

Compal Electronics, Inc.

2014 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document approved in a shareholders' meeting in accordance with Taiwanese laws. Should any discrepancy arise between the English and Chinese versions, the Chinese version shall prevail.



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CPA Firm: KPMG

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V. Overseas Securities Exchange

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VI. Corporate Website

<http://www.compal.com>

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I. Letter to Shareholders

Dear Ladies and Gentlemen,

Thank you for your support to Compal Electronics, Inc (“Compal”) in the last year! Compal has made some great achievements in 2014, given our continuous commitment to our core businesses and investment into new innovations, despite the fact that the global markets and industry dynamics have changed rapidly in the last few years. While the overall environment remains challenging in 2015, Compal will be adopting new mindsets, new strategies, and maintaining flexibility within the organization to embrace the changes ahead and move forward toward its next business milestone. Below are the summary of Compal's operational performance in 2014 and business outlook for this year:

Financial Performance

Consolidated revenue in 2014 totaled NT\$845,701 million, an increase of 22% YoY. Thanks to our expanded businesses and well controlled expenses, consolidated operating profit enjoyed a 26% YoY increase to NT\$11,675 million, while net profits attributable to the parent company totaled NT\$7,034 million, representing an increase of 185% YoY. This result was equivalent to an earnings per share (EPS) of NT\$1.63 for 2014.

Business Development

To facilitate more effective resource integration and faster response in the mobile devices market, Compal officially merged Compal Communications Inc. (“CCI”) on Feb 27, 2014. Moreover, since March 1, 2014, we re-organize ourselves into three major business segments, namely PCBG (PC Business Group), SDBG (Smart Device Business Group), and DBU (Display Business Unit). By doing that, Compal became well-prepared and well-positioned with a diversified business portfolio.

In 2014, notebook demands made a recovery driven by commercial users. Compal outgrew the market and enjoyed decent share gains, which as largely attributable to our market consolidation efforts and our continued commitment to the customers. The smartphone business delivered significant growth, thanks not only to the rapid growth of the market and outsourced productions, but also to our accurate market positioning and our full technological capabilities. The tablet market is already showing signs of slowdown, impacted by the launch of large-screen smartphones; however, Compal was still able to deliver growth by sourcing new customers. Revenues from LCD TVs also grew well, riding on an increase of average shipment size.

In summary, Compal will continuously commit in expanding product portfolio and enhancing technology capabilities. This effort has already increased contribution of non-notebook revenues to 23% in 2014, up from 18% in 2013. We aim to increase contribution further to 30% by 2015.

Innovation commitment

Aside from the business expansion, Compal was honored for our commitment in innovation. In 2014, Compal won 11 awards during the iF Product Design Award held in Germany. We received 21 awards in total in the past three years, and ranked 22nd in the Global Creativity Ranking. Compal was ranked first among our industry ODM/EMS peers, and we will continue to invest into design differentiation to create more value to our customers.

In 2014, Compal also has begun business development in new industries, including: Cooperation with Chang Gung Hospital (Taiwan) to jointly set up R&D center for smart medical/healthcare wearable devices; and investments in industrial PC manufacturers for greater vertical application. Through external strategic alliance and internal resources integration (i.e. server, networking, automotive electronics), Compal is now aggressively targeting the IoTs market, and will initially focus on three segments: Smart Home, Smart Car, and Smart Medical/Healthcare. We do expect these new investments to play a critical role in driving Compal's revenue and profit growth in the next 3-5 years.

Corporate Social Responsibility

Compal continued to fulfill its obligations as a corporate citizen. Examples of its efforts include: promotion of "Digital Center Plan at Countryside," "Future Reading" activities, and continued funding for disadvantaged children to help realize their dreams. In 2014, Compal continued to receive CSR honors from *Taiwan Institute for Sustainable Energy (TAISE)*.

Business Outlook

According to market research (IDC, MIC, Canalys, Displaysearch), worldwide demands for NBs, Tablets, Smartphones, and LCD TVs have been estimated to grow by -3%, -1%, +15%, and +3% YoY, respectively, to 169 million, 242 million, 1,424 million, and 215 million units in 2015. Given the prevailing global economy and the company's conditions, Compal is targeting to achieve double-digit YoY growth and shipment of 100 million 5C devices in 2015.

Looking ahead, Compal will continually enhance core business competitiveness, invest in innovation, and expand into new business, while in the meantime uphold its corporate philosophy of "Innovation, Harmony, and Transcendence." It has been Compal's commitment all along to drive growth in terms of both "revenues" and "profitability" through sound execution of our strategies. Lastly, I would like to express my thanks once again for the efforts of all our management teams and employees, and reaffirm our mission to create more value to the company and our shareholders.

We hereby wish you a peaceful and prosperity year!

Chairman: *Sheng-Hsiun Hsu (Rock Hsu)*

Chief Executive Officer (CEO): *Jui-Tsung Chen (Ray Chen)*

Chief Finance Officer (CFO): *Ching-Hsiung Lu (Gary Lu)*

II. Company Profile

2.1 Date of Incorporation: June 1, 1984

2.2 Company History

Company history in the past two years:

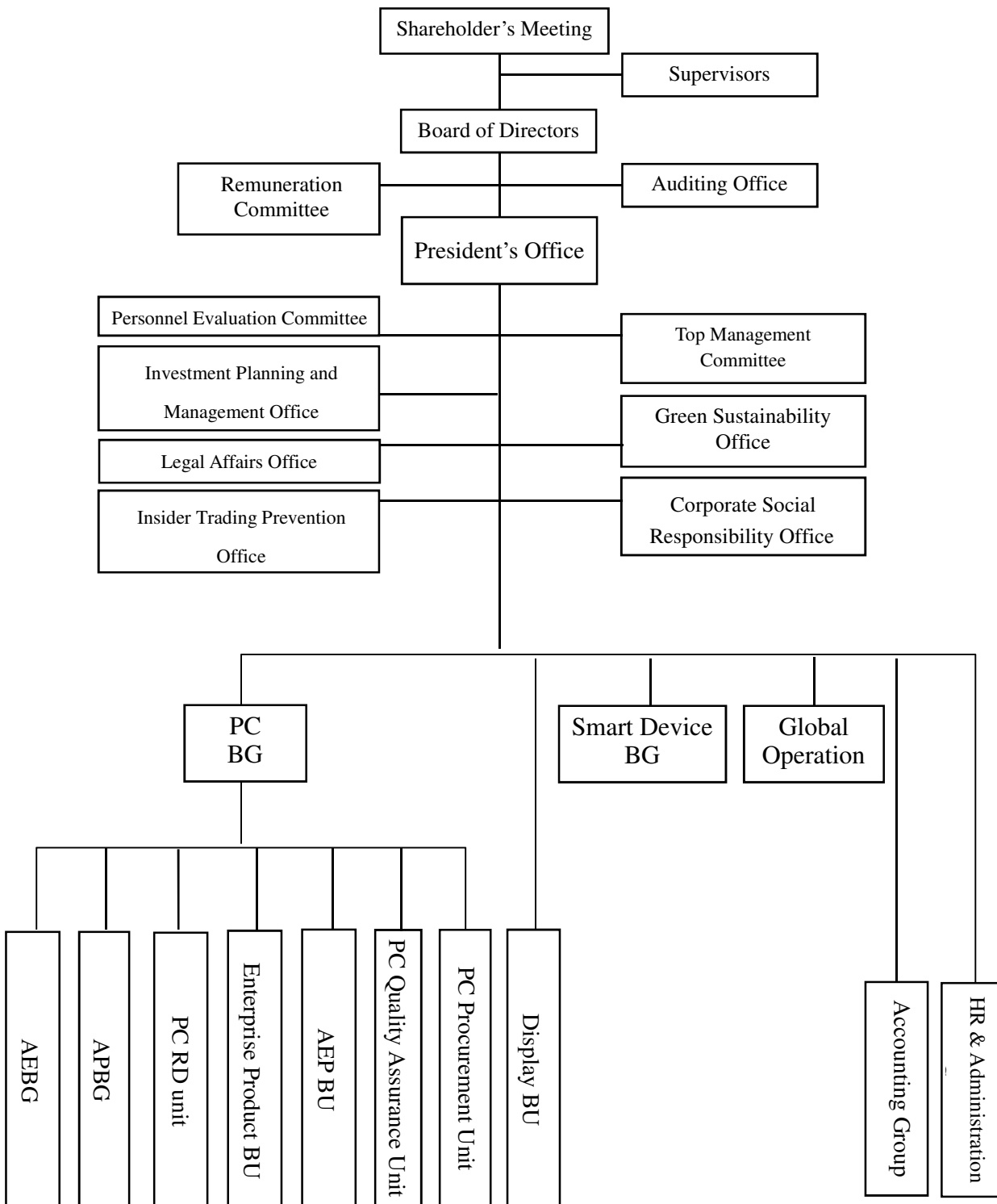
Year	Milestones
2013	<ul style="list-style-type: none"> • An announcement was made in September to acquire outstanding shares of Compal Communication Inc. • In October, the Company acquired an LCD assembly plant located at Wroclaw, Poland, from Toshiba. • The Company won 7 awards during the 2013 “iF Design Awards.” • Ranked 6th in CommonWealth Magazine's “Top-2000 Manufacturers” and 45th in the “Cross-strait Top-1000 Survey.” • Ranked 29th in CommonWealth Magazine's 2013 “Corporate Citizen TOP 50.” • Ranked 1523rd in Forbes' The World's Biggest Public Companies 2013. • The Company was awarded a Merit Award by Taiwan Institute for Sustainable Energy during its “Taiwan Top 50 Corporate Sustainability Report Awards.” • The Company was named "Exemplar in Corporate Social Responsibility Reporting" by the Industrial Development Bureau, Ministry of Economic Affairs. • The Company was accredited by the Ministry of Education for participating in the “Digital Lifestyle Promotion Program for Remote Areas.” • The Company's million-dollar tree plantation project was accredited with the "Green Sustainability Award" by the Earth Day Network. • Named "Low-carbon Pioneer" by Kunshan City Government, China. • Won certificate of excellence in Taipei City's 2nd “National Environment Education Award.” • Invited to participate in Taipei World Environment Day - “Corporate Environmental Education Pledge” event. • The Company's organic market program had been certified as a “Green Event” by the Environmental Protection Administration. • The Company's share capital reached NTD 44.1 billion by the end of 2013. • The Company earned NTD 692.7 billion in consolidated revenues in 2013.
2014	<ul style="list-style-type: none"> • Compal Communication Inc. was officially merged into Compal Electronics Inc. on February 27. • The Company won 11 awards during the 2014 “iF Design Awards,” which made Compal and ASUS the two Taiwanese companies with the highest number of awards. • Compal ranked 22nd in the world for the number of iF awards won in the last 3 years. • Ranked 1492nd in Forbes' The World's Biggest Public Companies 2014.

	<ul style="list-style-type: none"> • Ranked 6th in CommonWealth Magazine's "Top-2000 Manufacturers" and 46th in the "Cross-strait Top-1000 Survey." • The Company was awarded a Bronze award by Taiwan Institute for Sustainable Energy during its "Taiwan Corporate Sustainability Report Award." • The Company was ranked 36th by CSR Asia Summit during the 2014 "Channel News Asia Sustainability Ranking." • The Company's share capital reached NTD 44.2 billion by the end of 2014. • The Company earned NTD 845.7 billion in consolidated revenues in 2014.
2015	<ul style="list-style-type: none"> • Won 6 awards during the 2015 "iF Design Awards," which placed Compal in world's 21st position for the number of iF awards won and 18th in terms of innovation.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart (As of Mar 31, 2015)



3.1.2 Major Corporate Functions

Department	Functions
President's Office	Responsible for the Company's operation
Investment Planning and Management Office	Responsible for investment-related activities, operational analyses, policy making, resource allocation, and budgeting for the entire company
Auditing Office	Conducts internal audits
Legal Affairs Office	Handles the Company's legal affairs
Green Sustainability Office	Executes "Green Life" projects
Insider Trading Prevention Office	Implements preventive measures against insider trading
Corporate Social Responsibility Office	Promotes and executes CSR-related affairs
AEBG	Responsible for the design and sale of computer products
APBG	
PC RD unit	Responsible for the R&D of PC products
Enterprise Product BU	Responsible for the R&D and sale of enterprise products
AEP BU	Responsible for the R&D and sale of auto electronic products
PC Quality Assurance Unit	Oversees quality control of PC products
PC Procurement Unit	Oversees procurement of PC raw materials
Display BU	Responsible for the R&D, production and sale of display products
Smart Device BG	Responsible for the R&D, production, quality control and sale of smart devices
Global Operation	Responsible for the production, maintenance, customer service and IT system development and maintenance
Accounting Group	Handles accounting, share administration, and funding affairs
HR & Administration Group	Responsible for human resource, training, education, employee relations, procurement and building management

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

April 28, 2015

Title	Name/Nationality (Note 1)	Elected Date	Term	First Elected Date (Note 2)	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Chairman	Sheng-Hsiun Hsu	2012.6.22	3 year(s)	1984.04.16	17,775,401	0.40%	17,775,401	0.40%	30,107,025	0.67%	0	0.00%	Honorary Doctorate, National Taiwan Normal University Chairman of Kinpo and Compal Electronics Inc.	(Note 4)	Supervisor Director	Sheng-Chieh Hsu Shyh-Yong Shen	Brothers Father and son in law
Vice Chairman	Medica, John Kevin	2012.6.22	3 year(s)	2008.06.13	3,061,452	0.07%	3,061,452	0.07%	0	0.00%	0	0.00%	MBA, Wake Forest University/Senior Vice President of Dell Inc.	(Note 4)	N/A	N/A	N/A
Director	Jui-Tsung Chen	2012.6.22	3 year(s)	1992.04.30	49,282,587	1.12%	50,782,587	1.14%	2,092,405	0.05%	0	0.00%	Department of Electrical Engineering, National Cheng Kung University Chairman of Compal Communication Inc. & Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A
Director	Wen-Being Hsu	2012.6.22	3 year(s)	1984.04.16	3,100,000	0.07%	4,000,000	0.09%	0	0.00%	(Note 3)	(Note 3)	National Tao-Yuan Sr. Vocational Agricultural & Industrial School Director of BAOTEK, Inc.	(Note 4)	N/A	N/A	N/A
Director	Kinpo Electronics Inc.	2012.6.22	3 year(s)	1990.06.22	151,628,692	3.44%	151,628,692	3.39%	-	-	0	0.00%	M.B.A., University of Southern California; PhD, Whittier Law School Director and President of Kinpo Electronics, Inc.	(Note 4)	Chairman	Sheng-Hsiun Hsu	Father and son in law
	Representative: Shyh-Yong Shen			2012.03.14	0	0.00%	0	0.00%	0	0.00%	0	0.00%					
Director	Wen-Chung Shen	2012.6.22	3 year(s)	1998.04.08	12,735,968	0.29%	11,935,968	0.27%	101,931	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University Director of Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A

