

Stock Ticker : 2324

Compal Electronics, Inc.

2021 Annual General Shareholders' Meeting Meeting Handbook

(June 25, 2021)



No. 581, Ruiguang Rd., Neihu District,
Taipei City 11492, Taiwan (R.O.C.)

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Meeting Procedures

Compal Electronics, Inc.

2021 Annual General Shareholders' Meeting Procedures

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

Meeting Agenda

Compal Electronics, Inc.

2021 Annual General Shareholders' Meeting Agenda

Time : 9:00 am, June 25, 2021 (Friday)

Place : No. 581, Ruiguang Rd., Neihu District, Taipei City 11492, Taiwan
(R.O.C.)

I. Report Items

1. Report on Business for the year 2020
2. Audit Committee's Review Report for the year 2020
3. Report of the distribution of compensation to employees and directors for the year 2020
4. Report of distribution of the cash dividends from Earnings for the year 2020
5. Report of status of the cash distribution from Capital Surplus

II. Ratification Items

1. To ratify the Business Report and Financial Statements for the year 2020
2. To ratify the Distribution of Earnings for the year 2020

III. Discussion and Election Items

1. To approve the amendment to the "Regulations for Election of Directors"
2. Election of the 14th Term of Directors
3. To approve the release of non-competition restrictions for Directors

IV. Special Motion(s)

V. Meeting Adjourned

Report Items

Item 1

Proposed by the Board of Directors

Proposal:

Report on Business for the year 2020

Explanatory Note:

The Business Report for the year 2020 is attached hereto as Attachment 1.

Item 2

Proposed by the Board of Directors

Proposal:

Audit Committee's Review Report for the year 2020

Explanatory Notes:

1. The Financial Statements and its related reports for the Year 2020 have been reviewed and examined by the Audit Committee and the review report was issued. The Financial Statements for the year 2020 have been audited by the Independent Auditors and the Independent Auditors' Report was issued, accordingly.
2. Independent Auditors' Report is attached hereto as Attachment 2.
3. Audit Committee's Review Report is attached hereto as Attachment 3.

Item 3

Proposed by the Board of Directors

Proposal:

Report of the distribution of compensation to employees and directors for the year 2020

Explanatory Note:

1. In accordance with the Articles of Incorporation of the Company, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. Notwithstanding the foregoing, in the event that the Company has accumulated losses, the Company shall first reserve an amount to offset such accumulated losses.
2. The distribution of compensation to employees and directors for the year 2020, as approved by the Remuneration Committee and the Board of Directors, are NT\$974,693,802 and NT\$51,540,800, respectively. The compensations shall be distributed in the form of cash.

Item 4

Proposed by the Board of Directors

Proposal:

Report of distribution of the cash dividends from Earnings for the year 2020

Explanatory Note:

1. The proposal has been approved by the Board of Directors in accordance with authorization by the Company's Articles of Incorporation, and the amount of earnings for the year 2020 available for distribution to shareholders as dividend and bonus is NT\$5,288,575,950. Such amount is distributed in the form of cash dividend. Each shareholder will be entitled to receive a cash dividend of NT\$1.2 per share. Cash dividend shall be distributed and paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
2. The Board of Directors has approved to set an ex-dividend record date for distribution on May 1, 2021, and cash distribution has been paid out on May 21, 2021.

Item 5

Proposed by the Board of Directors

Proposal:

Report of status of the cash distribution from Capital Surplus

Explanatory Note:

1. The proposal has been approved by the Board of Directors in accordance with authorization by the Company's Articles of Incorporation, the Company proposed a cash distribution of NT\$1,762,858,650 from capital surplus derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The cash is to be distributed to the registered shareholders on the record date, and the cash distribution per share will be NT\$0.4. Cash distribution from capital surplus shall be paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
2. The Board of Directors has approved to set record date of cash distribution from capital surplus on May 1, 2021, and cash distribution has been paid out on May 21, 2021.

Ratification Items

Item 1

Proposed by the Board of Directors

Proposal:

To ratify the Business Report and Financial Statements for the year 2020

Explanatory Notes:

1. The Business Report and Financial Statements for the year 2020 have been approved by the Audit Committee and by the Board of Directors. Szu-Chuan Chien and Yiu-Kwan Au, certified public accountants of KPMG, have completed the audit of the 2020 financial statements and issued an audit report relating thereto.
2. The “Business Report for the Year 2020” and “Financial Statements for the Year 2020” are attached hereto as Attachments 1 and 4.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To ratify the Distribution of Earnings for the year 2020

Explanatory Notes:

1. The Distribution of Earnings for the year 2020 has been approved by the Audit Committee and by the Board of Directors.
2. The “Distribution of Earnings for the year 2020” is attached. Please see page 14.

Resolved That:

Compal Electronics, Inc.

Earnings Distribution Proposal for the Year 2020

Unit: NT\$

Item	Amount
Unappropriated retained earnings in the beginning of the year	28,802,974,437
Add:	
Net income of 2020	9,361,892,561
Subtract:	
Remeasurement of defined benefit plan	(48,218,500)
Legal reserve	(924,672,365)
Special reserve resulting from other equity interest	(3,164,965,320)
Changes in ownership interests in subsidiaries	(33,051,090)
Changes in equity of associates and joint ventures accounted for using equity method	(9,055,266)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	(24,844,060)
Retained earnings available for distribution as of December 31, 2020	33,960,060,397
Distribution item:	
Subtract:	
Dividends to common shares holders (Note)	(5,288,575,950)
Unappropriated retained earnings as of December 31, 2020	28,671,484,447

Note: Cash dividends of NT\$1.2 per common share

Discussion and Election Items

Item 1

Proposed by the Board of Directors

Proposal:

To approve the amendment to the “Regulations for Election of Directors”

Explanatory Notes:

1. Amendment to the Regulations for Election of Directors is proposed to conform to the requirements of the regulatory authority.
2. The Comparison Table Before and After Amendment to the Regulations for Election of Directors is attached hereto as Attachment 5.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

Election of the 14th Term of Directors

Explanatory Notes:

1. The 13th term of office for Directors of the Company will expire on June 21, 2021. Pursuant to Article 195, Paragraph II of the Company Act, in case no election of new directors after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until new directors have been elected and assumed their office.
2. In accordance with the Articles of Incorporation of the Company and resolutions adopted by the Board of Directors, the Company should elect fifteen (15) Directors (including 3 Independent Directors). The tenure of each Director shall be three (3) years, commencing from June 25, 2021 and ending on June 24, 2024.
3. According to applicable laws and the Articles of Incorporation of the Company, a candidate nomination system has been adopted by the Company for the Director election. The list of candidates for Director (including Independent Director) has been approved by the Board of Directors of the Company, and the shareholders shall elect Directors (including Independent Director) from among those listed on the slate of director candidate. The resume of the director (including Independent Director) candidates is attached hereto as attachment (see page 18~20).

Result of Election:

The Candidate List of Directors (including Independent Directors)

Category of Candidate	Name	Academic Background	Work Experience & Current Positions	Shares
Director	Sheng-Hsiung Hsu	Honorary Doctorate Degree of National Normal University Bachelor's degree in National Normal University (Chinese Dept.)	Chairman of Compal Electronics, Inc. Chairman of Kinpo Electronics, Inc. Chairman of AcBel Polytech Inc.	8,975,401
Director	Jui-Tsung Chen	Honorary Doctorate of National Cheng Kung University Bachelor's degree in National Cheng-Kung University (Electrical Engineering Dept.)	Chairman of Arcadyan Technology Corporation Vice Chairman of Compal Electronics, Inc. Chief Strategy Officer of Compal Electronics, Inc.	35,352,587
Director	Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	National Tao-Yuan Sr. Vocational Agricultural & Industry School	Director of Compal Electronics, Inc. Director of Baotek Industrial Materials Ltd.	5,000,000
Director	Representative of Kinpo Electronics, Inc.: Chieh-Li Hsu	M.S., International Business, Waseda University, Japan	Vice Chairman of Cal-Comp Electronics (Thailand) Public Company Limited Director of AcBel Polytech Inc. President of AcBel Polytech Inc.	151,628,692
Director	Charng-Chyi Ko	Bachelor's degree in National Taiwan University (Division of Business) Doctor of the University of Lincoln, USA	Director of Compal Electronics, Inc. Director of Kinpo Electronics, Inc.	7,896,867
Director	Sheng-Chieh Hsu	Bachelor's degree in Tam- Kang University (Architectural Dept.)	Director of Compal Electronics, Inc. Director of Kinpo Electronics, Inc	9,204,201
Director	Yen-Chia Chou	Bachelor's degree in National Taiwan University (Geology Dept.)	Director of Compal Electronics, Inc. Director of Kinpo Electronics, Inc	8,022,874
Director	Chung-Pin Wong	Master's degree in Management Science of National Chiao-Tung University	Chairman of Compal Broadband Networks, Inc. Director of Compal Electronics, Inc President of Compal Electronics, Inc	6,618,618
Director	Chiung-Chi Hsu	Master's degree in San Francisco Golden Gate University.	Director of Compal Electronics, Inc.	2,117,731

