,010	100%	5,010	1,085,322	-

(Continued)

**Table 9 Information on investment in Mainland China:**

(June 30, 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 June 30, 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						
Hanhelt	R&D and manufacturing of electronic communication equipment	62,280	(Note 1)	62,280	-	-	62,280	3,024	100%	3,024	3,114	-
<b>Arcadyan</b>												
SVA Arcadyan	R&D and sales of wireless network products	251,667	(Note 1)	416,959 (Note 7)	-	-	416,959	2,963	100%	2,963	36,818	-
CNC	Manufacturing and wireless network products	386,822	(Note 1)	342,112 (Note 8)	-	-	342,112	(6,324)	100%	(6,324)	830,905	-
THAC	Manufacturing of household electronics products	104,085	(Note 1、9)	35,731	-	-	35,731	(12,495)	100%	(12,495)	(238,587)	-
<b>HengHao</b>												
HengHao Kunshan	Production of touch panels and related components	1,245,600	(Note 1)	1,239,465	-	-	1,239,465	(219,742)	100%	(219,742)	(1,473,477)	-
HengHao Zhejiang	Production of touch panels and related components	186,840	(Note 2)	-	-	-	-	(8)	100%	(8)	186,831	-
Lucom	Manufacturing of notebook PCs and related modules	467,100	(Note 2)	202,380 (Note 11)	-	-	202,380	654	100%	654	143,415	-
<b>Poindus Systems</b>												
Qijie	Sales of PCs and peripherals	31,140	(Note 1)	31,140	-	-	31,140	(95)	100%	(95)	11,427	-

(ii) Limitation on investment in Mainland China:

(In Thousands of USD)

Names of Company	Accumulated Investment in Mainland China as of June 30, 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	16,894,602 (US\$542,537) (Note 5)	24,208,734 (US\$777,416)	(Note 6)
Arcadyan	794,802 (US\$25,581)	1,066,664 (US\$34,331)	8,118,251
HengHao	1,459,594 (US\$46,872)	1,459,594 (US\$46,872)	(Note 12)
Poindus Systems	31,140 (US\$1,000)	31,140 (US\$1,000)	311,065

- Note 1 : Indirectly investment in Mainland China through companies registered in the third region.
- Note 2 : Indirectly investment in Mainland China through an existing company registered in the third region.
- Note 3 : Investees held by Kunshan Botai Electronics Co., Ltd. ("BT"), Compal Investment (Jiansu) Co., Ltd. ("CIJ") and Compal Electronics (China) Co., Ltd. ("CPC") through their own funds.
- Note 4 : The investment income (loss), except for Compal Precision Module (Jiangsu) Co., Ltd., was determined based on the financial report reviewed by the CPAs.
- Note 5 : Including the investment amount of sold or dissolved companies, including Beijing Compower Xuntong Electronic Technology Co., Ltd., VAP Optoelectronics (NanJing) Corp., Flextronics Technology (Shanghai) Ltd., Lucom, LCFC (HeFei) Electronics Technology Co., Ltd. and the increased investment amount form merging with Compal Communication Co., Ltd.
- Note 6 : As the Company has obtained the certificate of being qualified for operating headquarters, issued by Industrial Development Bureau, MOEA, the upper limit on investment in mainland China is not applicable.
- Note 7 : Arcadyan paid US\$18,420 thousand and acquired 100% shares of SVA Arcadyan from Accton Asia through Arcadyan Holding in 2010.
- Note 8 : Arcadyan paid US\$8,561 thousand and acquired 100% shares of CNC from Just through Arcadyan Holding in 2007.
- Note 9 : Arcadyan's subsidiary, TTI, obtained the control over THAC with US\$1,150 thousand on February 28, 2013 (the date of stock transferring).
- Note 10 : The amounts in New Taiwan Dollars were translated at the exchange rates at the balance sheet date or the average exchange rate.
- Note 11 : The Company had an accumulated investment amounting to US\$7,350 thousand in the previous years. In the first half of 2014, HengHao paid the Company and LG US\$3,184 thousand and US\$3,315 thousand, respectively, for organization restructure, to obtain 100% ownership of Lucom.
- Note 12 : The net equity of HengHao is negative at June 30, 2023.

(iii) Significant transactions:

For the six months ended June 30, 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" and "Business relationships and significant intercompany transactions".