Title	Name/Nationality (Note 1)	Elected Date	Term	First Elected Date (Note 2)	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Director	Yung-Ching Chang	2012.6.22	3 year(s)	2000.03.30	4,672,587	0.11%	3,898,587	0.09%	7,259	0.00%	0	0.00%	Master's Degree in Graduate school of Management, Yuan Ze University Chairman of Allied Circuit Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Chung-Pin Wong	2012.6.22	3 year(s)	2007.06.15	4,833,618	0.11%	4,833,618	0.11%	1,398	0.00%	0	0.00%	Graduate Institute of Management Science, National Chiao Tung University Chairman of Rayonnant Technology Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Chiung-Chi Hsu	2012.6.22	3 year(s)	1994.04.23	1,944,731	0.04%	2,000,731	0.04%	30,000	0.00%	0	0.00%	Master's Degree, Golden Gate University, San Francisco, USA Director of Eb-Bow-Bearing Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Sean Martin Maloney	2013.6.21	2 year(s)	2013.6.21	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honoris Causa, Southern Connecticut State University Intel Executive Vice President	N/A	N/A	N/A	N/A
Director	Chao-Cheng Chen	2014.6.20	1 year(s)	2014.6.20	0	0.00%	4,850,000	0.11%	1,428	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Independent Director	Min Chih Hsuan	2012.6.22	3 year(s)	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate, National Chiao Tung University Chairman of United Microelectronics Corp. & Faraday Technology Corp.	(Note 4)	N/A	N/A	N/A

Title	Name/Nationality (Note 1)	Elected Date	Term	First Elected Date (Note 2)	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Independent Director	Duei Tsai	2012.6.22	3 year(s)	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD, Graduate Institute of Electrical Engineering, National Taiwan University Minister of Transportation and Communications R.O.C.	(Note 4)	N/A	N/A	N/A
Independent Director	Duh Kung Tsai	2012.6.22	3 year(s)	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Industrial Engineering, National Taipei Institute of Technology Chairman of Powertech Technology Inc.	(Note 4)	N/A	N/A	N/A
Supervisor	Chang-Chyi Ko	2012.6.22	3 year(s)	1984.04.16	7,896,867	0.18%	7,896,867	0.18%	10,645	0.00%	0	0.00%	National Taiwan University College of Management Chairman and President of Taiwan Biotech Co., Ltd.	(Note 4)	N/A	N/A	N/A
Supervisor	Yen-Chia Chou	2012.6.22	3 year(s)	1997.05.29	8,022,874	0.18%	8,022,874	0.18%	2,502,768	0.06%	0	0.00%	Department of Geosciences, National Taiwan University Supervisor of Kinpo Electronics Inc.	(Note 4)	N/A	N/A	N/A
Supervisor	Sheng-Chieh Hsu	2012.6.22	3 year(s)	1987.06.13	9,119,297	0.21%	9,119,297	0.20%	8,834,928	0.20%	(Note 3)	(Note 3)	Department of Architecture, Tam-Kang University Managing Director of Kinpo Electronics Inc.	(Note 4)	Chairman	Sheng-Hsiun Hsu	Brothers

Note:

1. Director Medica, John Kevin possessed U.S. citizenship while Director Sean Martin Maloney possessed UK citizenship; all remaining members were citizens of the Republic of China.
2. The terms of service of Supervisor Sheng-Chieh Hsu was temporarily discontinued between June 22, 1990 and April 22, 1994.
3. Director Wen-Being Hsu held 5,000,000 shares (0.11%) through proxies, while Supervisor Sheng-Chieh Hsu held 3,500,000 shares (0.08%) through proxies.
4. Selected Current Positions as below:

Title	Name	Selected Current Positions
Chairman	Sheng-Hsiun Hsu	<p>Chairman: Kinpo Electronics, Inc., AcBel Polytech Inc., Cal-Comp Electronics(Thailand) Public Company Limited, Cal-Comp Electronics And communications Co., Ltd., Teleport Access Services, Inc., Kinpo Electronics (China) Co., Ltd., Cal-Comp Electronics (Suzhou) Co., Ltd., Jipo Investment Inc., Kinpo Group Management Consultant Company, Breeze Integrated Development Co., Ltd.</p> <p>Managing Director: Baotek Industrial Materials Ltd., Taiwan Biotech Co., Ltd.</p> <p>Director: Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., Crownpo Technology Inc., PChome Online Inc., Cdib & Partners Investment Holding Corp., Acbel Polytech Holdings Inc., Acbel Polytech (Singapore) Pte. Ltd., Ascendant Private Equity Investment Ltd., Forward International Ltd., Global Strategic Investment Inc., HengHao Holding A Co., Ltd., HengHao Holding B Co., Ltd., HengHao Trading Co., Ltd., Kingbolt International (Singapore) Pte. Ltd., Kinpo International Ltd., Lipo Holding Co., Ltd., Ranashe International Ltd.</p> <p>President: Kinpo Group Management Consultant Company</p>
Vice Chairman	Medica, John Kevin	<p>Senior Consultant: Compal Electronics, Inc.</p> <p>Independent Director: National Instruments</p>
Director	Jui-Tsung Chen	<p>Chairman: Arcadyan Technology Corporation, HengHao Technology Co. Ltd., Infino Technology Corp., Mactech Co., Ltd., Synchro Seiki, Inc.</p> <p>Director: Kinpo Electronics, Inc., Compal Networking (Kunshan) Co., Ltd, Compal Broadband Networks, Inc., Kinpo Group Management Consultant Company, Ascendant Private Equity Investment Ltd., Arcadyan Technology N.A. Corporation, Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., HengHao Holding A Co., Ltd., HengHao Holding B Co., Ltd., HengHao Trading Co., Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd.</p>
Director	Wen-Being Hsu	<p>Director: Baotek Industrial Materials Ltd.</p>
Director	Kinpo Electronics, Inc.	<p>Director: AcBel Polytech Inc., Aonvision Technology Corp., Crownpo Technology Inc., XYZprinting, Inc., Baotek Industrial Materials Ltd., Teleport Access Services, Inc., Norm Pacific Automation Corp., Sinonar Corp., PK Venture Capital Corp., Prudence Venture Investment Corp., Jipo Investment Inc., Kinpo Electronics (Philippines), Inc.</p> <p>Supervisor: Jipo Investment Inc.</p>
Director	Wen-Chung Shen	<p>Chairman: Compal Broadband Networks, Inc.</p> <p>Director: Arcadyan Technology Corporation, HengHao Technology Co. Ltd., Zhi-Bao Technology Corporation, Arcadyan Technology (Shanghai)</p>

Title	Name	Selected Current Positions
		Corp., Maxima Ventures I, Inc., Taiwan, LC Future Center Ltd., Speedlink Tradings Ltd.
Director	Yung-Ching Chang	Chairman: Allied Circuit Co., Ltd. Director: Mactech Co., Ltd., Kunshan Allied Circuit Trading Co., Ltd., Utmost Power Holding Inc., Ubrty Capital Management Corp., LC Future Center Ltd.
Director	Chung-Pin Wong	Chairman: Wah Yuen Technology Holding Ltd. Director: Arcadyan Technology Corporation, Allied Circuit Co., Ltd., HengHao Technology Co. Ltd., Suyin Optronics Corp., Lead-Honor Optronics Co., Ltd., Mactech Co., Ltd., Compal Precision Module(Jiangsu) Co., Ltd., ShengBao Precision Electronics (Taicang) Ltd., Compal Electronic Technology (Chongqing) Co., Ltd., Compal Connector Manufacture Ltd., Motion Computing, Inc. Supervisor: Hong Ya Technology Corporation
Director	Chiung-Chi Hsu	Chairman: Full Power Investment Co.,Ltd Director: Plank Optoelectronics Inc., , E-Bow Bearing Co., Ltd.
Director	Chao-Cheng Chen	Director: Mactech Co., Ltd., Kinpo Group Management Consultant Company
Independent Director	Min Chih Hsuan	Chairman: Faraday Technology Corp., Taiwan Memory Company, Meridigen Biotech Co., Ltd., Maxima Ventures I, Inc., Taiwan, Maxima Ventures II, Inc. Director: SIPP, Inc., Bcom Electronics Inc, General Biologicals Corporation, Clientron Corp., Pacgen Biopharmaceuticals Corporation (Canada) Independent Director: Wistron Corporation, Siliconware Precision Industries Co., Ltd.
Independent Director	Duei Tsai	Independent Director: Taiwan Taxi Co. , Ltd.
Independent Director	Duh Kung Tsai	Chairman: Powertech Technology Inc., Greatek Electronics Inc. Director: Powertech Technologg (Suzhou) Ltd., Powertech Holding (B.V.I.) Inc., PTI Technology (Singapore) Pte. Ltd. Independent Director: Wistron Corporation, Chicony Power Technology Co., Ltd.

Title	Name	Selected Current Positions
Supervisor	Charng-Chyi Ko	<p>Chairman: Baotek Industrial Materials Ltd., Taiwan Biotech Co., Ltd., Chang Yao Technology Inc., Evergene Biotech Industrial Co., Ltd., Weck Tech Biotech Co., Ltd., Global BioPharma, Inc, Genhealth Pharma Co., Ltd., Taiwan Veterans Pharmaceutical Co., Ltd., Twin Luck Global Company Ltd., Young & Health Care Resorts Inc., Woo Source Co. Ltd., Taiwan Venture Capital Co., Ltd., Long Yee Investment Co. Ltd., Yinfeng International, Inc., Taiwan Chariston AMC Corp., Ltd.</p> <p>Director: All Information Inc., Sintong Animal Pharmaceutical Co., Ltd., OmniHealth Group, Inc., Aseptic Innovative Medicine Co., Ltd., Chipgene International Enterprise Co., Ltd., Minsheng AM Inc., Minsheng Medical Holding Inc., Global Strategic Investment Ltd. (Samoa), Gold Precision Ltd., KKXC Intergrated Management Holding (CYPRUS) Ltd., Medinox Inc., Optics Lab Inc., Syn Pharm Inc.</p> <p>Supervisor: Kinpo Electronics, Inc., Teleport Access Services, Inc., Cal-Comp Electronics And communications Co., Ltd., Formosan Union Chemical Corp., Sunny Special Dyeing & Finishing Co. Ltd., Kenly Precision Industrial Co., Ltd., Jipo Investment Inc., Commonwealth Magazine Co, Ltd.</p> <p>President: Yinfeng International, Inc.</p>
Supervisor	Yen-Chia Chou	<p>Chairman: Sceptre Industry Co., Ltd.</p> <p>Director: Micro Metal Electronics Co., Ltd.</p> <p>Supervisor: Kinpo Electronics, Inc., Full Power Investment Co., Ltd</p> <p>President: Sceptre Industry Co.,Ltd.</p>
Supervisor	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., Cal-Comp Electronics (Suzhou) Co., Ltd., Kinpo Electronics (China) Co., Ltd., Tung-WAN Kai-Bao Co., Ltd., Jipo Investment Inc., Kinpo International Ltd.</p>

Major shareholders of the Company's corporate shareholders

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Kinpo Electronics, Inc.	Compal Electronics Inc. (8.51%), Nan Shan Life Insurance Company Ltd. (3.51%), Jipo Investment Inc. (3.17%), Li-Chu Tsai (2.86%), Lai-Chun Shen Tsai (2.79%), Kun-Chao Shen (2.08%), Sheng-Hsiun Hsu (1.86%), Citibank in its Capacity as Master Custodian of The Royal Bank of Scotland - Equity Derivative Account (1.74%), Panpal Technology Corporation (1.59%), Hebao Investment Co., Ltd. (1.51%)

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

Major shareholders of the Company's major corporate shareholders

Name of corporate shareholder	Major shareholders of corporate shareholders
Nan Shan Life Insurance Company Ltd.	First Commercial Bank in its Capacity as Trustee of Ruen Chen Investment Holding (83.11%), Ruen Chen Investment Holding (7.52%), Yong-Zong Tu (3.25%), Taishin Bank in its Capacity as Trustee of Nanshan Life Insurance - Equity Trust Account (0.88%), Ruen Hua Dyeing & Weaving Co., Ltd. (0.28%), Ruentex Leasing Co., Ltd. (0.15%), Wen-De Kuo (0.11%), Jipin Investment Co., Ltd. (0.11%), Bao Chi Investment Co., Ltd. (0.05%), Bao Yi Investment Co., Ltd. (0.05%), Bao Hui Investment Co., Ltd. (0.05%), Bao Huang Investment Co., Ltd. (0.05%)
Jipo Investment Inc.	Kinpo Electronics, Inc. (100%)
Panpal Technology Corporation	Compal Electronics Inc. (100%)
Hebao Investment Co., Ltd.	Chieh-Li Hsu (36.09%), Li-Chu Tsai(27.83%), Yong-Hsu Hsu (12.50%), Chun-Chi Hsu (12.50%), Jing-Rong Liu (5.43%), Huang-Hsin Hsu (2.83%), Yue-Hsia Huang Hsu (1.41%), Yue-Chen Hsu (1.41%)

Professional qualifications and independence analysis of directors and supervisors

Name	Having Met One of the Following Professional Qualifications, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Sheng-Hsiun Hsu			✓	✓						✓		✓	✓	0
Medica, John Kevin			✓			✓	✓	✓	✓	✓	✓	✓	✓	0
Jui-Tsung Chen			✓				✓			✓	✓	✓	✓	0
Wen-Being Hsu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Kinpo Electronics Inc. Representative: Shyh-Yong Shen			✓			✓				✓		✓		0
Wen-Chung Shen			✓			✓	✓	✓		✓	✓	✓	✓	0
Yung-Ching Chang			✓			✓	✓	✓		✓	✓	✓	✓	0
Chung-Pin Wong			✓			✓	✓	✓		✓	✓	✓	✓	0
Chiung-Chi Hsu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Sean Martin Maloney			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chao-Cheng Chen			✓			✓	✓	✓		✓	✓	✓	✓	0
Min Chih Hsuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Duei Tsai	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Duh Kung Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Charng-Chyi Ko		✓	✓			✓	✓			✓	✓	✓	✓	0
Yen-Chia Chou			✓	✓		✓	✓			✓	✓	✓	✓	0
Sheng-Chieh Hsu			✓	✓		✓				✓		✓	✓	0

Note: Tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.