Category of Candidate	Name	Academic Background	Work Experience & Current Positions	Shares
Director	Ming-Chih Chang	Department of Electrical Engineering, Ming Chi University of Technology	Director of Compal Electronics, Inc. Executive Vice President of Compal Electronics, Inc.	1,919,489
Director	Anthony Peter Bonadero	Texas A&M University	Director of Compal Electronics, Inc. Executive Vice President of Auscom Engineering Inc.	0
Director	Sheng-Hua Peng	Graduate Institute of Electronics Engineering of National Taiwan University	Director of Compal Electronics, Inc. Executive Vice President of Compal Electronics, Inc.	835,000
Independent Director	Min Chih Hsuan (Note)	Honorary Doctorate of National Chiao Tung University Bachelor's degree in Chiao Tung University Electrical Engineering	Chairman of United Microelectronics Corp. President of United Microelectronics Corp. Independent Director of Compal Electronics, Inc.	0
Independent Director	Duei Tsai (Note)	Taiwan University, PhD, Electrical Engineering	Independent Director of Compal Electronics, Inc. Independent Director of Taiwan High Speed Rail Corporation	0
Independent Director	Wen-Chung Shen	Bachelor's degree in National Taiwan University (Electrical Engineering Dept.)	Chairman of Hetuo Investment Co., Ltd. Director of Compal Electronics, Inc.	2,836,000

Note : Reasons for the nomination of independent director who has served for three consecutive terms

Candidate	Name	Description
Independent Director	Min Chih Hsuan	The individual has wealth knowledge and experience in business operations, performance evaluation, investment, corporate merger/acquisition, and provides important advice to the company's management, which is extremely helpful to the company's development. Despite having served on the board for more than three consecutive terms, the Company believes Mr. Hsuan continues to possess the requisite independence of judgment and action, and has not formed such associations with management (or others) as may compromise his ability to exercise impartial judgment or act without bias in the best interests of the Company.
Independent Director	Duei Tsai	The individual is the professionals in the field of communications field, and often offers deep insights into the company's business management, information security protection and so on; it helps the company to strengthen related management functions. Despite having served on the board for more than three consecutive terms, the Company believes Mr. Tsai continues to possess the requisite independence of judgment and action, and has not formed such associations with management (or others) as may compromise his ability to exercise impartial judgment or act without bias in the best interests of the Company.

Item 3

Proposed by the Board of Directors

Proposal:

To approve the release of non-competition restrictions for Directors

Explanatory Notes:

1. As certain Directors of the Company may invest in or operate a business which is identical or similar to the business scope of the Company, without prejudice to any interest of Compal, it is proposed to approve the release of non-competition restrictions for these Directors in accordance with Article 209 of the Company Act.
2. Information of the Director candidates who concurrently serve in a position of other companies is attached hereto as attachment (see page 22~24). To approve the release of non-competition restrictions for Directors.

Resolved That :

Current Positions of Director and Independent Director Candidates in Other Companies

Title	Name	Selected Current Positions
Director	Sheng-Hsiung Hsu	<p>Chairman : Kinpo Electronics, Inc., AcBel Polytech Inc., Cal-Comp Electronics(Thailand) Public Company Limited, Teleport Access Services, Inc., AcSacca Solar Energy Co., Ltd., Cal-Comp Electronics And communications Co., Ltd., Jipo Investment Inc., Kinpo Group Management Consultant Company, NTNU Innovation Investment Holding Company, Kinpo Electronics (China) Co., Ltd., Cal-Comp Precision Holding Co., Ltd.</p> <p>Managing Director : Taiwan Biotech Co., Ltd.</p> <p>Director : Crownpo Technology Inc., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., Acbel Polytech Holdings Inc., Acbel Polytech (Singapore) Pte. Ltd., Ascendant Private Equity Investment Ltd., al-Comp Electronics (USA) Co., Ltd., Cal-Comp Electronics de Mexico Co. S.A. de C.V., Cal-Comp Precision (Philippines), Inc., Cal-Comp USA (Indiana), Co., Inc. , Cal-Comp USA (San Diego), Co., Inc., Kinpo International (Singapore) Pte. Ltd., Kinpo International Ltd., Lipo Holding Co., Ltd., Ranashe International Ltd.</p> <p>President : Kinpo Group Management Consultant Company</p>
Director	Jui-Tsung Chen	<p>Chairman : Arcadyan Technology Corporation, General Life Biotechnology Co., Ltd., Raycore Biotech Co., Ltd., ARCE Therapeutics, Inc., Aco Smartcare Co.,Ltd., Ray-Kwong Medical Management Consulting Co., Ltd.</p> <p>Director : Kinpo Electronics, Inc., Compal Broadband Networks, Inc., Mactech Co., Ltd., Kinpo Group Management Consultant Company, Compal Networking (Kunshan) Co., Ltd., Ascendant Private Equity Investment Ltd., Arcadyan Technology N.A. Corporation, Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd.</p> <p>Independent Director : Powertech Technology Inc.</p>
Director	Representative of Binpal Investment Co., Ltd.: Wen-Being Hsu	<p>Chairman : Binpal Investment Co., Ltd.</p>
Director	Kinpo Electronics, Inc.	<p>Director : AcBel Polytech Inc., CastleNet Technology Inc., Teleport Access Services, Inc., Crownpo Technology Inc., iHELPER Inc., Cal-Comp Big Data, Inc., XYZprinting, Inc., Norm Pacific Automation Corp., Kinpo Group Management Consultant Company, Cal-Comp Asset Management, Inc., Jipo Investment Inc., PK Venture Capital Corp., Prudence Venture Investment Corp., NTNU Innovation Investment Holding Company</p> <p>Supervisor : Cal-Comp Biotech Co., Ltd., Jipo Investment Inc.</p>

Title	Name	Selected Current Positions
	Representative of Kinpo Electronics Inc.: Chieh-Li Hsu	<p>Chairman : AcBel Electronic(Dong Guan) Co., Ltd., AcBel Electronic (Wuhan) Co., Ltd., Acbel Polytech (Philippines) Inc.</p> <p>Vice Chairman : Cal-Comp Electronics(Thailand) Public Company Limited</p> <p>Director : Kinpo Electronics, Inc., AcBel Polytech Inc., CastleNet Technology Inc., The Eslite Spectrum Corporation, PChome Online Inc., ARCE Therapeutics, Inc., Raypal Biomedical Co., Ltd., AcBel Telecom Inc., Cal-Comp Big Data, Inc., Sunny Go Solar Co., Ltd., Daytime Solar Energy Co., Ltd. , AcRay Energy Co., Ltd., AcTek Energy Co., Ltd., Ray-Kwong Medical Management Consulting Co., Ltd., LIZ Electronics (Nantong) Co., Ltd., Acbel (USA) Polytech Inc., Acbel Polytech (Ireland) Limited, AcBel Polytech (SAMOA) Investment Inc., Acbel Polytech (Singapore) Pte Ltd., Acbel Polytech (UK) Limited, Acbel Polytech Holdings Inc., AcBel Polytech International Inc., AcBel Polytech Japan Inc., CK Holdings Inc., CSA Holdings Inc., EPI Technology Venture Pte. Ltd., Evercomm Singapore Pte. Ltd., Power Station Holdings Ltd.</p> <p>Supervisor : Teleport Access Services, Inc., Kinpo Group Management Consultant Company, Full Power Investment Co., Ltd.</p> <p>Independent Director : Winbond Electronics Corporation, Nuvoton Technology Corporation</p> <p>President : AcBel Polytech Inc., Acbel (USA) Polytech Inc., Acbel Polytech (Philippines) Inc.</p>
Director	Charng-Chyi Ko	<p>Chairman : Taiwan Biotech Co., Ltd., All For Health Biotech Co., Ltd., Evergene Biotech Industrial Co., Ltd., Weck Tech Biotech Co., Ltd., Global BioParma LTD., Genhealth Pharma Co., Ltd., Taiwan Veterans Pharmaceutical Co., Ltd., Aseptic Innovative Medicine Co., Ltd. , Young & Health Care Resorts Inc., Taiwan Venture Capital Co., Ltd., Long Yee Investment Co. Ltd., Yinfeng International, Inc., Taiwan Chariston AMC Corp., Ltd, Twin Luck Global Company Ltd.</p> <p>Director : Kinpo Electronics, Inc., Baotek Industrial Materials Ltd., Formosan Union Chemical Corp., Chang Yao Technology Inc., OmniHealth Group, Inc., All Information Inc., Spiregene Biotech Co., Ltd., Taiwan Carefor Home Pharmacy Co., Ltd., Minsheng Medical Holding Inc., Gold Precision Ltd., KKXC Intergrated Management Holding (CYPRUS) Ltd., Optics Lab Inc., Syn Pharm Inc.</p> <p>Supervisor : Teleport Access Services, Inc., Sunny Special Dyeing & Finishing Co., Ltd.</p>
Director	Sheng-Chieh Hsu	<p>Chairman : Integrate Investment Corp.</p> <p>Director : Kinpo Electronics, Inc., Cal-Comp Electronics(Thailand) Public Company Limited, Cal-Comp Electronics And communications Co., Ltd., Jipo Investment Inc., Kinpo Electronics (China) Co., Ltd., Dongguan Kaipu Electronics Co., Ltd., Kinpo International Ltd.</p>
Director	Yen-Chia Chou	<p>Chairman : Sceptre Industry Co., Ltd., Mega Industry Co., Ltd.</p> <p>Director : Kinpo Electronics, Inc., Micro Metal Electronics Co., Ltd.</p> <p>Supervisor : Full Power Investment Co., Ltd.</p>