2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not a person of any conditions defined in Article 30 of the Company Act.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.2 Management Team

April 28, 2015

Title	Name/ Nationality (Note 1)	Date elected / appointed	Shares held		Shares held by spouse and underage children		Total shares held in the names of others		Major career (academic) achievements	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
President	Jui-Tsung Chen	1989.06.01	50,782,587	1.14%	2,092,405	0.05%	0	0.00%	Department of Electrical Engineering, National Cheng Kung University Chairman of Compal Communication Inc. & Arcadyan Technology Corp.	Refer to Pages 8~9	Vice President	Bo-Tang Wang	Relative by affinity
Senior Advisor	Medica, John Kevin	2008.08.28	3,061,452	0.07%	0	0.00%	0	0.00%	M.B.A., Wake Forest University Senior V.P., Dell Inc.	Refer to Page 8	N/A	N/A	N/A
Executive Vice President	Wen-Chung Shen	2002.01.01	11,935,968	0.27%	101,931	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University Director of Arcadyan Technology Corp.	Refer to Page 9	N/A	N/A	N/A
Executive Vice President	Yung-Ching Chang	2003.01.01	3,898,587	0.09%	7,259	0.00%	0	0.00%	Master's Degree in Graduate school of Management, Yuan Ze University Director and President of Toppoly Optoelectronics Corp.	Refer to Pages 9~10	N/A	N/A	N/A
Executive Vice President	Chung-Pin Wong	2007.04.01	4,833,618	0.11%	1,398	0.00%	0	0.00%	Graduate Institute of Management Science, National Chiao Tung University Chairman of Rayonnant Technology Co., Ltd.	Refer to Page 10	N/A	N/A	N/A
Executive Vice President	Chen-Chang Hsu	2011.08.31	0	0.00%	0	0.00%	0	0.00%	EMBA, National Chiao Tung University Executive Vice President of WINTEK Corporation	(Note 3)	N/A	N/A	N/A
Executive Vice President	Chao-Cheng Chen	2014.02.27	4,850,000	0.11%	1,428	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University President of Compal Communication Inc.	Refer to Page 10	N/A	N/A	N/A
Senior Vice President	Chun-De Shen	2007.01.01	2,218,700	0.05%	900,000	0.02%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Director of Kinpo Electronics Inc.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Kuo-Chuan Chen	2007.01.01	955,823	0.02%	82,924	0.00%	0	0.00%	Department of Physics, Chung Yuan Christian University Senior Vice President of Compal Communication Inc.	N/A	N/A	N/A	N/A
Senior Vice	Pei-Yuan Chen	2009.10.06	4,487,698	0.10%	1,045,585	0.02%	0	0.00%	Department of International Trade, Hsingwu College	(Note 3)	N/A	N/A	N/A

Title	Name/ Nationality (Note 1)	Date elected / appointed	Shares held		Shares held by spouse and underage children		Total shares held in the names of others		Major career (academic) achievements	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
President									Director of Kinpo Electronics Inc.				
Senior Vice President	Chiu-Rui Wei	2010.03.18	353,764	0.01%	192,966	0.00%	0	0.00%	MBA, University of Washington, USA Senior Vice President of Toppoly Optoelectronics Corp.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Ying Chang	2011.2.24	0	0.00%	0	0.00%	0	0.00%	MBA, University Of Georgia President of Swenc Technology Co., Ltd.	N/A	N/A	N/A	N/A
Senior Vice President	Ming-Hsing Hsu	2011.8.01	558,392	0.01%	0	0.00%	0	0.00%	Department of Engineering, Chung Yuan Christian University President of Compal Information (Kunshan) Co., Ltd.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Sheng-Hua Peng	2014.02.27	100,000	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Senior Vice President of Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Wen-Da Hsu	2014.02.27	800,000	0.02%	0	0.00%	0	0.00%	Department of Media Administration, Shih Hsin University Senior Vice President of Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Vice President	Chih-Chuan Cheng	2003.01.01	1,683,786	0.04%	51,194	0.00%	0	0.00%	Department of Electronic Engineering, Lunghwa University of Science and Technology Deputy Manager of Research and Development, Top Information Technologies Co., Ltd.	N/A	N/A	N/A	N/A
Vice President and head of finance	Ching-Hsiung Lu	2003.01.01	8,661,007	0.19%	0	0.00%	0	0.00%	Department of Accounting, Feng Chia University Director Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Vice President	Shih-Tung Wang	2003.01.01	10,197	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, San Jose State University Vice President of KC Technology Inc.	N/A	N/A	N/A	N/A
Vice President	Wei-Cheng Chen	2004.04.01	400,656	0.01%	0	0.00%	0	0.00%	Department of Electronic Engineering, Taipei College of Maritime Technology Vice President of Cheong Tat Technology	N/A	N/A	N/A	N/A
Vice President	Bo-Hsiung Chang	2006.02.21	0	0.00%	270	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei Institute of Technology	(Note 3)	N/A	N/A	N/A
Vice	Chin-Wen	2006.04.07	80,027	0.00%	20,137	0.00%	0	0.00%	Graduate Institute of Business Administration,	(Note 3)	N/A	N/A	N/A

Title	Name/ Nationality (Note 1)	Date elected / appointed	Shares held		Shares held by spouse and underage children		Total shares held in the names of others		Major career (academic) achievements	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
President	Liao								Tatung University Head of Development, Tatung Company				
Vice President	Tian-Yuan Tsai	2006.06.28	712,715	0.02%	0	0.00%	0	0.00%	Graduate Institute of Public Finance, National Chengchi University Accountant of KPMG	(Note 3)	N/A	N/A	N/A
Vice President	Bo-Tang Wang	2007.07.10	239,548	0.01%	486	0.00%	0	0.00%	Department of Computer Science and Information Engineering, National Taiwan University President of Vibo Telecom Inc.	N/A	President	Jui-Tsung Chen	Relative by affinity
Vice President	Ming-Sung Lin	2008.03.01	136,478	0.00%	20,394	0.00%	0	0.00%	Postgraduate study of Technology Management, National Chiao Tung University Deputy Manager of Parts Planning, CLEVO Company	N/A	N/A	N/A	N/A
Vice President	Hsi-Kuan Chen	2009.05.01	0	0.00%	0	0.00%	0	0.00%	Master of Industrial Design, Cranbrook Academy of Art Director of Design and Customer Affairs, Philips (Hong Kong)	(Note 3)	N/A	N/A	N/A
Vice President	Zong-Ming Wang	2009.07.16	168,184	0.00%	0	0.00%	0	0.00%	National Taipei Institute of Technology Head of Research and Development, CLEVO Company	N/A	N/A	N/A	N/A
Vice President	Fu-Chuan Chang	2009.07.16	144,662	0.00%	0	0.00%	0	0.00%	National Chin-Yi University of Technology Production Manager, ADI Corp	(Note 3)	N/A	N/A	N/A
Vice President	Chi-Hsiang Ma	2011.01.01	102,624	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Fu Jen Catholic University Product Manager, MiTAC International Corporation	N/A	N/A	N/A	N/A
Vice President	Yung-Nan Chang	2011.01.01	0	0.00%	0	0.00%	0	0.00%	MBA, Pacific Western University Factory Manager, Delta Electronics Inc.	N/A	N/A	N/A	N/A
Vice President	Sheng-Hung Li	2011.07.01	102,574	0.00%	0	0.00%	0	0.00%	Department of Electronics, National Taipei University of Science & Technology	N/A	N/A	N/A	N/A
Vice President	Yung-He Su	2011.07.01	120,401	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei Institute of Technology Vice President of Arima Photovoltaic & Optical Corp.	N/A	N/A	N/A	N/A
Vice President	Ming-Hsiang Kan	2011.08.31	0	0.00%	0	0.00%	0	0.00%	MBA, University of Leicester (U.K.)	N/A	N/A	N/A	N/A

Title	Name/ Nationality (Note 1)	Date elected / appointed	Shares held		Shares held by spouse and underage children		Total shares held in the names of others		Major career (academic) achievements	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
									Vice President of NB R&D, Flextronics International (Taiwan) Ltd.				
Vice President	Chih-Hsien Liang	2011.10.31	0	0.00%	0	0.00%	0	0.00%	University of Colorado Postgraduate Institute of Digital Communication/Vice President of Wireless Communication, Altek Corporation	N/A	N/A	N/A	N/A
Vice President	Lung-Hua Shen	2012.08.29	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, Tamkang University Vice President of Procurement, ASUS Ltd.	N/A	N/A	N/A	N/A
Vice President	Ming-Dong Wong	2013.01.31	63,786	0.00%	0	0.00%	0	0.00%	Master of Business Administration, University of Washington, USA Deputy Manager of Sales, Kapok Computer Company	N/A	N/A	N/A	N/A
Vice President	Yue-Chun Li	2014.02.17	0	0.00%	0	0.00%	0	0.00%	Department of Electronic Engineering, Lee-Ming Institute of Technology Chairman's Special Assistant, Mag Technology Co., Ltd.	N/A	N/A	N/A	N/A
Vice President	Meng-Hsiung Nieh	2014.02.27	1,046,006	0.02%	222,342	0.00%	0	0.00%	Department of Electrical Engineering, Chinese Culture University Vice President of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Chiao-Lieh Huang	2014.02.27	203,992	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Vice President of Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Vice President	Chung-Hsing Tan	2014.02.27	320,529	0.01%	5,320	0.00%	0	0.00%	Department of Electrical Engineering, Tatung University Vice President of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Yi-Yun Chang	2014.08.13	210,246	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Hsin-Kung Mao	2014.11.13	714	0.00%	0	0.00%	0	0.00%	Master of Business Administration, University of Lincoln Head of Business, Display BU	(Note 3)	N/A	N/A	N/A

Title	Name/ Nationality (Note 1)	Date elected / appointed	Shares held		Shares held by spouse and underage children		Total shares held in the names of others		Major career (academic) achievements	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice President	Ling-Sheng Wu	2015.01.22	280,000	0.01%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, University of Southern California; Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Hsin-Hsiung Huang	2015.01.22	139,001	0.00%	0	0.00%	0	0.00%	Department of Electronics, Chung Yuan Christian University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Head of Audit	Bo-Wen Hsieh	2010.10.27	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, National Taiwan University Audit Manager, KGT Telecom	N/A	N/A	N/A	N/A

Note:

1. Senior Advisor Medica, John Kevin possessed U.S. citizenship; all remaining members were citizens of the Republic of China.
2. Senior Vice President Ting-Chun Chou, Senior Vice President Kuo-Ping Liang, Vice President Ren-Chiu Shao, and Vice President Tian-Ming Chen had resigned in 2014.
3. Concurrent positions in other companies

Title	Name	Concurrent duties in the company and in other companies	
Executive Vice President	Chen-Chang Hsu	Chairman:	Henghao Technology (Kunshan) Co., Ltd., Lucom Display Technology (Kunshan) Ltd.
		Vice Chairman:	Henghao Technology Co., Ltd., Optronics Corporation
		Director:	Mactech Co., Ltd., Synchro Seiki Co.,Ltd.
		President:	Henghao Technology Co., Ltd., Henghao Technology (Kunshan) Co., Ltd., Lucom Display Technology (Kunshan) Ltd.
Senior Vice President	Chun-De Shen	Director:	Kinpo Electronics, Inc., Arcadyan Technology Corp., Allied Circuit Co., Ltd., Compal Information Research & Development (Nanjing) Co., Ltd., Hamg Shing Technology Corp., Auscom Engineering Inc.
		President:	Compal Information Research & Development (Nanjing) Co., Ltd.
Senior Vice President	Pei-Yuan Chen	Director:	Kinpo Electronics, Inc., Infinno Technology Corporation, Fubao Investment Co., Ltd.
Senior Vice President	Chiu-Rui Wei	Director:	Chipbond Technology Corporation, Lian Hong Art. Co., Ltd., Taiwan Star Telecom Corporation Limited, Maxima Capital Management, HWA VI Venture Capital Corp., Hwa Chi Venture Capital Corp., Rayonnant Technology (HK) Holdings Limited, Zhengying Electronics (Chongqing) Co., Ltd., LC Future Center Ltd.
		Supervisor:	Henghao Technology Co., Ltd., Infinno Technology Corporation, Rayonnant Technology Co. Ltd., Hamg Shing Technology Corp., Ripal Optoelectronics Co., Ltd., Mactech Co., Ltd., UNICOM GLOBAL, INC., Synchro Seiki Co., Ltd., Rayonnant Technology (Taicang) Co., Ltd.
Senior Vice President	Ming-Hsing Hsu	Director:	Kunshan Botai Electronic Services Co., Ltd.
		President:	Compal Information (Kunshan) Co., Ltd., Kunshan Botai Electronic Services Co., Ltd.
Senior Vice President	Sheng-Hua Peng	Director:	Huang-Feng Communications, Inc., Compal Wireless Communications (Nanjing) Co., Ltd, Compal Digital Communications (Nanjing) Co.,Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communications (Nanjing) Co.,Ltd.
Senior Vice President	Wen-Da Hsu	Director:	HANHELT Communications (Nanjing) Co., Ltd.
Vice President and head of finance	Ching-Hsiung Lu	Director:	Zhibao Technology Co., Ltd., Arcadyan Technology (Shanghai) Corp., Keppel Communication Pte Ltd (Nanjing), Compal Digital Communications(Nanjing) Co., Ltd., Compal Communication (Nanjing) Co., Ltd., Kunshan Botai Electronic Services Co., Ltd., Great Arch Group Ltd., Leading Images Limited
		Supervisor:	Compal Broadband Networks Inc., Accesstek Inc., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co. Ltd., Compal Electronics (China) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (ChengDu) Co., Ltd., Compal Electronics, (ChongQing) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co. Ltd., Compal Networking (Kunshan) Co.,Ltd., Kunshan Botai Electronic Services Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd.
Vice President	Bo-Hsiung Chang	Director:	UNICOM GLOBAL, INC.
Vice President	Chin-Wen Liao	Director:	CENA Electromex S.A. de C.V.

Title	Name	Concurrent duties in the company and in other companies
Vice President	Tian-Yuan Tsai	Chairman: Crownpo Technology Inc. Managing Director: LIZ Electronics (Kunshan) Co., Ltd.
Vice President	Hsi-Kuan Chen	Director: Rayonnant Technology Co. Ltd., Rayonnant Technology (Taicang) Co., Ltd.
Vice President	Fu-Chuan Chang	President: Compal Optoelectronics (Kunshan) Co., Ltd., Compal Electronics (China) Co., Ltd.
Vice President	Chiao-Lieh Huang	Supervisor: HANHELT Communications (Nanjing) Co., Ltd.
Vice President	Hsin-Kung Mao	President: Compal Electronics Europe Sp. z o.o.

3.2.3 Remuneration of Directors, Supervisors, President, and Vice Presidents

Remuneration of Directors

Unit: NTD thousand; thousand shares; %

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee										The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit		Remuneration from invested businesses other than the subsidiaries (J)			
		Remuneration (A)		Pension (B)		Remuneration from earnings appropriation (C)		Fees for services rendered (D)		Salaries, bonuses, special allowances etc (E)		Pension (F)		Share of profit as an employee (G)				Total shares exercisable through employee warrants (H)		Number of new restricted shares acquired as an employee (I)		The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit					
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements		The Company	All companies included in the financial statements	
																Cash dividends	Stock dividends	Cash dividends	Stock dividends								
Chairman	Sheng-Hsiun Hsu																										
Vice Chairman	Medica, John Kevin																										
Director	Jui-Tsung Chen																										
Director	Wen-Being Hsu																										
Director	Kinpo Electronics, Inc. Representative: Shyh-Yong Shen	4,320	4,320	0	0	38,914	38,914	2,561	3,429	0.65%	0.66%	185,876	188,958	595	608	87,464	0	87,464	0	0	0	7,650	7,650	4.55%	4.60%	41,273	
Director	Wen-Chung Shen																										
Director	Yung-Ching Chang																										
Director	Chung-Pin Wong																										
Director	Chitung-Chi Hsu																										
Director	Sean Martin Maloney																										
Director	Chao-Cheng Chen																										
Independent Director	Min Chih Hsuan																										
Independent Director	Duei Tsai																										
Independent Director	Duh Kung Tsai																										

Note:

1. Director Chao-Cheng Chen was inaugurated on June 20, 2014.
2. In 2014, the Company made pension contributions totaling NTD 595,000 (including NTD 267,000 under the new system and NTD328,000 under the old system) for directors who also assumed managerial roles as employees; meanwhile, all companies reported in the financial statements had made pension contributions totaling NTD 608,000 (including NTD 280,000 under the new system and NTD 328,000 under the old system) for directors who also assumed managerial roles as employees.
3. 2014 financial statements and the proposal to distribute 2014 earnings in 2015 have yet to be resolved in a shareholders' meeting.

Range of Remuneration	Number of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G+J)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	5 (Note 1)	5 (Note 4)	4 (Note 7)	3 (Note 13)
NT\$2,000,000 ~ NT\$5,000,000	9 (Note 2)	8 (Note 5)	4 (Note 8)	4 (Note 14)
NT\$5,000,000 ~ NT\$10,000,000	1 (Note 3)	2 (Note 6)	1 (Note 9)	
NT\$10,000,000 ~ NT\$15,000,000				
NT\$15,000,000 ~ NT\$30,000,000			4 (Note 10)	6 (Note 15)
NT\$30,000,000~ NT\$50,000,000			1 (Note 11)	1 (Note 16)
NT\$50,000,000 ~ NT\$100,000,000			1 (Note 12)	1 (Note 17)
Over NT\$100,000,000				
Total	15	15	15	15

Note:

1. Chao-Cheng Chen, Min Chih Hsuan, Duei Tsai, Duh Kung Tsai, Shyh-Yong Shen
2. Medica, John Kevin, Jui-Tsung Chen, Wen-Being Hsu, Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chiung-Chi Hsu, Sean Martin Maloney, Kinpo Electronics Inc.
3. Sheng-Hsiun Hsu
4. Chao-Cheng Chen, Min Chih Hsuan, Duei Tsai, Duh Kung Tsai, Shyh-Yong Shen
5. Medica, John Kevin, Wen-Being Hsu, Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chiung-Chi Hsu, Sean Martin Maloney, Kinpo Electronics Inc.
6. Sheng-Hsiun Hsu, Jui-Tsung Chen
7. Min Chih Hsuan, Duei Tsai, Duh Kung Tsai, Shyh-Yong Shen
8. Wen-Being Hsu, Chiung-Chi Hsu, Sean Martin Maloney, Kinpo Electronics Inc.
9. Sheng-Hsiun Hsu
10. Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chao-Cheng Chen
11. Jui-Tsung Chen
12. Medica, John Kevin
13. Min Chih Hsuan, Duei Tsai, Duh Kung Tsai
14. Wen-Being Hsu, Chiung-Chi Hsu, Sean Martin Maloney, Kinpo Electronics Inc.
15. Sheng-Hsiun Hsu, Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chao-Cheng Chen, Shyh-Yong Shen
16. Jui-Tsung Chen
17. Medica, John Kevin

Remuneration of Supervisors

Unit: NTD thousand; thousand shares; %

Title	Name	Supervisors' remuneration						Sum of A, B and C as a percentage of after-tax profit (%)		Remuneration from invested businesses other than the subsidiaries (D)
		Remuneration (A)		Share of profit (B)		Fees for services rendered (C)		The Company	All companies included in the financial statements	
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements			
Supervisor	Charng-Chyi Ko	0	0	10,465	10,465	475	511	0.16%	0.16%	1,934
Supervisor	Yen-Chia Chou									
Supervisor	Sheng-Chieh Hsu									

Note:

1. No pension benefits were paid and no pension contributions were made in 2014 for supervisors.
2. 2014 financial statements and the proposal to distribute 2014 earnings in 2015 have yet to be resolved in a shareholders' meeting.

Range of Remuneration	Number of Supervisors	
	Total of (A+B+C)	Total of (A+B+C+D)
	The Company	Companies in the consolidated financial statements
Under NT\$ 2,000,000		
NT\$2,000,000 ~ NT\$5,000,000	3 (Note 1)	3 (Note 2)
NT\$5,000,000 ~ NT\$10,000,000		
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000 ~ NT\$30,000,000		
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	3	3

Note:

1. Charng-Chyi Ko, Yen-Chia Chou, Sheng-Chieh Hsu
2. Charng-Chyi Ko, Yen-Chia Chou, Sheng-Chieh Hsu

Remuneration of the President and Vice Presidents

Unit: NTD thousand; thousand shares; %

Title	Name	Salary (A)		Pension (B)		special allowances (C)		Share of profit as an employee (D)				Sum of A, B, C and D as a percentage of after-tax profit (%)		Employee warrants received		Number of new restricted shares acquired as an employee		Remuneration from invested businesses other than the subsidiaries (E)
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend							
47 employees including President Jui-Tsung Chen (Note 1)		92,032	101,789	5,369	5,437	357,174	362,767	148,835	0	148,835	0	8.58%	8.80%	0	0	26,500	26,500	3,409

Note:

- Managers' titles and names
 - President: Jui-Tsung Chen - 1 position
 - Senior Advisor: Medica, John Kevin - 1 position
 - Executive Vice Presidents: Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chen-Chang Hsu, and Chao-Cheng Chen - 5 positions
 - Senior Vice Presidents: Chun-De Shen, Pei-Yuan Chen, Chiu-Rui Wei, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu, Ting-Chun Chou, and Kuo-Ping Liang - 10 positions
 - Vice Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Shih-Tung Wang, Wei-Cheng Chen, Bo-Hsiung Chang, Chin-Wen Liao, Tian-Yuan Tsai, Bo-Tang Wang, Ming-Sung Lin, Hsi-Kuan Chen, Zong-Ming Wang, Fu-Chuan Chang, Chi-Hsiang Ma, Yung-Nan Chang, Sheng-Hung Li, Yung-He Su, Ming-Hsiang Kan, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Wong, Yue-Chun Li, Meng-Hsiung Nieh, Chiao-Lieh Huang, Chung-Hsing Tan, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, Hsin-Hsiung Huang, Ren-Chiu Shao, and Tian-Ming Chen - 30 positions
- In 2014, Executive Vice President Chao-Cheng Chen, Senior Vice President Kuo-Chuan Chen, Senior Vice President Sheng-Hua Peng, Senior Vice President Wen-Da Hsu, Vice President Yue-Chun Li, Vice President Meng-Hsiung Nieh, Vice President Chiao-Lieh Huang, and Vice President Chung-Hsing Tan were transferred back or inaugurated at Compal Electronics; meanwhile, Vice Presidents Yi-Yun Chang and Hsin-Kung Mao were promoted and Senior Vice President Ting-Chun Chou, Senior Vice President Kuo-Ping Liang, Vice President Ren-Chiu Shao, and Vice President Tian-Ming Chen had resigned. In 2015, Vice Presidents Ling-Sheng Wu and Hsin-Hsiung Huang were promoted.
- No pension benefit was paid in 2014. In the meantime, the Company made pension contributions totaling NTD 5,369,000 (including NTD 4,151,000 under the new system and NTD 1,218,000 under the old system), while all companies reported in the financial statements made pension contributions totaling NTD 5,437,000 (including NTD 4,219,000 under the new system and NTD 1,218,000 under the old system).
- 2014 financial statements and the proposal to distribute 2014 earnings in 2015 have yet to be resolved in a shareholders' meeting. The employee bonus mentioned above is not final, and will be subject to change based on the list of existing employees after the proposal is passed during a shareholders' meeting.

Range of Remuneration	Number of President and Vice Presidents	
	Total of (A+B+C+D)	Total of (A+B+C+D+E)
	The Company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	5 (Note 1)	5 (Note 8)
NT\$2,000,000 ~ NT\$5,000,000	6 (Note 2)	4 (Note 9)
NT\$5,000,000 ~ NT\$10,000,000	21 (Note 3)	22 (Note 10)
NT\$10,000,000 ~ NT\$15,000,000	6 (Note 4)	7 (Note 11)
NT\$15,000,000 ~ NT\$30,000,000	7 (Note 5)	7 (Note 12)
NT\$30,000,000 ~ NT\$50,000,000	1 (Note 6)	1 (Note 13)
NT\$50,000,000 ~ NT\$100,000,000	1 (Note 7)	1 (Note 14)
Over NT\$100,000,000		
Total	47	47

Note:

1. Ling-Sheng Wu, Hsin-Hsiung Huang, Ting-Chun Chou, Ren-Chiu Shao, Tian-Ming Chen
2. Tian-Yuan Tsai, Ming-Sung Lin, Zong-Ming Wang, Chi-Hsiang Ma, Sheng-Hung Li, Kuo-Ping Liang
3. Pei-Yuan Chen, Chiu-Rui Wei, Ming-Hsing Hsu, Chih-Chuan Cheng, Ching-Hsiung Lu, Wei-Cheng Chen, Shih-Tung Wang, Chin-Wen Liao, Bo-Tang Wang, Fu-Chuan Chang, Yung-Nan Chang, Yung-He Su, Ming-Hsiang Kan, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Wong, Yue-Chun Li, Meng-Hsiung Nieh, Chiao-Lieh Huang, Yi-Yun Chang, Hsin-Kung Mao
4. Chun-De Shen, Kuo-Chuan Chen, Wen-Da Hsu, Bo-Hsiung Chang, Hsi-Kuan Chen, Chung-Hsing Tan
5. Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chen-Chang Hsu, Chao-Cheng Chen, Ying Chang, Sheng-Hua Peng
6. Jui-Tsung Chen
7. Medica, John Kevin
8. Ling-Sheng Wu, Hsin-Hsiung Huang, Ting-Chun Chou, Ren-Chiu Shao, Tian-Ming Chen
9. Ming-Sung Lin, Zong-Ming Wang, Chi-Hsiang Ma, Sheng-Hung Li
10. Pei-Yuan Chen, Chiu-Rui Wei, Ming-Hsing Hsu, Chih-Chuan Cheng, Ching-Hsiung Lu, Wei-Cheng Chen, Shih-Tung Wang, Chin-Wen Liao, Tian-Yuan Tsai, Bo-Tang Wang, Fu-Chuan Chang, Yung-Nan Chang, Yung-He Su, Ming-Hsiang Kan, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Wong, Yue-Chun Li, Meng-Hsiung Nieh, Yi-Yun Chang, Hsin-Kung Mao, Kuo-Ping Liang
11. Chun-De Shen, Kuo-Chuan Chen, Wen-Da Hsu, Bo-Hsiung Chang, Hsi-Kuan Chen, Chiao-Lieh Huang, Chung-Hsing Tan
12. Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chen-Chang Hsu, Chao-Cheng Chen, Ying Chang, Sheng-Hua Peng
13. Jui-Tsung Chen
14. Medica, John Kevin