Title	Name	Selected Current Positions
		President : Sceptre Industry Co.,Ltd.
Director	Chung-Pin Wong	Chairman : Compal Broadband Networks, Inc., Starmems Semiconductor Corp., HippoScreen Neurotech Corp., Wah Yuen Technology Holding Ltd. Director : Arcadyan Technology Corporation, Mactech Co., Ltd., Infinno Technology Corp., General Life Biotechnology Co., Ltd., ARCE Therapeutics, Inc., Aco Smartcare Co.,Ltd., Raypal Biomedical Co., Ltd., Kinpo Group Management Consultant Company, Compal Connector Manufacture Ltd., Sirqul Inc. Supervisor : Hong Ya Technology Corporation
Director	Chiung-Chi Hsu	Chairman : Full Power Investment Co., Ltd. Director : E-Bow Bearing Co., Ltd., Juan Hsin Bao Hardware co., Ltd.
Director	Ming-Chih Chang	Director : Mactech Co., Ltd.
Director	Sheng-Hua Peng	Director : Arcadyan Technology Corporation Supervisor : General Life Biotechnology Co., Ltd.
Independent Director	Min Chih Hsuan	Chairman : Clientron Corp., Taiwan Memory Company, Fusionvax, Inc., TC-1 Culture Fund, Vital First Investment Corporation, Maxima Ventures II, Inc. Director : General Biologicals Corporation, SIPP, Inc., Meridigen Biotech Co., Ltd., Elevant Biopharma Co., Ltd., Tonghua United Capsules Co., Ltd. , Allied Focus Holding Corporation (Seychelles), Angeluca Science Ltd. (Republic of Seychelles), Bohe Biopharma Global corporation (Cayman), Moral Express Holding Corporation (Seychelles), Orilitia Biopharma Limited (Hokg Kong), Pacgen Biopharmaceuticals Corporation (Canada) Supervisor : Meribank Biotech Co., Ltd.
Independent Director	Duei Tsai	Independent Director : Taiwan High Speed Rail Corporation, TTY Biopharm Company Ltd.
Independent Director	Wen-Chung Shen	Chairman : Hetuo Investment Co., Ltd.

Special Motion(s)

Special Motion(s)

Attachments

Attachment 1

Business Report for the Year 2020

As a result of the ongoing COVID-19 pandemic and rising tension in international trade, the macro environment in 2020 was harsh. Despite the diverse challenges that industrial uncertainties brought to enterprises, we believe that “the worse moment is also the golden era, and we are the ordinary people in an extraordinary time,” and our preparedness for the challenges and turning situations into opportunities matters. With customer trust and all employees and partners' concert efforts, Compal successfully made a new milestone in 2020 against the unstable macro environment, with financial achievements reaching a new high over the past nine years, smart manufacturing efficiency continually rising, and business making new progress. Hence, we are presenting to you our financial and operational achievements in 2020 and business outlook for 2021 as follows:

Financial Performance

In 2020, our consolidated revenue increased by 7% over 2019 to NT\$1,048,929 million, and the total shipping volume of 5C-related electronic products also increased by 14% and 13 million units over 2019 to 105 million units. Despite the impact of COVID-19 in 1Q20, when both revenue and profit reduced sharply due to supply chain disruption, through the quick and flexible response, we made further progress in both management and manufacturing efficiency. After resuming operation, stability regained and procurement capability enhanced, allowing us to increase profit each quarter and eventually achieve a consolidated operating profit of NT\$11,493 million and a net operating profit margin of 1.1%, with the amount increased by 9% over 2019. Although the foreign exchange rate trend was unfavorable to exporters, thanks to the advanced response and effective hedging, the non-operating profit also increased significantly over 2019. Hence, the consolidated net income attributed to the parent increased by 35% over 2019 to NT\$9,362 million, with an EPS amounting to NT\$2.15.

Business Development and Smart Manufacturing

Thanks to the rising demand for work from home, distance learning, and distance entertainment as a result of the COVID-19 pandemic, and alongside the efforts in customer development and technical capacity in platform development over the years, we could quickly grasp the opportunity of the growth in NB PCs in 2020. We also made further resource investment in technology innovation to develop more hardware and software solutions, create differences with competitors, and provide customers with higher value services.

Although the global consumer market was weakened in 2020, we could still make some decent progress in the business diversification. For example, the shipping volume of servers and smartphones grew more than double in 2020. In addition, we also officially opened our 5G

laboratory to make proactively deployment the solutions for four major sectors: industry, agriculture, healthcare, and e-sports/entertainment through the mass production of 5G modules, terminal devices, and small cells to the development of dedicated 5G enterprise network. In addition, after seven years of effort, our smart medical and healthcare deployment has become better and fuller. Currently, the deployment has covered seven categories: medical IoT solutions, immunotherapy solutions, AI-assisted healthcare, hospital software systems, chronic disease care, personal health management, and long-term care. Overall, the non-NB PCs' sales already contributed up to 35% of the 2020 revenue, one percent more than in 2019.

In smart manufacturing, our efforts in lean programs and production automation projects in recent years have gradually borne fruit. Besides reducing manufacturing costs, we can quickly respond to the rapidly changing macro environment and customer demands, further boosting the efficiency in both management and operations. In manufacturing diversification, the mass production of many products has smoothly activated as scheduled in Vietnam and Taiwan. We will continue with capacity diversification to provide customers with more options in production bases and further invest digitization to enhance overall corporate competitiveness.

Innovation and Sustainability

While pursuing business growth, Compal will never forget its business philosophy of “innovation, harmony, surpassing”, to invest in technology innovation and pursue sustainable business development of the company. To pour innovative thinking in Compal’s DNA, internally, every year we encourage employees to make innovation proposals, present the “Innovation Award”, and listen to and incorporate the creativity and recommendations of employees in order to create a win-win situation for both the company and employees; and externally, we actively participate in international ratings. In 2020, our efforts were recognized again by many awards from the German “iF Design Award”, and our ranking in global business innovation competitiveness also rose to the world’s 11th.

Facing the environmental impacts of climate change, we proactively engage in green product design and plant energy conservation. When the COVID-19 pandemic broke out, we immediately formed an epidemic response team to reduce the risk of operations and strengthen care for employees. Our emphasis on the environmental, social, and governance (ESG) earned us a Platinum Award in the Corporate Sustainability Report Awards from the 2020 Taiwan Corporate Sustainability Awards (TCSA). In addition, in the 2020 Corporate Governance Evaluation of the Taiwan Stock Exchange (TWSE), we were again ranked among the top 6-20% public companies in Taiwan. Furthermore, we were selected as a constituent of both the FTSE4GOOD Index and FTSE4GOOD TIP Taiwan ESG Index for years, marking the long-term recognition of Compal’s sustainable investment value by intuitional investors.

Business Outlook

Looking ahead to 2021, despite the continued dominance of uncertainties in the global

economic and industrial changes, we will hope that the macro environment can progressively recover from the pandemic to regain stable development. Many industrial research institutions have predicted that the demand for electronic products will increase in 2021 compared to 2020. By grasping the trend with our steady foundation developed over the years, we will stay cautiously optimistic to the business development in 2021 and expect the continuous growth based on the 2020 achievements. Among them, the 5G, auto electronics, and smart medical and healthcare will be the key focus of Compal's mid- to long-term development in the future, which will be the main driver to Compal's non-NB PCs sales contribution to achieve the goal of 40%.

In addition to the topline growth, we will emphasize more on profit growth through the implementation of various management measures and continuous engagement in automation and digitization achieved by teamwork and execution of all employees. Increase the company's economic value is the ultimate goal, meanwhile, we will also fulfill our social responsibility as a global corporate citizen to address the expectation on Compal stakeholders, including shareholders, customers, and business partners.

Once again, here we sincerely appreciate your long-term support and encouragement for Compal. Lastly, we wish you a peaceful and prosperous year ahead.