Employee profit sharing granted to the management team

Unit: NTD thousand

Title	Name	Stock dividends	Cash dividends	Total	Total as a percentage to after-tax profit (%)
44 employees including President Jui-Tsung Chen (Note 1)		0	148,950	148,950	2.12%

Note:

1. Managers' titles and names

- President: Jui-Tsung Chen - 1 position
- Senior Advisor: Medica, John Kevin - 1 position
- Executive Vice Presidents: Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chen-Chang Hsu, and Chao-Cheng Chen - 5 positions
- Senior Vice Presidents: Chun-De Shen, Pei-Yuan Chen, Chiu-Rui Wei, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, and Wen-Da Hsu - 8 positions
- Vice Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Shih-Tung Wang, Wei-Cheng Chen, Bo-Hsiung Chang, Chin-Wen Liao, Tian-Yuan Tsai, Bo-Tang Wang, Ming-Sung Lin, Hsi-Kuan Chen, Zong-Ming Wang, Fu-Chuan Chang, Chi-Hsiang Ma, Yung-Nan Chang, Sheng-Hung Li, Yung-He Su, Ming-Hsiang Kan, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Wong, Yue-Chun Li, Meng-Hsiung Nieh, Chiao-Lieh Huang, Chung-Hsing Tan, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, and Hsin-Hsiung Huang - 28 positions
- Head of Audit: Bo-Wen Hsieh - 1 position

2. Senior Vice President Ting-Chun Chou, Senior Vice President Kuo-Ping Liang, Vice President Ren-Chiu Shao, and Vice President Tian-Ming Chen had resigned in 2014.
3. 2014 financial statements and the proposal to distribute 2014 earnings in 2015 have yet to be resolved in a shareholders' meeting. The employee bonus mentioned above is not final, and will be subject to change based on the list of existing employees after the proposal is passed during a shareholders' meeting.

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

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

Unit: NT\$ thousands

Item	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Directors	676,467	9.62%	353,400	14.32%	323,067	91.42%
Supervisors						
Presidents and Vice Presidents						
Net Income	7,034,081		2,467,211		4,566,870	

Note: 2013 data is the actual amount.

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

- All remuneration to directors, supervisors and managers are proposed according to the Articles of Incorporation and HR policies, reviewed by the Remuneration Committee, and resolved by the Board of Directors and shareholders' Meeting before proceeding.
- The above remuneration is determined mainly based on the Company's earnings, while taking into account each individual's participation, contribution and performance, as well as the level of remuneration paid by peers. These decisions are also adjusted according to changes in the global economy, the financial market, industry cycles, future prospects, and business risks in ways that ensure sustainability of the Company's business and maximize shareholders' interests.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 9 (A) meetings of the Board of Directors were held in the previous period. The attendance of directors and supervisors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Sheng-Hsiun Hsu	9	0	100%	Re-elected on June 22, 2012
Vice Chairman	Medica, John Kevin	1	0	11%	Re-elected on June 22, 2012
Director	Jui-Tsung Chen	9	0	100%	Re-elected on June 22, 2012
Director	Wen-Being Hsu	6	2	67%	Re-elected on June 22, 2012
Director	Kinpo Electronics Inc. Representative: Shyh-Yong Shen	4	5	44%	Re-elected on June 22, 2012
Director	Wen-Chung Shen	9	0	100%	Re-elected on June 22, 2012
Director	Yung-Ching Chang	6	3	67%	Re-elected on June 22, 2012
Director	Chung-Pin Wong	7	2	78%	Re-elected on June 22, 2012
Director	Chiung-Chi Hsu	7	1	78%	Re-elected on June 22, 2012
Director	Sean Martin Maloney	1	0	11%	Inaugurated June 21, 2013
Director	Chao-Cheng Chen	5	0	100%	Inaugurated June 20, 2014
Independent Director	Min Chih Hsuan	5	2	56%	Re-elected on June 22, 2012
Independent Director	Duei Tsai	9	0	100%	Re-elected on June 22, 2012
Independent Director	Duh Kung Tsai	4	2	44%	Re-elected on June 22, 2012

Note: Vice Chairman Medica, John Kevin and Director Sean Martin Maloney reside in foreign countries and are unable to attend every board meeting in person. However, the Company either informs them of the meeting agendas in advance, or arranges to have them participate via teleconferencing so that they have full knowledge of meeting proceedings.

Other notes:

Please refer to page 24-26 of the Chinese annual report.

3.3.2 Audit Committee (or Attendance of Supervisors at Board Meetings)

A. Audit Committee:

The Company does not have an Audit Committee.

B. Attendance of Supervisors at Board Meetings

A total of 9 (A) meetings of the Board of Directors were held in the previous period. The attendance of supervisors was as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) [B/A]	Remarks
Supervisor	Charng-Chyi Ko	7	78%	Inaugurated June 22, 2012
Supervisor	Yen-Chia Chou	7	78%	Inaugurated June 22, 2012
Supervisor	Sheng-Chieh Hsu	5	56%	Inaugurated June 22, 2012

Other notes:

1. Composition and responsibilities of supervisors:

(1) Communications between supervisors and the Company's employees and shareholders (e.g. the communication channels and methods used): Supervisors can directly engage and communicate with the Company's employees and shareholders.

(2) Communications between supervisors and the Company's chief internal auditor and CPA (e.g. topics of discussion, the methods used, results of financial or operational audits etc.):

The Company's supervisors are given open channels to communicate with internal and external auditors. Communication is established mainly through the following means:

(A) Regular reports: the chief auditor is required to submit internal audit reports and worksheets to each supervisor before the end of the month one month after an audit is completed. The chief auditor attends board meetings and reports progress of ongoing audit tasks. Meanwhile, the external auditor regularly reports to supervisors.

(B) Irregular reports: internal and external auditors are required to make written or verbal reports to supervisors whenever deemed necessary.

2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the date of the meeting, session, the content of motion, the resolutions of the directors' meetings and the company's response to the supervisor's opinion should be specified: None

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

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?"	Yes		The Company's corporate governance principles were approved by the Board of Directors on December 23, 2014, and have been disclosed on its official website and MOPS.	The principles implemented by the Company are somewhat different from the authority's revised version dated December 31, 2014, for which the Company will make amendments in the near future.
II. Shareholding structure and shareholders' interests				
1. Has the company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	Yes		For shareholders' best interests, the Company has spokesperson and acting spokesperson in place, and a unit that specializes in addressing shareholders' suggestions, queries, disputes and litigations.	No deviations were found
2. Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	Yes		The Company keeps track of the identity of its ultimate controller by monitoring insiders' shareholding positions (including directors, supervisors, managers, and shareholders with more than 10% ownership interest) and the shareholder registry prepared by the share administration agency.	No deviations were found
3. Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	Yes		The Company has established "Internal Control Policy - Non-trade Activities - Supervision and Management of Subsidiaries," "Investment Policy," and "Guidelines on Financial and Business Dealings Between Affiliated Enterprises" to serve as firewalls and risk controls over related parties.	No deviations were found
4. Has the company established internal policies that prevent	Yes		To prevent insider trading, "CO10 Insider Trading Prevention Management" and "Insider Trading Prevention Procedures" have been included as part of the Company's internal	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
insiders from trading securities against non-public information?			control, and published onto the intranet and linked to TWSE's website where employees may access. Both policies have been included as part of the compulsory e-Learning courses for department heads, while eCSA questionnaires are issued on a yearly basis to facilitate self-assessments. Insiders such as directors, supervisors and managers are given a copy of TWSE's "Insider Share Trading Manual" when coming onboard, so that they are aware of the rules to obey as insiders of this company.	
III. Assembly and obligations of the board of directors				
1. Has the board devised and implemented policies to ensure diversity of its members?	Yes		The Company's board comprises of members from a broad diversity of professional backgrounds and work experience. Collectively, they possess the knowledge, skills and characters needed to accomplish the board's responsibilities.	No deviations were found
2. Apart from the Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?		No	The Company has a Remuneration Committee in place, and will be assembling an Audit Committee after the 12 th Board of Directors is elected during the 2015 annual general meeting. All other affairs of the Company are handled by the respective departments; the Company does not have any other functional committees in place apart from those mentioned above.	No deviations were found
3. Has the company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis?		No	Currently, the Company does not have policies or assessment tools in place to evaluate the board's performance.	Such policies and tools will be created after careful consideration.
4. Are external auditors' independence assessed on a regular basis?	Yes		The board evaluates the independence and competence of its external auditors on a yearly basis. The evaluation involves a series of checks to determine whether external auditors involve any of the Company's directors, supervisors, shareholders or paid employees, while making sure that none of them are stakeholders of the Company. Financial statement auditors have been instructed to disassociate themselves from tasks that pose direct or indirect conflicts with their own interests. The same principles apply whenever there is a job	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			rotation within the accounting firm.	
IV. Has the company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders?	Yes		The Company has created a "Stakeholder Communication Area" on its website to address stakeholder relations. A separate email address has been provided for each stakeholder relation to ensure that queries are directed to the relevant departments. A "Material Aspects" questionnaire has also been created, through which stakeholders may identify issues that are of utmost concern to them. The Company will address stakeholders' responses properly and take their suggestions as part of the Company's goals.	No deviations were found
V. Does the company engage a share administration agency to handle shareholder meeting affairs?	Yes		The Company has commissioned Chinatrust Bank as the share administration agency, which is responsible for handling shareholder meeting affairs and providing share administration services.	No deviations were found
VI. Information disclosure				
1. Has the company established a website that discloses financial, business, and corporate governance-related information?	Yes		The Company's website (www.compal.com) is constantly updated with information such as financial performance, corporate governance, and shareholders' meetings.	No deviations were found
2. Has the company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company)	Yes		<ul style="list-style-type: none"> The Company's website discloses information in both Chinese and English. Information is gathered and disclosed by a specialized department within the Company. The Company has a spokesperson policy, a spokesperson, and an acting spokesperson in place. Investor conferences are organized regularly and whenever deemed necessary. The proceedings of which are disclosed on the Company's website broadcast using TWSE's platform (website: http://webpro.twse.com.tw/webportal/vod/101/). 	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
website)?				
VII. Does the company have other information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?	Yes		<ul style="list-style-type: none"> • Employee welfare and care to employees • Employee code of conduct • Investor relations • Supplier relations and execution of customer policy • Stakeholders' interests • Risk management execution and framework; Risk analysis and evaluation • Insuring against liabilities of company directors and supervisors • Directors', supervisors' and managers' ongoing education • Qualification of personnel involved in financial transparency 	No deviations were found
VIII. Has the company prepared a corporate governance self-assessment report or commissioned a professional organization to compile a corporate governance assessment report? (If so, please state the board of directors' opinions, the result of the self/external assessment,	Yes		<ul style="list-style-type: none"> • Pursuant to Letter No. Taiwan-Securities-Governance-1032201043 issued by Taiwan Stock Exchange Corporation (TWSE) on October 2, 2014, the MOPS no longer accepts upload of corporate governance self-assessment reports since October 13, 2014. • The Company had completed its 2014 corporate governance self-assessment within the timeframe specified by TWSE. The assessment results were published on April 30, 2015, in which the Company was ranked among the top 5%. 	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
any major weaknesses or suggestions raised, and improvements made.)				

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria Name	Having Met One of the Following Professional Qualifications, Together with at Least Five Years Work Experience			Independence Criteria (Note)								Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Having work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8			
Independent Director	Min Chih Hsuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Not applicable
Independent Director	Duei Tsai	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Not applicable
Independent Director	Duh Kung Tsai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	Not applicable

Note: Tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of an affiliated company. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not a person of any conditions defined in Article 30 of the Company Act.