Sincerely,

Chairman of the Board: Sheng-Hsiung Hsu

President and Chief Executive Officer: Chung-Pin Wong

Accounting Officer: Cheng- Chiang Wang

Attachment 2

Independent Auditors' Report

To Compal Electronics, Inc.:

Opinion

We have audited the financial statements of COMPAL ELECTRONICS, INC. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended December 31, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Account receivable valuation

Please refer to Note (4)(f) for the accounting policy of accounts receivable. Information of account receivable valuation are shown in Note (6)(d) of the financial statements.

Description of key audit matters:

The Company is subject to great influence of given the challenging industry climate and also devotes to develop new product lines and new customers, and the credit risks of these customers are higher than other world leading enterprises. Therefore, valuation of accounts receivable has been identified as a key audit matter.

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

In order to evaluate the reasonableness of the Company's estimations for bad debts, our key audit procedures included reviewing if the measurement of impairment loss of accounts receivable is accordance with accounting policy, examining the historical recovery records, analyzing the aging of accounts receivable, and the current credit status of customers, as well as inspecting the amount collected in the subsequent period.

2. Inventory valuation

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

Description of key audit matters:

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

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

In order to verify the rationality of assessment of inventory valuation estimated by the Company, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Company's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management' s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company' s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor' s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor' s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor' s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Yiu-Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Independent Auditors' Report

To Compal Electronics, Inc.:

Opinion

We have audited the consolidated financial statements of COMPAL ELECTRONICS, INC. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2020 and 2019, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Account receivable valuation

Please refer to Note (4)(g) for the accounting policy of accounts receivable. Information of account receivable valuation are shown in Note (6)(e) of the consolidated financial statements.

Description of key audit matters:

The Group is subject to great influence of given the challenging industry climate and also devotes to develop new product lines and new customers, and the credit risks of these customers are higher than other world leading enterprises. Therefore, valuation of accounts receivable has been identified as a key audit matter.

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

In order to evaluate the reasonableness of the Group's estimations for bad debts, our key audit procedures included reviewing if the measurement of impairment loss of accounts receivable is accordance with accounting policy, examining the historical recovery records, analyzing the aging of accounts receivable, and the current credit status of customers, as well as inspecting the amount collected in the subsequent period.

2. Inventory valuation

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

Description of key audit matters:

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

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

In order to verify the rationality of assessment of inventory valuation estimated by the Group, our key audit procedures included reviewing the consistency of prior year and accounting policy, inspecting the Group's inventory aging reports, analyzing the change of inventory aging, as well as verifying the inventory aging reports and the calculation of lower of cost or net realizable value.

Other Matter

Compal Electronics Inc, has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Yiu-Kwan Au.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

Attachment 3

Audit Committee's Review Report

The Company's 2020 financial statements, business report and proposal for distribution of earnings have been approved by the Audit Committee and by the Board of Directors. Szu-Chuan Chien and Yiu-Kwan Au, certified public accountants of KPMG, have completed the audit of the 2020 financial statements and issued an audit report relating thereto. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report.

Compal Electronics, Inc.

Chairman of the Audit Committee:



March 26, 2021

Attachment 4

(English Translation of Financial Report Originally Issued in Chinese)

COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019			December 31, 2020		December 31, 2019	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:									
1100 Cash and cash equivalents	\$ 7,666,366	2.0	13,459,969	4.0	2100 Short-term borrowings	\$ 55,991,680	14.4	39,363,800	11.7
1110 Current financial assets at fair value through profit or loss	-	-	149,888	-	2130 Current contract liabilities	828,978	0.2	877,822	0.3
1170 Notes and accounts receivable, net	218,292,177	56.1	176,967,731	52.4	2170 Notes and accounts payable	100,825,221	25.9	74,138,921	21.9
1180 Notes and accounts receivable due from related parties, net	11,127,880	2.9	1,052,131	0.3	2180 Notes and accounts payable to related parties	87,802,452	22.6	74,925,238	22.2
1200 Other receivables, net	2,846,497	0.7	3,110,607	0.9	2200 Other payables	9,229,539	2.4	9,390,399	2.8
1310 Inventories	55,792,348	14.3	50,048,069	14.9	2230 Current tax liabilities	2,786,226	0.7	2,107,283	0.6
1470 Other current assets	<u>657,805</u>	<u>0.2</u>	<u>734,434</u>	<u>0.2</u>	2280 Current lease liabilities	202,113	-	387,499	0.1
	<u>296,383,073</u>	<u>76.2</u>	<u>245,522,829</u>	<u>72.7</u>	2300 Other current liabilities	690,513	0.2	348,480	0.1
Non-current assets:					2365 Current refund liabilities	1,253,890	0.3	1,182,501	0.4
1550 Investments accounted for using equity method	83,957,849	21.6	83,430,169	24.7	2322 Long-term borrowings, current portion	<u>8,855,440</u>	<u>2.3</u>	<u>18,150,000</u>	<u>5.3</u>
1510 Non-current financial assets at fair value through profit or loss	158,769	-	71,097	-		<u>268,466,052</u>	<u>69.0</u>	<u>220,871,943</u>	<u>65.4</u>
1517 Non-current financial assets at fair value through other comprehensive income	2,881,121	0.8	3,019,393	0.9	Non-Current liabilities:				
1600 Property, plant and equipment	2,604,893	0.7	2,620,638	0.8	2540 Long-term borrowings	10,250,000	2.6	7,500,000	2.2
1755 Right-of-use assets	1,290,125	0.3	1,387,615	0.4	2570 Deferred tax liabilities	829,757	0.2	893,232	0.3
1780 Intangible assets	436,548	0.1	438,334	0.1	2580 Non-current lease liabilities	1,096,415	0.3	1,010,933	0.3
1840 Deferred tax assets	1,102,654	0.3	1,166,808	0.4	2640 Non-current net defined benefit liability	687,054	0.2	643,253	0.2
1990 Other non-current assets	<u>136,119</u>	<u>-</u>	<u>126,605</u>	<u>-</u>	2670 Non-current liabilities, others	<u>789,368</u>	<u>0.2</u>	<u>891,494</u>	<u>0.2</u>
	<u>92,568,078</u>	<u>23.8</u>	<u>92,260,659</u>	<u>27.3</u>		<u>13,652,594</u>	<u>3.5</u>	<u>10,938,912</u>	<u>3.2</u>
					Total liabilities	<u>282,118,646</u>	<u>72.5</u>	<u>231,810,855</u>	<u>68.6</u>
					Equity:				
				3110 Ordinary share	44,071,466	11.3	44,071,466	13.1	
				3200 Capital surplus	8,342,813	2.1	9,159,259	2.7	
				3300 Retained earnings	62,566,181	16.1	57,726,604	17.1	
				3400 Other equity interest	(7,266,708)	(1.8)	(4,103,449)	(1.2)	
				3500 Treasury shares	<u>(881,247)</u>	<u>(0.2)</u>	<u>(881,247)</u>	<u>(0.3)</u>	
				Total equity	<u>106,832,505</u>	<u>27.5</u>	<u>105,972,633</u>	<u>31.4</u>	
Total assets	<u>\$ 388,951,151</u>	<u>100.0</u>	<u>337,783,488</u>	<u>100.0</u>	Total liabilities and equity	<u>\$ 388,951,151</u>	<u>100.0</u>	<u>337,783,488</u>	<u>100.0</u>

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Net sales revenue	\$ 991,279,270	100.0	916,280,028	100.0
5000 Cost of sales	968,054,585	97.7	891,431,772	97.3
Gross profit	23,224,685	2.3	24,848,256	2.7
5910 Less: Unrealized profit (loss) from sales	6,641	-	(893)	-
Gross profit	<u>23,218,044</u>	<u>2.3</u>	<u>24,849,149</u>	<u>2.7</u>
Operating expenses:				
6100 Selling expenses	3,705,829	0.4	3,532,483	0.4
6200 Administrative expenses	2,262,855	0.2	2,318,452	0.3
6300 Research and development expenses	11,169,634	1.1	10,461,262	1.1
	<u>17,138,318</u>	<u>1.7</u>	<u>16,312,197</u>	<u>1.8</u>
Net operating income	<u>6,079,726</u>	<u>0.6</u>	<u>8,536,952</u>	<u>0.9</u>
Non-operating income and expenses:				
7100 Interest income	126,882	-	184,607	-
7020 Other gains and losses, net	599,312	0.1	(420,923)	-
7050 Finance costs	(704,218)	(0.1)	(1,969,101)	(0.2)
7190 Other income	358,670	-	469,232	0.1
7370 Share of profit of associates and joint ventures accounted for using equity method	3,966,905	0.4	1,022,912	0.1
Total non-operating income and expenses	<u>4,347,551</u>	<u>0.4</u>	<u>(713,273)</u>	<u>-</u>
7900 Profit from continuing operations before tax	10,427,277	1.0	7,823,679	0.9
7950 Less: Income tax expenses	1,065,384	0.1	867,780	0.1
Profit	<u>9,361,893</u>	<u>0.9</u>	<u>6,955,899</u>	<u>0.8</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(57,224)	-	(32,645)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(116,466)	-	120,897	-
8330 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(14,409)	-	359,147	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2,818)	-	3,056	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(185,281)</u>	<u>-</u>	<u>444,343</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(3,073,441)	(0.3)	(1,620,812)	(0.2)
8380 Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(19,629)	-	(322,922)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>(3,093,070)</u>	<u>(0.3)</u>	<u>(1,943,734)</u>	<u>(0.2)</u>
8300 Other comprehensive income	<u>(3,278,351)</u>	<u>(0.3)</u>	<u>(1,499,391)</u>	<u>(0.2)</u>
8500 Total comprehensive income	<u>\$ 6,083,542</u>	<u>0.6</u>	<u>5,456,508</u>	<u>0.6</u>
Earnings per share				
9750 Basic earnings per share	<u>\$ 2.15</u>		<u>1.60</u>	
9850 Diluted earnings per share	<u>\$ 2.12</u>		<u>1.58</u>	

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC.
Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total other equity interest					Treasury shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through income	Others	Total other equity interest		
Balance at January 1, 2019	\$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	(7,459,388)	(881,247)	105,723,646
Profit for the year ended December 31, 2019	-	-	-	-	6,955,899	6,955,899	-	-	-	-	-	6,955,899
Other comprehensive income	-	-	-	-	(30,420)	(30,420)	(1,942,028)	474,763	(1,706)	(1,468,971)	-	(1,499,391)
Total comprehensive income	-	-	-	-	6,925,479	6,925,479	(1,942,028)	474,763	(1,706)	(1,468,971)	-	5,456,508
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	891,336	-	(891,336)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(1,363,317)	1,363,317	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	43,473	-	-	-	-	-	-	-	-	-	43,473
Changes in equity of associates and joint ventures accounted for using equity method	-	4,760	-	-	(27,199)	(27,199)	-	-	-	-	-	(22,439)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(4,824,910)	(4,824,910)	-	4,824,910	-	4,824,910	-	-
Balance at December 31, 2019	44,071,466	9,159,259	19,719,150	7,467,831	30,539,623	57,726,604	(3,794,980)	(306,763)	(1,706)	(4,103,449)	(881,247)	105,972,633
Profit for the year ended December 31, 2020	-	-	-	-	9,361,893	9,361,893	-	-	-	-	-	9,361,893
Other comprehensive income	-	-	-	-	(48,219)	(48,219)	(3,093,997)	(137,062)	927	(3,230,132)	-	(3,278,351)
Total comprehensive income	-	-	-	-	9,313,674	9,313,674	(3,093,997)	(137,062)	927	(3,230,132)	-	6,083,542
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	695,590	-	(695,590)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(3,366,088)	3,366,088	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)
Changes in ownership interests in subsidiaries	-	1,735	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,735
Changes in equity of associates and joint ventures accounted for using equity method	-	2,228	-	-	(9,055)	(9,055)	-	8,978	-	8,978	-	2,151
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021
Others	-	999	-	-	-	-	-	-	-	-	-	999
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(24,844)	(24,844)	-	24,844	-	24,844	-	-
Balance at December 31, 2020	\$ 44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 10,427,277	7,823,679
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	1,223,436	1,017,058
Increase in expected credit loss	604	1,537
Net gain on financial assets or liabilities at fair value through profit or loss	(10,997)	(14,195)
Finance cost	704,218	1,969,101
Interest income	(126,882)	(184,607)
Dividend income	(56,780)	(71,778)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(3,966,905)	(1,022,912)
Gain on disposal of investments	(3,914)	(8,990)
Others	(73)	(48)
Total adjustments to reconcile profit (loss)	<u>(2,237,293)</u>	<u>1,685,166</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	149,888	(149,888)
Decrease (increase) in notes and accounts receivable	(51,400,799)	12,793,425
Decrease (increase) in other receivables	324,137	(316,517)
Decrease (increase) in inventories	(5,744,279)	1,469,090
Decrease (increase) in other current assets	77,370	(193,407)
Total changes in operating assets	<u>(56,593,683)</u>	<u>13,602,703</u>
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	39,563,514	(6,363,500)
Increase (decrease) in other payables	(130,987)	1,176,316
Increase (decrease) in refund liabilities	71,389	(297,945)
Increase (decrease) in contract liabilities	(48,844)	(527,630)
Increase (decrease) in other current liabilities	342,033	(238,828)
Others	(6,783)	(11,365)
Total changes in operating liabilities	<u>39,790,322</u>	<u>(6,262,952)</u>
Total changes in operating assets and liabilities	<u>(16,803,361)</u>	<u>7,339,751</u>
Total adjustments	<u>(19,040,654)</u>	<u>9,024,917</u>
Cash inflow (outflow) generated from operations	(8,613,377)	16,848,596
Interest received	128,708	231,795
Dividends received	767,756	536,175
Interest paid	(733,092)	(2,147,529)
Income taxes paid	(382,944)	(450,537)
Net cash flows from (used in) operating activities	<u>(8,832,949)</u>	<u>15,018,500</u>
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	-	350,000
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(84,253)	(74,992)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	25,156	1,152,409
Acquisition of investments accounted for using equity method	(515,113)	(341,107)
Proceeds from disposal of investments accounted for using equity method	8,306	18,034
Proceeds from capital reduction of investments	4,228	22,426
Acquisition of property, plant and equipment	(551,684)	(761,929)
Increase in other receivables due from related parties	161,040	(1,587,080)
Acquisition of intangible assets	(368,736)	(384,816)
Others	36,751	(6,244)
Net cash flows from (used in) investing activities	<u>(1,284,305)</u>	<u>(1,613,299)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	16,627,880	(11,941,882)
Proceeds from long-term borrowings	61,349,200	66,503,625
Repayments of long-term borrowings	(67,893,760)	(69,249,875)
Payment of lease liabilities	(471,093)	(414,856)
Cash dividends paid	(5,288,576)	(5,288,576)
Others	-	(46)
Net cash flows from (used in) financing activities	<u>4,323,651</u>	<u>(20,391,610)</u>
Net increase (decrease) in cash and cash equivalents	<u>(5,793,603)</u>	<u>(6,986,409)</u>
Cash and cash equivalents at beginning of period	<u>13,459,969</u>	<u>20,446,378</u>
Cash and cash equivalents at end of period	<u>\$ 7,666,366</u>	<u>13,459,969</u>