B. Attendance of Members at Remuneration Committee Meetings

There are three members in the Remuneration Committee. A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Min Chih Hsuan	2	1	67%	Inaugurated June 22, 2012
Committee Member	Duei Tsai	3	0	100%	Inaugurated June 22, 2012
Committee Member	Duh Kung Tsai	3	0	100%	Inaugurated June 22, 2012

Other notes:

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

3.3.5 Corporate Social Responsibility

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Sound corporate governance				
1. Does the company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis?	Yes		The Company's corporate social responsibility policy was passed by the Board of Directors. CSR progress is reported to and reviewed by the board on a regular basis.	No deviations were found
2. Does the company organize social responsibility training on a regular basis?	Yes		The Company organizes annual CSR training courses as required by its employee code of conduct and CSR-related policies. These training courses cover a broad variety of topics including: corporate policies, HR system, employee code of conduct, Personal Information Protection Act, and other areas as the law may require. All training courses are accessible online and have been made compulsory for new recruits. Existing employees may complete courses online at their own discretion at any time. In 2014, 3,988 employees had completed their training for a total of 12,576 hours.	No deviations were found
3. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?	Yes		The Company has a CSR Office that specializes in CSR-related matters. The Board of Directors has authorized its senior management to perform CSR-related tasks and to update the board on the overall progress.	No deviations were found
4. Has the company implemented a reasonable remuneration system that associates employees' performance appraisals with CSR? Is the remuneration system supported	Yes		Employees' salary levels are set consistently among those of similar responsibilities, with adjustments made based on individual work performance (including ethical conducts). Different salary levels may be granted depending on education, experience, job grade, and the assigned duties, but are higher than the statutory minimum in any case. Furthermore, employees are entitled to a share of the Company's current year profits. The Company has set clear guidelines to reward and penalize employees' conducts and performance.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
by an effective reward/discipline system?			Rewards and penalties are decided depending on the severity and impact of the event involved.	
II. Fostering a sustainable environment				
1. Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	Yes		The R&D and production teams are well aware of how green, low-carbon products contribute to mitigate climate changes and impacts they have on the environment. They respond quickly to customers' needs for certifications such as Energy Star, US & WW EPEAT, China CECP & CEC, and Taiwan Green Mark.	No deviations were found
2. Has the company developed an appropriate environmental management system, given its distinctive characteristics?	Yes		The Company began its implementation of ISO 14001 Environment Management in April 1997; quality and environmental safety policies were created in 2005 to guide the Company's efforts on employee workplace safety and corporate responsibilities. Operating procedures and environmental/safety/health management systems have been established based on government regulations and international standards such as ISO, OHSAS etc. The Company adopts proper communication channels to convey its environmental and safety policies and goals to employees, suppliers, contractors, surrounding neighbors and interest groups.	No deviations were found
3. Is the company aware of how climate changes affect its business activities? Are there any actions taken to measure and reduce greenhouse gas emission and energy use?	Yes		Compal began greenhouse surveys (scopes 1 and 2) and carbon footprint assessments as early as 2010. The scope of greenhouse gas survey has been progressively expanded to scope 3 by 2014. The Company actively participates in the Carbon Disclosure Project (CDP) as a means to improve its response to climate changes. The CDP achieves its purpose by assessing a company's carbon emission, reduction progress, compliance risks, and exposure to physical risks such as: supply disruption, shortage of resources, extreme weather, rising sea levels, diseases etc. Once identified, risks can then be mitigated or even turned into opportunities to ensure a company's sustainability.	No deviations were found
III. Enforcement of public welfare				
1. Has the company developed its policies and procedures in	Yes		The Company places great emphasis on equal opportunities and business ethics. It has policies and systems in place to ensure compliance with international conventions.	No deviation was found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
accordance with laws and International Bill of Human Rights?			The Company and all its subsidiaries throughout the world have established employment guidelines according to international human rights conventions and local labor regulations. All employment terms have been assured to conform with the laws of the local country or region. Out of respect towards employees' welfare, the Company changes its policies and rules in line with the latest regulations, and announces them to the understanding of all its employees. For the purpose of maintaining harmonic employer-employee relations, a communication platform has been created to enable exchange of opinions and information between the Company and its employees.	
2. Does the company have means through which employees may raise complaints? Are employee complaints being handled properly?	Yes		The Company has set up email contacts through which employees may express their opinions and offer suggestions. These opinions and suggestions are referred to appropriate units within the Company; progress and outcomes are reported back to employees as they become available.	No deviations were found
3. Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	Yes		The Company is well-aware of how significantly "workplace safety and health" affects a company, its employees and stakeholders. This was the reason why the Company has enhanced its environmental, safety and quality policies and obtained OHSAS 18001 certification since 2005, which requires all departments to implement proper safety and health practices as well as regular training on matters such as fire safety equipment, utility plans, waste disposal, emergency response procedures etc. The Company organizes health and safety training for employees on a regular basis as a means to prevent occupational hazards and ensure workplace safety. In 2014, 3,107 employees had completed their training for a total of 5,181 hours.	No deviations were found
4. Does the company have means to communicate with employees on a regular basis, and inform them of operational changes that may be of significant impact?	Yes		The Company is committed to creating communication platforms where employees may exchange opinions and information. "Employee opinion boxes" have been made available at the headquarter and at various plant sites to receive employees' complaints; "Sunshine Group" and hotlines have been set up in all plant sites and are run by compassionate people who promptly respond to employees' opinions so that the Company can rectify its flaws and help solve employees' problems immediately. Townhall Meetings are organized regularly at the turn of the year, during which the CEO will personally address employees on the Company's new business developments. Key points of this	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			meeting are summarized and disseminated to all employees via email.	
5. Has the company implemented an effective training program that helps employees develop skills over their career?	Yes		Annual training programs are tailored to suit the needs of different employees, based on the Company's business strategies, policy guidelines, and career roadmaps. The Company constantly aims to establish itself as a learning organization and introduce mentorship into its training.	No deviations were found
6. Has the company implemented consumer protection and grievance policies with regards to its research, development, procurement, production, operating and service activities?	Yes		The Company is an OEM/ODM. It manufactures TV sets, notebooks, cellphones and electronics for the world's top brands. There is a dedicated unit responsible for every step along the production process, from product development, design, manufacturing, shipment to maintenance and service. Once customers have launched their products, the Company will continue to support them with services and parts until the product no longer requires after-sale responsibilities. Customers are given the option to visit Compal's website, click into Stakeholder Communication Area and leave messages using an exclusive link; these messages will then be handled by the appropriate departments.	No deviations were found
7. Has the company complied with laws and international standards with regards to the marketing and labeling of products and services?	Yes		The Company is an OEM/ODM. It manufactures TV sets, notebooks, cellphones and electronics for the world's top brands. All products are printed with customers' trademarks, names, and labeling that conform with relevant laws and international guidelines; however, the Company does not print its own logos or names on the products it produces.	No deviations were found
8. Does the company evaluate suppliers' environmental and social conducts before commencing business relationships?	Yes		The Company requests all its suppliers to fulfill their duties with respect to the environment, labor, management, and ethics. Furthermore, the Company also demands its suppliers to sign commitments to EICC (Electronics Industry Supply Chain Code of Conduct) and evaluates suppliers' performance by their contribution to corporate social responsibilities.	No deviations were found
9. Is the company entitled to terminate supply agreement at any time with a major supplier, if the supplier is found to have	Yes		The Company requires all major suppliers to comply with local regulations and fulfill their duties to the environment and the society. They are demanded to immediately rectify any violations found to ensure business relationship with the Company. The Company's standard procurement contract specifically requires suppliers to comply with EICC	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
violated its corporate social responsibilities and caused significant impacts against the environment or the society?			and environmental protection laws; meanwhile, the contract empowers the Company to terminate procurement relationship with any supplier that is found to have violated the above rules.	
IV. Enhanced information disclosure				
1. Has the company disclosed relevant and reliable CSR information on its website and at the Market Observation Post System?	Yes		A "CSR" section has been created on the Company's website to disclose information by different categories. A "News" section is also available at the home page where stakeholders are given access to the latest information. The Company prepares CSR reports on an annual basis to disclose how it has fulfilled its social responsibilities. These reports may be downloaded from the Company's website and from Market Observation Post System (MOPS).	No deviations were found

5. If the company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies," please describe any discrepancy between the Principles and their implementation:

- The Company has established "Compal Corporate Social Responsibility Best Practices" based on "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies." A "CSR Office" has also been introduced specifically for the purpose of promoting social responsibilities, environmental sustainability, public welfare, and information disclosure. The Company has adopted the principles of EICC by including corporate social responsibilities as part of its overall business plan, thereby making sure that everything it does confirms with EICC. The CSR Office reports its progress regularly to the Board of Directors, and publishes annual CSR reports to ensure proper disclosure of CSR information.
- To contribute to the sustainability of our environment, the Company publishes green knowledge materials on a monthly basis and organizes regular environmental training courses for the management and general employees. It adopts green product management starting from the design stage and covering all aspects of the supply chain, which aims to: reduce resource and energy consumption, minimize discharge of pollutants and toxic waste, ensure proper waste disposal, enhance recyclability and reusability of raw materials and products, maximize usage of available resources, extend product durability, and enhance product/service efficiency. The green management also aims to prevent pollution to water, air and soil, and embodies a series of strategies to reduce the level of greenhouse gas and carbon emitted during the Company's operations. It is our hope to minimize adverse impacts on health and the environment by adopting the best and most feasible pollution controls available.

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

There is a specific CSR section on the corporate website containing CSR policy, target and management procedures. Please refer to: <http://www.compal.com>

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions:

■ Criteria undertaken by institutions to certify the Company's products:

The Company adopts the green concept right from the design and development stage for all products it manufactures. In addition to making sure that all manufactured products conform with compulsory regulations and voluntary certifications in countries where they are distributed, the Company also takes initiative in developing talents and technologies in relation to energy-saving issues, and thereby keeping up with world's latest trends and challenges. Apart from knowing the latest changes in environmental regulations, Compal also possesses adequate R&D and execution capacity to quickly respond to customers' needs for certification such as: Energy Star, US & WW EPEAT, China CECP & CEC, Taiwan Green Mark, and Indoor Air Quality Testing & Certification.

■ Criteria undertaken by institutions to certify the Company's CSR report:

The Company has been preparing annual CSR reports and disclosing them to stakeholders over its website since 2010. The CSR report was first certified by an external institution in 2012, and later in 2014, the Company adopted Global Reporting Initiative's G4 guidelines (GRI G4, published in 2013) to prepare its CSR report. The 2014 report was compiled based on stakeholders' concerned issues and the Company's key objectives. To ensure credibility of reported contents, the Company commissioned the SGS to provide independent assurance based on the criteria specified in AA 1000 AS and GRI G4. After their assurance, the report was certified to meet AA1000 AS Assurance Standard Type 2, mid-level accountability, and GRI G4 application core requirements. The Company was later awarded a Bronze Award by Taiwan Institute for Sustainable Energy during its "Taiwan Corporate Sustainability Report Award."

3.3.6 Ethical Corporate Management

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Establishment of integrity policies and solutions				
1. Has the company stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	Yes		The Company has outlined clearly in its HR and social responsibility policies the integrity principles and code of conduct that directors, supervisors, managers and general employees are bound to comply. The Board of Directors and the management have committed themselves to business integrity. The Company's "Board of Directors Meeting Guidelines" contain a conflicting interest clause that requires directors to disassociate from all discussion and voting of any agenda that poses a conflict of interest between the Company and themselves or the entities they represent.	No deviations were found
2. Does the company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?	Yes		To prevent dishonest behaviors, the Company has introduced into the directors', supervisors', managers', and employees' code of conduct a series of measures to encourage reporting of malpractices while protecting informers from retaliation. The HR policy contains a set of disciplinary rules and is regularly conveyed to employees to prevent dishonest behaviors.	No deviations were found
3. Has the company taken steps to prevent occurrences listed in Article 7, Paragraph 2 of "Ethical Corporate	Yes		The Company's "Business Integrity Procedures and Behaviors" governs the following <ul style="list-style-type: none"> • Prohibition against offering and acceptance of improper gains • Prohibition against lobbying • Prohibition against illegal political donations • Prohibition against improper donations or sponsorships 	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Management Best Practice Principles for TWSE/TPEX-Listed Companies" or business conducts that are prone to integrity risks?			<ul style="list-style-type: none"> • Prohibition against inappropriate gifts, treatments and illegitimate benefits • Prohibition against unfair competition • Prohibition against leakage of commercial secrets and infringement of intellectual property rights • Prohibition against insider trading and rules of confidentiality Furthermore, the "Information Security Policy" has introduced measures to prevent violation of commercial secrets.	
II. Integrity actions				
1. Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	Yes		The Company requires all suppliers to sign commitments to EICC, which binds them to local regulations on workers' environment, safety, health, management, moral conducts, and prohibitions against corruptive and dishonest behaviors.	No deviations were found
2. Does the company have a unit that specializes (or is involved) in business integrity? Does this unit report its progress to the board of directors on a regular basis?	Yes		The Company has a specialized unit that is responsible for creating policies. The progress thereof is supervised by the Auditing Office and reported to the Board of Directors.	No deviations were found
3. Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting	Yes		The Company's HR policy and employee code of conduct have introduced rules to identify, supervise and manage conflicts of interest for business activities that are more highly prone to dishonest behaviors. There are channels in place for directors, supervisors, managers, stakeholders and board meeting participants to state their conflicting interests with the Company. To prevent leakage of material non-public information, the Company has established "CO10 Insider	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
interests?			Trading Prevention Management" as part of its internal control and demanded strict compliance from directors, supervisors, managers, employees, and any party that gains knowledge to the Company's material non-public information whether because of their identity, job responsibility, or controlling relationships.	
4. Has the company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?	Yes		The Company has a comprehensive and effective set of internal controls, management policies, accounting systems, and integrity principles in place. They are constantly reviewed and revised to ensure their effectiveness. Policies and business integrity are reviewed by the Auditing Office on an annual basis. Outcomes of their review are reported to the Board of Directors.	No deviations were found
5. Does the company organize internal or external training on a regular basis to maintain business integrity?	Yes		The Company organizes training courses in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the board-approved "Insider Trading Prevention Principles." Insider training prevention courses are organized for vice president-grade employees and above, while general employees are subjected to training on ethical behaviors on a yearly basis.	No deviations were found
III. Implementation of whistleblowing system				
1. Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate	Yes		The Company has mailboxes in place to receive malpractice reports from within or outside the Company. Once a report has been sent to the mailbox, it will be referred to the appropriate department and personnel depending on the nature of the underlying issue. The identity of the informer and details of the report will be kept confidential, and may involve internal auditors if the situation requires it.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
the reported malpractices?				
2. Has the company implemented any standard procedures or confidentiality measures for handling reported malpractices?	Yes		The Company has specifically instructed case handlers to strictly follow procedures when building, assigning and investigating cases, and to exercise discretion during the investigation process.	No deviations were found
3. Does the company assure malpractice reporters that they will not be mistreated for making such reports?	Yes		The Company has confidentiality procedures built into its management policies and employee code of conduct to protect informers and investigators from improper treatments or retaliation.	No deviations were found
IV Enhanced information disclosure				
1. Has the company disclosed its integrity principles and progress onto its website and MOPS?	Yes		The Company has explained corporate governance and business integrity issues and updated the progress of such efforts in its annual reports, CSR reports, and "Investor Relations" and "CSR" sections of its website.	No deviations were found
V	If the company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: The Company's "Business Integrity Principles" and "Business Integrity Procedures and Behaviors" have been passed by the Board of Directors and disclosed at the Company's website and MOPS. A specialized unit will be empowered to enforce these policies and ensure employees' compliance.			
VI.	Other information relevant to understanding the company's business integrity (e.g. reviews over business integrity principles): Courses have been introduced to the e-Learning system so that employees are made aware of the Company's "Business Integrity Principles" and "Business Integrity Procedures and Behaviors."			