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019			December 31, 2020		December 31, 2019	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
Current assets:					Current liabilities:				
1100 Cash and cash equivalents	\$ 89,126,923	19.1	66,559,397	17.4	2100 Short-term borrowings	\$ 92,838,733	19.9	60,951,844	15.9
1110 Current financial assets at fair value through profit or loss	2,245,254	0.5	1,346,379	0.4	2120 Current financial liabilities at fair value through profit or loss	136,617	-	5,854	-
1135 Current financial assets for hedging	-	-	61	-	2125 Current financial liabilities for hedging	2,192	-	4,932	-
1170 Notes and accounts receivable, net	231,830,964	49.7	191,692,152	50.1	2130 Current contract liabilities	820,016	0.2	956,455	0.2
1180 Notes and accounts receivable due from related parties, net	378,934	0.1	44,512	-	2170 Notes and accounts payable	196,837,439	42.2	142,940,869	37.4
1200 Other receivables, net	1,628,657	0.3	2,006,113	0.5	2180 Notes and accounts payable to related parties	2,888,624	0.6	1,504,908	0.4
1310 Inventories	96,151,959	20.6	78,433,538	20.5	2200 Other payables	23,397,683	5.0	21,916,685	5.7
1470 Other current assets	3,097,944	0.6	3,072,661	0.8	2230 Current tax liabilities	5,378,651	1.2	4,428,716	1.2
	<u>424,460,635</u>	<u>90.9</u>	<u>343,154,813</u>	<u>89.7</u>	2250 Current provisions	870,050	0.2	830,757	0.2
Non-current assets:					2280 Current lease liabilities	377,161	0.1	717,021	0.1
1550 Investments accounted for using equity method	7,949,925	1.7	7,319,086	1.9	2300 Other current liabilities	1,470,466	0.3	1,990,243	0.5
1510 Non-current financial assets at fair value through profit or loss	201,608	0.1	115,359	-	2365 Current refund liabilities	1,574,469	0.3	1,382,374	0.4
1517 Non-current financial assets at fair value through other comprehensive income	4,817,011	1.0	4,928,053	1.3	2322 Long-term borrowings, current portion	8,932,615	1.9	18,189,375	4.8
1600 Property, plant and equipment	22,085,340	4.7	19,972,347	5.2		<u>335,524,716</u>	<u>71.9</u>	<u>255,820,033</u>	<u>66.8</u>
1755 Right-of-use assets	3,496,952	0.8	3,350,172	0.9	Non-Current liabilities:				
1780 Intangible assets	1,506,101	0.3	1,553,342	0.4	2530 Bonds payable	980,219	0.2	966,492	0.3
1840 Deferred tax assets	1,514,208	0.3	1,637,626	0.4	2540 Long-term borrowings	10,401,738	2.2	7,559,063	2.0
1990 Other non-current assets	893,918	0.2	617,621	0.2	2570 Deferred tax liabilities	992,470	0.2	1,009,218	0.3
	<u>42,465,063</u>	<u>9.1</u>	<u>39,493,606</u>	<u>10.3</u>	2580 Non-current lease liabilities	1,910,601	0.4	1,550,067	0.4
					2640 Non-current net defined benefit liability	786,173	0.2	738,164	0.2
					2670 Non-current liabilities, others	340,131	0.1	246,038	-
						<u>15,411,332</u>	<u>3.3</u>	<u>12,069,042</u>	<u>3.2</u>
						<u>350,936,048</u>	<u>75.2</u>	<u>267,889,075</u>	<u>70.0</u>
					Total liabilities				
					Equity:				
					Equity attributable to owners of parent:				
					3110 Ordinary share	44,071,466	9.4	44,071,466	11.5
					3200 Capital surplus	8,342,813	1.8	9,159,259	2.4
					3300 Retained earnings	62,566,181	13.4	57,726,604	15.1
					3400 Other equity interest	(7,266,708)	(1.6)	(4,103,449)	(1.1)
					3500 Treasury shares	(881,247)	(0.2)	(881,247)	(0.2)
						<u>106,832,505</u>	<u>22.8</u>	<u>105,972,633</u>	<u>27.7</u>
					36XX Non-controlling interests	9,157,145	2.0	8,786,711	2.3
					Total equity	<u>115,989,650</u>	<u>24.8</u>	<u>114,759,344</u>	<u>30.0</u>
Total assets	\$ 466,925,698	100.0	382,648,419	100.0	Total liabilities and equity	\$ 466,925,698	100.0	382,648,419	100.0

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4000 Net sales revenue	\$ 1,048,929,251	100.0	980,442,346	100.0
5000 Cost of sales	<u>1,013,470,729</u>	<u>96.6</u>	<u>946,533,518</u>	<u>96.5</u>
Gross profit	<u>35,458,522</u>	<u>3.4</u>	<u>33,908,828</u>	<u>3.5</u>
Operating expenses:				
6100 Selling expenses	4,604,361	0.4	4,961,131	0.5
6200 Administrative expenses	4,198,621	0.4	4,204,536	0.4
6300 Research and development expenses	<u>15,162,995</u>	<u>1.5</u>	<u>14,156,793</u>	<u>1.5</u>
Net operating income	<u>23,965,977</u>	<u>2.3</u>	<u>23,322,460</u>	<u>2.4</u>
11,492,545	<u>1.1</u>	<u>10,586,368</u>	<u>1.1</u>	
Non-operating income and expenses:				
7100 Interest income	1,636,257	0.2	1,664,803	0.2
7020 Other gains and losses, net	261,043	-	(166,133)	-
7050 Finance costs	(1,149,215)	(0.1)	(2,725,564)	(0.3)
7190 Other income	493,920	0.1	486,554	-
7590 Miscellaneous disbursements	(47,491)	-	(35,160)	-
7770 Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>435,657</u>	<u>-</u>	<u>197,008</u>	<u>-</u>
Total non-operating income and expenses	<u>1,630,171</u>	<u>0.2</u>	<u>(578,492)</u>	<u>(0.1)</u>
7900 Profit from continuing operations before tax	13,122,716	1.3	10,007,876	1.0
7950 Less: Income tax expenses	<u>2,713,204</u>	<u>0.3</u>	<u>2,112,157</u>	<u>0.2</u>
Profit	<u>10,409,512</u>	<u>1.0</u>	<u>7,895,719</u>	<u>0.8</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(65,862)	-	(40,786)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(78,590)	-	407,276	-
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	(54,128)	-	109,246	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>2,632</u>	<u>-</u>	<u>35,847</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(201,212)</u>	<u>-</u>	<u>439,889</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(3,323,038)	(0.3)	(1,711,990)	(0.2)
8368 Gains (losses) on hedging instrument	2,679	-	(4,871)	-
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	161,498	-	(268,686)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(18,727)	-	(10,678)	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>(3,140,134)</u>	<u>(0.3)</u>	<u>(1,974,869)</u>	<u>(0.2)</u>
8300 Other comprehensive income	<u>(3,341,346)</u>	<u>(0.3)</u>	<u>(1,534,980)</u>	<u>(0.2)</u>
8500 Total comprehensive income	<u>\$ 7,068,166</u>	<u>0.7</u>	<u>6,360,739</u>	<u>0.6</u>
Profit, attributable to:				
8610 Profit, attributable to owners of parent	\$ 9,361,893	0.9	6,955,899	0.7
8620 Profit, attributable to non-controlling interests	<u>1,047,619</u>	<u>0.1</u>	<u>939,820</u>	<u>0.1</u>
	<u>\$ 10,409,512</u>	<u>1.0</u>	<u>7,895,719</u>	<u>0.8</u>
Comprehensive income attributable to:				
8710 Comprehensive income (loss), attributable to owners of parent	\$ 6,083,542	0.6	5,456,508	0.5
8720 Comprehensive income (loss), attributable to non-controlling interests	<u>984,624</u>	<u>0.1</u>	<u>904,231</u>	<u>0.1</u>
	<u>\$ 7,068,166</u>	<u>0.7</u>	<u>6,360,739</u>	<u>0.6</u>
Earnings per share				
9750 Basic earnings per share	<u>\$ 2.15</u>		<u>1.60</u>	
9850 Diluted earnings per share	<u>\$ 2.12</u>		<u>1.58</u>	

See accompanying notes to financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent														
	Retained earnings						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				
Balance at January 1, 2019	\$ 44,071,466	9,932,434	18,827,814	8,831,148	32,401,419	60,060,381	(1,852,952)	(5,606,436)	-	(7,459,388)	(881,247)	105,723,646	7,438,202	113,161,848	
Profit for the year ended December 31, 2019	-	-	-	-	6,955,899	6,955,899	-	-	-	-	-	6,955,899	939,820	7,895,719	
Other comprehensive income	-	-	-	-	(30,420)	(30,420)	(1,942,028)	474,763	(1,706)	(1,468,971)	-	(1,499,391)	(35,589)	(1,534,980)	
Total comprehensive income	-	-	-	-	6,925,479	6,925,479	(1,942,028)	474,763	(1,706)	(1,468,971)	-	5,456,508	904,231	6,360,739	
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	891,336	-	(891,336)	-	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	(1,363,317)	1,363,317	-	-	-	-	-	-	-	-	-	
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	-	43,473	-	-	-	-	-	-	-	-	-	43,473	-	43,473	
Changes in equity of associates and joint ventures accounted for using equity method	-	4,760	-	-	(27,199)	(27,199)	-	-	-	-	-	(22,439)	-	(22,439)	
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(4,824,910)	(4,824,910)	-	4,824,910	-	4,824,910	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	444,278	444,278	
Balance at December 31, 2019	44,071,466	9,159,259	19,719,150	7,467,831	30,539,623	57,726,604	(3,794,980)	(306,763)	(1,706)	(4,103,449)	(881,247)	105,972,633	8,786,711	114,759,344	
Profit for the year ended December 31, 2020	-	-	-	-	9,361,893	9,361,893	-	-	-	-	-	9,361,893	1,047,619	10,409,512	
Other comprehensive income	-	-	-	-	(48,219)	(48,219)	(3,093,997)	(137,062)	927	(3,230,132)	-	(3,278,351)	(62,995)	(3,341,346)	
Total comprehensive income	-	-	-	-	9,313,674	9,313,674	(3,093,997)	(137,062)	927	(3,230,132)	-	6,083,542	984,624	7,068,166	
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	695,590	-	(695,590)	-	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	(3,366,088)	3,366,088	-	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(4,407,147)	(4,407,147)	-	-	-	-	-	(4,407,147)	-	(4,407,147)	
Cash dividends from capital surplus	-	(881,429)	-	-	-	-	-	-	-	-	-	(881,429)	-	(881,429)	
Changes in ownership interests in subsidiaries	-	1,735	-	-	(33,051)	(33,051)	-	33,051	-	33,051	-	1,735	-	1,735	
Changes in equity of associates and joint ventures accounted for using equity method	-	2,228	-	-	(9,055)	(9,055)	-	8,978	-	8,978	-	2,151	-	2,151	
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	60,021	-	-	-	-	-	-	-	-	-	60,021	-	60,021	
Others	-	999	-	-	-	-	-	-	-	-	-	999	-	999	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(24,844)	(24,844)	-	24,844	-	24,844	-	-	-	-	
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(614,190)	(614,190)	
Balance at December 31, 2020	\$ 44,071,466	8,342,813	20,414,740	4,101,743	38,049,698	62,566,181	(6,888,977)	(376,952)	(779)	(7,266,708)	(881,247)	106,832,505	9,157,145	115,989,650	

See accompanying notes to consolidated financial statements.