3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company's website.

www.compall.com → Investor Relations → Corporate Governance → Major Internal Policies

3.3.8 Other Important Information Regarding Corporate Governance

Please refer to the Company's website.

www.compall.com → CSR

www.compall.com → Stakeholder Communication Area

3.3.9 Internal Control Systems

Compal Electronics, Inc. Statement of Internal Control System

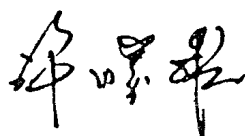
Date: Feb 26, 2015

Based on the findings of a self-assessment, Compal Electronics, Inc. (Compal) states the following with regard to its internal control system during the period from January 1, 2014 to December 31, 2014:

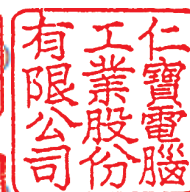
1. Compal is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. Compal has established such a system aimed at providing reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), (2) reliability of financial reporting, and (3) compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of Compal contains self-monitoring mechanisms, and Compal takes corrective actions whenever a deficiency is identified.
3. Compal evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control System by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Compal has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Compal believes that, during the year 2014, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This Statement will be an integral part of Compal's Annual Report for the year 2014 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on Feb. 26, 2015, with 0 of the 12 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Compal Electronics, Inc.

Chairman :



President :



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

3.3.11 Major Resolutions Made in Shareholders' Meeting and Board Meetings

1. Shareholders' meeting

■ Time: 9am, June 20, 2014 (Friday)

Venue: B1, No. 581, Ruiguang Road, Neihu District, Taipei City

■ Major resolutions:

- (1) Ratified the Financial Statements Report for the year 2013.
- (2) Ratified the Distribution of Earnings for the year 2013.
- (3) Approved the proposal of cash distribution from capital surplus.
- (4) Approved amendments to the Company's "Articles of Incorporation."
- (5) Approved amendments to the Company's "Procedures for Acquisition or Disposal of Assets."
- (6) Approved amendments to the Company's "Procedures for Financial Derivatives Transactions."
- (7) Approved amendments to the Company's "Regulations for Election of Directors and Supervisors."
- (8) Approved the issuance of restricted shares to employees.
- (9) Elected 1 additional director for the 11th board.
 - Elected director: Chao-Cheng Chen
- (10) Approved the release of non-competition restrictions for Directors.

■ Post-meeting execution:

- (1) New shares were issued following the exercise of employee warrants; as a result, the dividend payout ratio and the percentage of capital surplus paid in cash were subject to the following adjustments:
 - Cash dividends: adjusted from NTD0.5 per share to NTD0.49973875 per share.
 - Distribution of capital surplus in cash: adjusted from NTD0.5 per share to NTD0.49973875 per share.
- (2) The record date for cash dividends and cash capital surplus was set at August 13, 2014.
- (3) Cash dividends and cash capital surplus were scheduled to be paid on September 4, 2014.

2. Board meetings

Date	Major resolutions
2014.2.17	<ol style="list-style-type: none"> 1. Passed reappointment of managers. 2. Passed the decision to extend corporate guarantee for ASUS Ltd. 3. Passed the decision to lend to Henghao Technology Co., Ltd. 4. Passed to issue new shares for exercised employee warrants. 5. Passed the decision to borrow from financial institutions.
2014.3.27	<ol style="list-style-type: none"> 1. Passed reappointment of managers. 2. Passed the amount of directors'/supervisors' remuneration and employee bonus for 2013. 3. Passed the decision to distribute 2014 first interim bonus (Dragon Boat Festival). 4. Passed the 2014 salary adjustment. 5. Passed the 2013 consolidated and standalone financial statements. 6. Passed the 2013 Declaration of Internal Control Policies. 7. Passed to elect 1 additional director for the 11th board. 8. Passed the issuance of restricted shares to employees. 9. Passed details regarding the 2014 annual general meeting. 10. Passed the decision to borrow from financial institutions.
2014.5.8	<ol style="list-style-type: none"> 1. Passed the Company's 2013 business report. 2. Passed the Company's 2014 business plan. 3. Passed the appropriation of 2013 earnings. 4. Passed the decision to distribute capital surplus in cash. 5. Passed amendments to the Company's "Articles of Incorporation." 6. Passed amendments to the Company's "Procedures for Acquisition or Disposal of Assets." 7. Passed amendments to the Company's "Procedures for Financial Derivatives Transactions." 8. Passed amendments to the Company's "Regulations for Election of Directors and Supervisors." 9. Passed background review of candidates to be elected an additional director of the 11th board. 10. Passed the removal of restrictions imposed against directors for involving in competing businesses. 11. Passed the percentage of directors'/supervisors' remuneration and employee bonus for 2014. 12. Passed to issue new shares for exercised employee warrants. 13. Passed the issuance of corporate guarantee for subsidiary - Henghao Technology Co., Ltd. to Lenovo Group subsidiaries - Lenovo Computer Ltd. & Lenovo PC HK Limited. 14. Passed the issuance of Letter of Support for Compal subsidiaries that intend to borrow from financial institutions. 15. Passed to revise the medium-term loan limit at which the Company is able to borrow from financial institutions. 16. Passed the decision to borrow from financial institutions. 17. Passed independence and suitability assessments for the Company's financial statement auditor.
2014.5.13	<ol style="list-style-type: none"> 1. Passed the decision to buy back the Company's shares.
2014.6.23	<ol style="list-style-type: none"> 1. Passed reappointment of managers. 2. Passed details regarding the payment of 2013 cash dividends and distribution of capital surplus in cash. 3. Passed the decision to issue a letter of guarantee for Compalead Eletrônica do Brasil Indústria e Comércio Ltda, a 100% indirectly held subsidiary of the Company, to Digitron Da Amazonia e Comercio S.A, a partner of Western Digital Corporation in Brazil. 4. Passed the decision to borrow from financial institutions.
2014.8.13	<ol style="list-style-type: none"> 1. Passed reappointment of managers. 2. Passed the 2013 directors'/supervisors' remuneration. 3. Passed the decision to distribute 2014 interim bonus (Mid-autumn Festival). 4. Passed to organize 2014 first employee subscription of treasury stock.

Date	Major resolutions
	<ol style="list-style-type: none"> 5. Passed to issue new shares for exercised employee warrants. 6. Passed amendments to the Company's "2014 Employee Restricted Share Issuance Policy." 7. Passed the decision to add creditors to the letter of guarantee issued on behalf of Compalead Eletrônica do Brasil Indústria e Comércio Ltda, a 100% indirectly held subsidiary of the Company. 8. Passed the issuance of Letter of Support for Compal subsidiaries that intend to borrow from financial institutions. 9. Passed the decision to borrow from financial institutions.
2014.10.2	<ol style="list-style-type: none"> 1. Passed the decision to participate in the private cash issue of ordinary shares by Avalue Technology Inc.
2014.11.13	<ol style="list-style-type: none"> 1. Passed reappointment of managers. 2. Passed the distribution of 2013 employee cash bonus. 3. Passed the distribution of 2014 year-end bonus. 4. Passed to issue new shares for exercised employee warrants. 5. Passed amendments to the Company's "2014 Employee Restricted Share Issuance Policy." 6. Passed the Company's "2015 Audit Plan." 7. Passed the decision to donate to "Hsu Chaung Social Welfare and Charity Foundation." 8. Passed the decision to borrow from financial institutions.
2014.12.23	<ol style="list-style-type: none"> 1. Passed amendments to the Company's "Internal Control Policy." 2. Passed amendments to the Company's "Internal Control Self-assessment Procedures." 3. Passed amendments to the Company's "Internal Audit Implementation Guidelines." 4. Passed the decision to establish the Company's Corporate Governance Practices. 5. Passed to authorize relevant personnel for the application of supplier financing.
2015.1.22	<ol style="list-style-type: none"> 1. Passed reappointment of managers. 2. Passed to issue new shares for exercised employee warrants. 3. Passed the issuance of 2014 first employee restricted share issue. 4. Passed the issuance of Letter of Support for Compal subsidiaries that intend to borrow from financial institutions. 5. Passed the decision to borrow from financial institutions.
2015.2.26	<ol style="list-style-type: none"> 1. Passed the decision to revise the percentage and amount of directors'/supervisors' remuneration for 2014. 2. Passed the decision to distribute 2015 first interim bonus (Dragon Boat Festival). 3. Passed the 2015 salary adjustment. 4. Passed the 2014 consolidated and standalone financial statements. 5. Passed the Company's 2014 business report. 6. Passed the Company's 2015 business plan. 7. Passed the appropriation of 2014 earnings. 8. Passed the decision to distribute capital surplus in cash. 9. Passed independence and suitability assessments for the Company's financial statement auditor. 10. Passed the 2014 Declaration of Internal Control Policies. 11. Passed details regarding the 2015 annual general meeting. 12. Passed the decision to borrow from financial institutions.
2015.4.7	<ol style="list-style-type: none"> 1. Passed election of the 12th board of directors. 2. Passed the list of nominees for the 12th board of directors and their background reviews. 3. Passed the decision to lend to Henghao Technology Co., Ltd. 4. Passed the issuance of Letter of Support for Compal subsidiaries that intend to borrow from financial institutions. 5. Passed the decision to borrow from financial institutions.
2015.5.11	<ol style="list-style-type: none"> 1. Passed amendments to the Company's "Articles of Incorporation." 2. Passed amendments to the Company's "Procedures for Acquisition or Disposal of Assets."

Date	Major resolutions
	3. Passed amendments to the Company's "Procedures for Financial Derivatives Transactions." 4. Passed amendments to the Company's "Procedures for Endorsement and Guarantee." 5. Passed amendments to the Company's "Procedures for Lending Funds to Other Parties." 6. Passed amendments to the Company's "Regulations for Election of Directors and Supervisors." 7. Passed background review of candidates to be elected for the 12th board of directors. 8. Passed the removal of restrictions imposed against directors and managers for involving in competing businesses. 9. Passed the establishment of the Company's "Corporate Social Responsibility Policy." 10. Passed the establishment of the Company's "Business Integrity Procedures and Behaviors." 11. Passed the percentage of directors'/supervisors' remuneration and employee bonus for 2015. 12. Passed the decision to invest and establish Rayonnant International Co., Ltd. 13. Passed the establishment of the Company's "2014 Second Employee Restricted Share Issuance Policy." 14. Passed the decision to borrow from financial institutions.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

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

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
KPMG	Kuo, Kuan Ying	Lo, Jui Lan	2014.01.01~2014.12.31	

Unit: NT\$ thousands

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000				
2	NT\$2,000,000 ~ NT\$4,000,000				
3	NT\$4,000,000 ~ NT\$6,000,000			4,186	4,186
4	NT\$6,000,000 ~ NT\$8,000,000				
5	NT\$8,000,000 ~ NT\$10,000,000		8,058		8,058
6	Over NT\$100,000,000				

(1) Non-audit fees paid to CPA, accounting firm and affiliated companies thereof that amount to more than 1/4 of audit fees:

Unit: NT\$ thousands

Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	Kuo, Kuan Ying Lo, Jui Lan	8,058		365		3,821	4,186	2014.01.01~2014.12.31	

Note: "Others" in non-audit fees includes: transfer pricing report - NTD500,000, tax consultation - NTD2,409,000, and review of Mainland investment proposal - NTD912,000.

(2) Changes in the accounting firm that result in lesser audit fees paid in comparison to the previous year: None

(3) Reduction of audit fees by more than 15% compared to the previous year: None

3.4.2 Replacement of CPA: None.

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

3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: shares

Title	Name	2014		Up till April 28, 2015	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Chairman	Sheng-Hsiun Hsu	0	0	0	0
Vice Chairman and Senior Advisor	Medica, John Kevin	0	0	0	0
Director and President	Jui-Tsung Chen	1,500,000	0	0	0
Director	Wen-Being Hsu	0	0	0	0
Director	Kinpo Electronics Inc.	0	0	0	0
	Representative: Shyh-Yong Shen	0	0	0	0
Director and Executive Vice President	Wen-Chung Shen	0	0	(800,000)	0
Director and Executive Vice President	Yung-Ching Chang	(279,000)	0	(468,000)	0
Director and Executive Vice President	Chung-Pin Wong	0	0	0	0
Director	Chiung-Chi Hsu	41,000	0	0	0
Director	Sean Martin Maloney	0	0	0	0
Director and Executive Vice President	Chao-Cheng Chen	6,000,000	0	(1,150,000)	0
Independent Director	Min Chih Hsuan	0	0	0	0
Independent Director	Duei Tsai	0	0	0	0
Independent Director	Duh Kung Tsai	0	0	0	0
Supervisor	Charng-Chyi Ko	0	0	0	0
Supervisor	Yen-Chia Chou	0	0	0	0
Supervisor	Sheng-Chieh Hsu	0	0	0	0
Executive Vice President	Chen-Chang Hsu	0	0	0	0
Senior Vice President	Chun-De Shen	0	0	0	0
Senior Vice President	Kuo-Chuan Chen	499,000	0	0	0
Senior Vice President	Pei-Yuan Chen	0	0	0	0
Senior Vice President	Chiu-Rui Wei	(210,000)	0	0	0
Senior Vice President	Ying Chang	0	0	0	0