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

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 13,122,716	10,007,876
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	6,192,985	6,419,421
Increase (decrease) in expected credit loss	(17,314)	(10,355)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(9,575)	(24,217)
Finance cost	1,149,215	2,725,564
Interest income	(1,636,257)	(1,664,803)
Dividend income	(108,996)	(127,349)
Compensation cost of share-based payments	72,507	125,281
Share of loss (profit) of associates and joint ventures accounted for using equity method	(435,657)	(197,008)
Gain on disposal of property, plant and equipment	(25,499)	(40,245)
Gain on disposal of investments	(29,757)	(66,837)
Others	-	16,668
Total adjustments to reconcile profit (loss)	<u>5,151,652</u>	<u>7,156,120</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(898,874)	2,630,896
Decrease (increase) in notes and accounts receivable	(40,455,446)	12,043,387
Decrease (increase) in other receivables	521,393	(571,592)
Decrease (increase) in inventories	(17,718,421)	715,384
Decrease (increase) in other current assets	(25,283)	(174,770)
Decrease (increase) in other non-current assets	16,537	(66,117)
Total changes in operating assets	<u>(58,560,094)</u>	<u>14,577,188</u>
Changes in operating liabilities:		
Increase (decrease) in financial liabilities at fair value through profit or loss	130,763	(21,059)
Increase (decrease) in notes and accounts payable	55,280,286	(9,831,480)
Increase (decrease) in other payables	666,404	2,735,002
Increase (decrease) in refund liabilities	192,095	(197,458)
Increase (decrease) in provisions	39,293	403,776
Increase (decrease) in contract liabilities	(136,439)	(519,849)
Increase (decrease) in other current liabilities	(519,777)	(991,160)
Others	60,122	6,789
Total changes in operating liabilities	<u>55,712,747</u>	<u>(8,415,439)</u>
Total changes in operating assets and liabilities	<u>(2,847,347)</u>	<u>6,161,749</u>
Total adjustments	<u>2,304,305</u>	<u>13,317,869</u>
Cash inflow generated from operations	15,427,021	23,325,745
Interest received	1,490,940	1,898,096
Dividends received	230,451	266,110
Interest paid	(1,214,506)	(3,112,013)
Income taxes paid	(1,672,465)	(1,456,869)
Net cash flows from (used in) operating activities	<u>14,261,441</u>	<u>20,921,069</u>
Cash flows from (used in) investing activities:		
Redemption from financial assets at amortized cost	-	350,000
Acquisition of financial assets at fair value through profit or loss and through other comprehensive income	(106,044)	(264,261)
Proceeds from disposal of financial assets at fair value through profit or loss and through other comprehensive income	52,105	1,511,226
Acquisition of investments accounted for using equity method	(215,076)	(43,200)
Proceeds from disposal of investments accounted for using equity method	38,952	18,033
Net cash flow from disposal of subsidiaries	-	143,495
Proceeds from capital reduction of investments	6,933	10,120
Acquisition of property, plant and equipment	(6,878,804)	(5,850,532)
Proceeds from disposal of property, plant and equipment	174,054	168,226
Acquisition of intangible assets	(480,424)	(498,402)
Acquisition of right-of-use assets	(317,808)	(281,637)
Others	(186,317)	110,944
Net cash flows from (used in) investing activities	<u>(7,912,429)</u>	<u>(4,625,988)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	31,886,889	(11,398,353)
Proceeds from issuing bonds	-	1,007,240
Proceeds from long-term borrowings	61,553,700	66,462,300
Repayments of long-term borrowings	(67,967,785)	(69,247,925)
Payment of lease liabilities	(846,836)	(832,815)
Cash dividends paid	(5,228,555)	(5,228,555)
Change in non-controlling interests	(688,469)	258,360
Others	92,634	(34,005)
Net cash flows from (used in) financing activities	<u>18,801,578</u>	<u>(19,013,753)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,583,064)</u>	<u>(1,018,476)</u>
Net increase (decrease) in cash and cash equivalents	<u>22,567,526</u>	<u>(3,737,148)</u>
Cash and cash equivalents at beginning of period	<u>66,559,397</u>	<u>70,296,545</u>
Cash and cash equivalents at end of period	<u>\$ 89,126,923</u>	<u>66,559,397</u>

See accompanying notes to consolidated financial statements.

Attachment 5

Compal Electronics, Inc.
Comparison Table Before and After Amendment to the
Regulations for Election of Directors

Before Amendment	After Amendment	Amendment Reason
<p>9. <u>If the candidate is a shareholder of the Company, voters shall fill in the “candidate” column the candidate’s name and shareholder’s number. However, if the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column. If the candidate is not a shareholder, voters shall fill in the “candidate” column the candidate’s name and the candidate’s ID number.</u></p>	(Deleted)	Deleted to meet the requirements of the regulatory authority
<p>10. Ballots shall be deemed void under any of the following conditions: (1) <u>The ballots are not prepared in accordance with these Regulations;</u> (2) <u>The ballots casted are blank;</u> (3) <u>The writing is unclear and illegible or the alteration is made without sealing thereon as required by law;</u> (4) <u>If the candidate is a shareholder of the Company, the name or shareholder’s number of the candidate filled in the ballot is inconsistent with the roster of shareholders. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;</u> (5) <u>The number selected candidates filled in the ballot exceeds the prescribed number of available seats;</u> (6) <u>Ballot with other written characters or symbols in addition to candidate’s name and shareholder’s number/ID number;</u> (7) <u>Any of the candidate’s name or</u></p>	<p>9. Ballots shall be deemed void under any of the following conditions: (1) <u>The ballots are not prepared by a person with the right to convene the meeting;</u> (2) <u>The ballots casted are blank;</u> (3) <u>The writing is unclear and illegible or has been altered;</u> (4) <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u> (5) <u>Other words or marks are entered in addition to the number of voting rights allotted.</u></p>	Amended to accommodate the requirements of the regulatory authority and change of number

Before Amendment	After Amendment	Amendment Reason
<u>shareholder's number is failed to fill in the ballot.</u>		
11. (Omitted)	<u>10.</u> (Omitted)	Change of number
<u>12.</u> (Omitted)	<u>11.</u> (Omitted)	Change of number
<u>13.</u> (Omitted)	<u>12.</u> (Omitted)	Change of number
<u>14.</u> (Omitted)	<u>13.</u> (Omitted)	Change of number
<u>15.</u> These Regulations were approved by the Annual General Shareholders Meeting and entered into force on May 4, 1990. 1 st ~ 6 th (omitted)	<u>14.</u> These Regulations were approved by the Annual General Shareholders Meeting and entered into force on May 4, 1990. 1 st ~ 6 th (omitted) <u>The 7th amendment was made on June 25, 2021.</u>	Change of number and Added the amendment date

Appendices

Appendix 1

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

Passed by the General Shareholders Meeting on April 8, 1998

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

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

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

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

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

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

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

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

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

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

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

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

the speech of such shareholder.

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

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

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

Appendix 2

Articles of Incorporation of Compal Electronics, Inc.

CHAPTER I GENERAL PROVISIONS

Article 1

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

Article 2

The business scope of the Company shall be as follows:

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

Article 3

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

Article 4

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

Article 5 (Deleted)

Article 6

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

CHAPTER 2 SHARES

Article 7

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

Article 7-1

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

Article 8

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

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

Article 9

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

Article 10

Unless otherwise provided in laws and regulations and securities rules, the shareholders shall deal with stock affairs or exercise other relevant rights in

accordance with the “Guidelines Governing the Processing of Stock Affairs by Public Company”.

Article 11

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

CHAPTER 3 SHAREHOLDERS' MEETING

Article 12

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

Article 13

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

Article 14

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

Article 15

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

Article 16

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

Article 17

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

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

CHAPTER 4 DIRECTORS AND COMMITTEES

Article 18

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

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

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

Article 19

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

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

Article 20

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

Article 21

The Directors shall form a Board of Directors. The Chairman and Vice Chairman of the Board of Directors shall be elected by and from among the Directors with the concurrence of a majority of the Directors present at a Board of Directors' meeting

attended by more than two-thirds (2/3) of the Directors. The Board chairman shall conduct all the business of the Company pursuant to the laws and regulations, Article of incorporation, and resolutions adopted at shareholders' meetings and Board of Directors' meetings.

Article 22

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

Article 23

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

Article 24

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

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

Article 25

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

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

Article 26

Functions of the Board of Directors shall be as follows:

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

Article 27

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

CHAPTER 5 OFFICERS

Article 28

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

CHAPTER 6 FINANCIAL ACCOUNTS AND DISTRIBUTION OF PROFITS

Article 29

At the close of each fiscal year of the Company, the Board of Directors shall prepare the following statements/documents and present to the shareholders' meeting for ratification in accordance with the legal procedure:

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

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

Article 30

If there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses.

The compensation to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies who meet certain requirements.

Article 30-1

If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent (10%) of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The Board of Directors may set aside a certain amount to cope with the business operation conditions, and shall prepare the proposal for distribution of the balance amount thereof after a resolution has been adopted and then allocated in accordance with Second Paragraph of this Article or Article 29.

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

The lifecycle of the industry of the Company is in the growing stage. To meet the future capital needs and in consideration of capital budget, long-term financial

planning and onshore and offshore competition condition, as well as the need of shareholders for cash flow, if there is any profit after close of books, the dividend and bonds to be distributed to shareholders should not be less than thirty percent (30%) of the after-tax profit of such year and the cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year.

Article 31

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

CHAPTER 7 SUPPLEMENTAL PROVISIONS

Article 32

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

Article 33

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

Article 34 (Deleted)

Article 35

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

The 1st amendment was made on May 16, 1984;

The 2nd amendment was made on December 27, 1984;

The 3rd amendment was made on April 6, 1986;

The 4th amendment was made on July 18, 1986;

The 5th amendment was made on May 10, 1987;

The 6th amendment was made on June 13, 1987;

The 7th amendment was made on June 18, 1988;

The 8th amendment was made on May 27, 1989;

The 9th amendment was made on May 4, 1990;

The 10th amendment was made on June 23, 1990;

The 11th amendment was made on March 20, 1991;

The 12th amendment was made on April 30, 1992;

The 13th amendment was made on April 13, 1993;

The 14th amendment was made on April 23, 1994;

The 15th amendment was made on March 31, 1995;

The 16th amendment was made on March 27, 1996;

The 17th amendment was made on May 29, 1997;

The 18th amendment was made on April 8, 1998;

The 19th amendment was made on April 8, 1999;

The 20th amendment was made on March 30, 2000;
The 21st amendment was made on April 3, 2001;
The 22nd amendment was made on May 24, 2002;
The 23rd amendment was made on June 10, 2003;
The 24th amendment was made on June 10, 2005;
The 25th amendment was made on June 9, 2006;
The 26th amendment was made on June 15, 2007;
The 27th amendment was made on June 13, 2008;
The 28th amendment was made on June 19, 2009;
The 29th amendment was made on June 18, 2010;
The 30th amendment was made on June 24, 2011;
The 31st amendment was made on June 22, 2012.
The 32nd amendment was made on June 21, 2013.
The 33rd amendment was made on June 20, 2014.
The 34th amendment was made on June 26, 2015.
The 35th amendment was made on June 24, 2016.
The 36th amendment was made on June 21, 2019.

Appendix 3

Regulations for Election of Directors of Compal Electronics, Inc.

1. Unless otherwise prescribed by applicable laws and regulations and the Company's Articles of Incorporation, these Regulations shall govern the election of the Company's Directors (including independent directors).
2. Election of Directors shall be held at the shareholders' meeting.
When selecting and electing the Company's Directors, the overall composition of the Board of Directors shall be taken into consideration.
The composition of the Board of Directors shall be diversified, and shall give weight to the principle of gender equality, the professional background or areas of the members, and whether they have necessary knowledge, skill, and experience for performance of their duties.
3. The professional qualifications and election, and other matters for compliance with respect to Independent Directors shall be in compliance with applicable laws and regulations.
4. Directors of the Company are elected by adapting the single-mark ballot accumulation voting system. Each voting share is entitled to have votes equivalent to the number of Directors to be elected. The total number of votes may be used to elect a single candidate or be allocated among several candidates.
The Board of Directors shall prepare ballots equal to the number of Directors to be elected and distribute these ballots to the attending shareholders. The names of voters may be represented by shareholders' numbers.
5. The Company's Directors shall be elected by a candidate nomination system whereby the shareholders elect directors from nominees listed in the roster of Directors candidates. The election of independent directors and non-independent directors shall proceed as one election and number of the elected shall be calculated separately.
According to the seats regulated in the Articles of Incorporation, the candidates who receive more votes shall be respectively elected in order of number of votes received.
If two or more persons have received the same number of votes, and the number of persons would exceed the number to be elected, the persons with the same number of votes shall draw lots to decide election; the chairman shall draw lots on behalf of any elected person who are not present.

6. The Board of Directors shall, upon preparing the ballots, have the ballots serial numbered and note the voting rights on each ballot.
7. Before the beginning of the election, the chairman shall appoint several persons to check and record the ballots.
8. The ballot boxes used for voting shall be prepared by the Board of Directors and checked in public by the person to check the ballots before voting.
9. If the candidate is a shareholder of the Company, voters shall fill in the “candidate” column the candidate’s name and shareholder’s number. However, if the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column. If the candidate is not a shareholder, voters shall fill in the “candidate” column the candidate’s name and the candidate’s ID number.
10. Ballots shall be deemed void under any of the following conditions:
 - (1) Ballots not prepared in accordance with these Regulations;
 - (2) Blank ballots not completed by the voters;
 - (3) The writing is unclear and illegible or the alteration is made without sealing thereon as required by law;
 - (4) If the candidate is a shareholder of the Company, the name or shareholder’s number of the candidate filled in the ballot is inconsistent with the roster of shareholders. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
 - (5) The number selected candidates filled in the ballot exceeds the prescribed number of available seats;
 - (6) Ballot with other written characters or symbols in addition to candidate’s name and shareholder’s number/ID number;
 - (7) Any of the candidate’s name or shareholder’s number is failed to fill in the ballot.
11. The ballot box will be opened by the persons checking and recording the ballots after the vote casting for the election of the Directors.
12. The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the chairman.
13. The Board of Directors shall issue letters of elected notification to the elected Directors.
14. These Regulations shall be effective after approval at the shareholders’ meeting. The same applies to amendments.

15. These Regulations were approved by the Annual General Shareholders Meeting and entered into force on May 4, 1990.

The 1st amendment was adopted by the Annual General Shareholders Meeting on April 23, 1994.

The 2nd amendment was adopted by the Annual General Shareholders Meeting on March 27, 1996.

The 3rd amendment was adopted by the Annual General Shareholders Meeting on March 24, 2002.

The 4th amendment was adopted by the Annual General Shareholders Meeting on June 24, 2011.

The 5th amendment was adopted by the Annual General Shareholders Meeting on June 20, 2014.

The 6th amendment was adopted by the Annual General Shareholders Meeting on June 26, 2015.

Appendix 4

Compal Electronics, Inc. Shareholding of Directors

Book closure date: April 27, 2021

Position	Name	Shares
Chairman	Sheng-Hsiun Hsu	8,975,401
Vice Chairman	Jui-Tsung Chen	35,352,587
Director	Binpal Investment Co., Ltd.	5,000,000
Director	Kinpo Electronics, Inc.	151,628,692
Director	Charng-Chyi Ko	7,896,867
Director	Sheng-Chieh Hsu	9,204,201
Director	Yen-Chia Chou	8,022,874
Director	Chung-Pin Wong	6,618,618
Director	Chiung-Chi Hsu	2,117,731
Director	Ming-Chih Chang	1,919,489
Director	Anthony Peter Bonadero	0
Director	Sheng-Hua Peng	835,000
Independent Director	Min Chih Hsuan	0
Independent Director	Duei Tsai	0
Independent Director	Duh Kung Tsai	0
Total		237,571,460

Note :

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

Appendix 5

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

This is not applicable as the Company did not publicly announce its financial forecast for 2021 in accordance with the regulations and Non-compensated Distribution of Shares is not proposed.

Appendix 6

Other

Acceptance of proposals submitted by shareholders and receiving nomination of candidate of the Director at this Annual General Shareholders Meeting

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a general shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words (including proposal, explanatory notes and punctuation marks), and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting where at his proposal is to be discussed and shall take part in the discussion of such proposal.
2. According to the Articles of Incorporation of the Company and Article 192-1 of the Company Act, the candidate nomination system has been adopted by the Company for the Director election. Any shareholder holding 1% or more of the total number of outstanding shares issued by the Company may submit to the Company in writing list of director candidates, provided that the total number of director candidates so nominated shall not exceed the quota to be elected.
3. The proposal and candidate nomination accepting period for 2021 Annual General Shareholders Meeting is from April 1, 2021 to April 12, 2021.
4. Except the director candidates for the 14th term nominated by the board of directors, no proposals are raised and candidate is proposed by the shareholders.