Title	Name	2014		Up till April 28, 2015	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Senior Vice President	Ming-Hsing Hsu	0	0	0	0
Senior Vice President	Sheng-Hua Peng	100,000	0	0	0
Senior Vice President	Wen-Da Hsu	800,000	0	0	0
Vice President	Chih-Chuan Cheng	0	0	0	0
Vice President and head of finance	Ching-Hsiung Lu	350,000	0	0	0
Vice President	Wei-Cheng Chen	400,000	0	0	0
Vice President	Shih-Tung Wang	0	0	0	0
Vice President	Bo-Hsiung Chang	(5,383)	0	0	0
Vice President	Chin-Wen Liao	0	0	0	0
Vice President	Tian-Yuan Tsai	0	0	0	0
Vice President	Bo-Tang Wang	(50,000)	0	0	0
Vice President	Ming-Sung Lin	0	0	0	0
Vice President	Hsi-Kuan Chen	0	0	0	0
Vice President	Zong-Ming Wang	(25,000)	0	(10,000)	0
Vice President	Fu-Chuan Chang	(10,000)	0	0	0
Vice President	Chi-Hsiang Ma	(70,000)	0	0	0
Vice President	Yung-Nan Chang	0	0	0	0
Vice President	Sheng-Hung Li	120,000	0	(18,000)	0
Vice President	Yung-He Su	40,500	0	0	0
Vice President	Ming-Hsiang Kan	0	0	0	0
Vice President	Chih-Hsien Liang	0	0	0	0
Vice President	Lung-Hua Shen	0	0	0	0
Vice President	Ming-Dong Wong	63,000	0	0	0
Vice President	Yue-Chun Li	0	0	0	0
Vice President	Meng-Hsiung Nieh	600,000	0	0	0
Vice President	Chiao-Lieh Huang	400,000	0	(200,000)	0
Vice President	Chung-Hsing Tan	400,000	0	(80,000)	0
Vice President	Yi-Yun Chang	300,000	0	(90,000)	0
Vice President	Hsin-Kung Mao	0	0	0	0
Vice President	Ling-Sheng Wu	0	0	0	0
Vice President	Hsin-Hsiung Huang	0	0	0	0
Head of Audit	Bo-Wen Hsieh	0	0	0	0
Senior Vice President	Ting-Chun Chou	0	0	0	0
Senior Vice President	Kuo-Ping Liang	0	0	0	0
Vice President	Ren-Chiu Shao	0	0	0	0
Vice President	Tian-Ming Chen	180,000	0	0	0

Note: Senior Vice President Ting-Chun Chou, Senior Vice President Kuo-Ping Liang, Vice President Ren-Chiu Shao, and Vice President Tian-Ming Chen resigned in 2014. Vice Presidents Ling-Sheng Wu and Hsin-Hsiung Huang were promoted in 2015.

3.5.1 Shares Trading with Related Parties

Unit: shares

Name	Reason for transfer	Transaction date	Counterparty	Counterparty's relationship with the Company, Directors, Supervisors, and shareholders with more than 10% ownership interest	Shares	Transaction price
Kuo-Chuan Chen	Gift	2014.04.08	Chao-Chuan Chen	Father and son	101,000	21.60

3.5.2 Shares Pledge with Related Parties: None

3.6 Relationship among the Top Ten Shareholders

April 28, 2015

Unit: shares

Name	Self Shares held		Shareholdings of spouse and underage children		Total shares held in the names of others Shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders.	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship
Kinpo Electronics, Inc. Representative: Sheng-Hsiun Hsu	151,628,692 17,775,401	3.39% 0.40%	- 30,107,025	- 0.67%	0 0	0% 0%	N/A	N/A
Shin Kong Life Insurance Co., Ltd. Representative: Eugene Wu	141,228,500	3.16%	-	-	0	0%	N/A	N/A
Government of Singapore	117,180,548	2.62%	-	-	0	0%	N/A	N/A
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency	103,293,000	2.31%	-	-	0	0%	N/A	N/A
GMO Funds PLc - GMO Emerging Markets Equity Fund	82,729,111	1.85%	-	-	0	0%	N/A	N/A
Vanguard Emerging Markets Stock Index Fund	76,364,629	1.71%	-	-	0	0%	N/A	N/A
Fidelity Puritan Trust: Fidelity Low-Priced Stock Fund	74,000,000	1.65%	-	-	0	0%	N/A	N/A
Fubon Life Insurance Co., Ltd. Representative: Cheng Ben-Yuan	70,200,991	1.57%	-	-	0	0%	N/A	N/A

Name	Self Shares held		Shareholdings of spouse and underage children		Total shares held in the names of others Shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders.	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship
Dimensional Emerging Markets Value Fund	67,416,333	1.51%	-	-	0	0%	N/A	N/A
Eastspring Investments Asia-Oceania High Dividend Equity Fund Account Held in Trust by The Master Trust Bank of Japan Ltd.	63,610,000	1.42%	-	-	0	0%	N/A	N/A

3.7 Ownership of Shares in Affiliated Enterprises

December 31, 2014

Unit: shares; %

Investees (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Arcadyan Technology Corp.	32,686,754	19.91	26,832,640	16.34	59,519,394	36.25
Panpal Technology Corporation	500,000,000	100.00	-	-	500,000,000	100.00
Henghao Technology Co., Ltd.	317,310,462	96.98	-	-	317,310,462	96.98
Zhaopal Investment Co., Ltd.	200,100,000	100.00	-	-	200,100,000	100.00
Yongpal Investment Co., Ltd.	175,100,000	100.00	-	-	175,100,000	100.00
Hong Ji Capital Co., Ltd.	100,000,000	100.00	-	-	100,000,000	100.00
Gempal Technology Corp.	90,000,000	100.00	-	-	90,000,000	100.00
Kaipal Investment Co., Ltd.	75,100,000	100.00	-	-	75,100,000	100.00
Hong Jin Investment Co., Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
Rayonnant Technology Co. Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
Compal Broadband Networks Inc.	13,041,392	52.00	12,038,208	48.00	25,079,600	100.00
Synchro Seiki, Inc.	4,165,000	62.96	-	-	4,165,000	62.96
Crownpo Technology Inc.	3,738,668	33.23	6,243,436	55.50	9,982,104	88.73
Kinpo Group Management Service Company	300,000	37.50	300,000	37.50	600,000	75.00
Allied Circuit Co., Ltd.	10,157,730	19.73	9,760,776	18.96	19,918,506	38.69
Infinno Technology Corporation	10,983,719	41.03	-	-	10,983,719	41.03
Leadhonor Optronics Co., Ltd.	2,772,000	42.00	-	-	2,100,000	42.00
Accesstek Inc.	899,160	27.78	319,707	11.06	1,218,867	38.84
Maxima Capital Management Inc.	126,000	22.55	1,080	0.46	127,080	23.01
RiPAL Optotronics Co., Ltd.	6,000,000	100.00	-	-	6,000,000	100.00
Core Profit Holdings Ltd.	147,000,000	100.00	-	-	147,000,000	100.00
Flight Global Holding Inc.	89,755,495	100.00	-	-	89,755,495	100.00
Just International Ltd.	48,010,000	100.00	-	-	48,010,000	100.00
High Shine Industrial Corp.	42,700,000	100.00	-	-	42,700,000	100.00
Compal International Holding Co., Ltd.	38,101,000	100.00	-	-	38,100,000	100.00
Big Chance International Co., Ltd.	90,820,000	100.00	-	-	90,820,000	100.00
Compal Rayonnant Holdings Limited	12,500,000	100.00	-	-	12,500,000	100.00

Investees (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Auscom Engineering Inc.	3,000,000	100.00	-	-	3,000,000	100.00
Lipo Holding Co., Ltd.	83,300	49.00	86,700	51.00	170,000	100.00
Compal Europe (Poland) Sp. z o.o.	136,080	100.00	-	-	136,080	100.00
Bizcom Electronics, Inc.	100,000	100.00	-	-	100,000	100.00
Compal Electronics (Holding) Ltd.	1,000	100.00	-	-	1,000	100.00
Ascendant Private Equity Investment Ltd .	31,253,125	34.72	37,253,825	41.39	68,506,950	76.11
Gallery Management Ltd.	3,828,577	41.12	-	-	3,828,577	41.12
Compalead Electronics B.V.	5,030,000	100.00	-	-	5,030,000	100.00
Etrade Management Co., Ltd.	46,900,000	100.00	-	-	46,900,000	100.00
Webtek Technology Co., Ltd.	100,000	100.00	-	-	100,000	100.00
Forever Young Technology Inc.	50,000	100.00	-	-	50,000	100.00
UNICOM GLOBAL, INC.	10,000,000	100.00	-	-	10,000,000	100.00
Huang Feng Communication Co., Ltd.	10,000,000	100.00	-	-	10,000,000	100.00
Avalue Technology Inc.	14,000,000	20.51	110,000	0.16	14,110,000	20.67

Note: The above investments have been accounted using the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

May 11, 2015

Year	Month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
			Shares	Amount (NTD)	Shares	Amount (NTD)	Source of capital	Paid in properties other than cash	Others
2012	3	10	6,000,000,000	60,000,000,000	4,408,843,825	44,088,438,250	Exercise of employee warrants totaling NTD 119,613,000	N/A	Change of capital approved by the Ministry of Economic Affairs on April 19, 2012
2012	6	10	6,000,000,000	60,000,000,000	4,410,964,825	44,109,648,250	Exercise of employee warrants totaling NTD 21,210,000	N/A	Change of capital approved by the Ministry of Economic Affairs on July 11, 2012
2012	8	10	6,000,000,000	60,000,000,000	4,411,870,825	44,118,705,250	Exercise of employee warrants totaling NTD 9,057,000	N/A	Change of capital approved by the Ministry of Economic Affairs on September 17, 2012
2012	12	10	6,000,000,000	60,000,000,000	4,412,652,625	44,126,526,250	Exercise of employee warrants totaling NTD 7,821,000	N/A	Change of capital approved by the Ministry of Economic Affairs on January 7, 2013
2013	9	10	6,000,000,000	60,000,000,000	4,412,791,725	44,127,917,250	Exercise of employee warrants totaling NTD 1,391,000	N/A	Change of capital approved by the Ministry of Economic Affairs on October 21, 2013
2013	11	10	6,000,000,000	60,000,000,000	4,413,154,825	44,131,548,250	Exercise of employee warrants totaling NTD 3,631,000	N/A	Change of capital approved by the Ministry of Economic Affairs on December 17, 2013
2014	2	10	6,000,000,000	60,000,000,000	4,413,624,425	44,136,244,250	Exercise of employee warrants totaling NTD 4,696,000	N/A	Change of capital approved by the Ministry of Economic Affairs on March 5, 2014
2014	5	10	6,000,000,000	60,000,000,000	4,413,851,825	44,138,518,250	Exercise of employee warrants totaling NTD 2,274,000	N/A	Change of capital approved by the Ministry of Economic Affairs on May 26, 2014
2014	8	10	6,000,000,000	60,000,000,000	4,416,128,625	44,161,286,250	Exercise of employee warrants totaling NTD 22,768,000	N/A	Change of capital approved by the Ministry of Economic Affairs on August 29, 2014
2014	11	10	6,000,000,000	60,000,000,000	4,421,210,025	44,212,100,250	Exercise of employee warrants totaling NTD 50,814,000	N/A	Change of capital approved by the Ministry of Economic Affairs on December 8, 2014
2015	1	10	6,000,000,000	60,000,000,000	4,423,236,625	44,232,366,250	Exercise of employee warrants totaling NTD 20,266,000	N/A	Change of capital approved by the Ministry of Economic Affairs on February 10, 2015
2015	2	10	6,000,000,000	60,000,000,000	4,472,596,625	44,725,966,250	Issuance of employees' restricted shares NTD 493,600,000	N/A	Change of capital approved by the Ministry of Economic Affairs on March 23, 2015

Share Type	Authorized capital			Remarks
	Outstanding shares (public listed)	Unissued shares	Total	
Ordinary shares	4,472,596,625	1,527,403,375	6,000,000,000	The authorized capital includes 100 million shares reserved for the exercising of employee warrants or corporate bonds with embedded warrants.

4.1.2 Status of Shareholders

As of 4/28/2015

Item	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury stocks	Total
Number of Shareholders	3	55	291	974	155,438	1	156,762
Shareholding (shares)	8	338,768,643	387,840,070	2,479,125,902	1,223,046,002	43,816,000	4,472,596,625
Percentage	0.00%	7.57%	8.67%	55.43%	27.35%	0.98%	100.00%

4.1.3 Share Ownership Distribution

As of 4/28/2015

Range of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	53,897	10,703,133	0.24%
1,000 ~ 5,000	67,844	152,574,504	3.41%
5,001 ~ 10,000	17,576	123,873,160	2.77%
10,001 ~ 15,000	6,410	76,050,586	1.70%
15,001 ~ 20,000	2,906	51,734,838	1.16%
20,001 ~ 30,000	2,932	71,630,809	1.60%
30,001 ~ 40,000	1,267	44,367,531	0.99%
40,001 ~ 50,000	778	35,486,014	0.79%
50,001 ~ 100,000	1,424	99,931,319	2.23%
100,001 ~ 200,000	712	99,485,312	2.22%
200,001 ~ 400,000	330	92,896,952	2.08%
400,001 ~ 600,000	148	72,671,135	1.62%
600,001 ~ 800,000	89	61,953,132	1.39%
800,001 ~ 1,000,000	54	48,132,555	1.08%
1,000,001 and over	395	3,431,105,645	76.72%
Total	156,762	4,472,596,625	100.00%

4.1.4 List of Major Shareholders

As of 4/28/2015

Shareholder's name	Shares	Number	Percentage (%)
Kinpo Electronics, Inc.		151,628,692	3.39%
Shin Kong Life Insurance Co., Ltd.		141,228,500	3.16%
Government of Singapore		117,180,548	2.62%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency		103,293,000	2.31%
GMO Funds PLc - GMO Emerging Markets Equity Fund		82,729,111	1.85%
Vanguard Emerging Markets Stock Index Fund		76,364,629	1.71%
Fidelity Puritan Trust: Fidelity Low-Priced Stock Fund		74,000,000	1.65%
Fubon Life Insurance Co., Ltd.		70,200,991	1.57%
Dimensional Emerging Markets Value Fund		67,416,333	1.51%
Eastspring Investments Asia-Oceania High Dividend Equity Fund Account Held in Trust by The Master Trust Bank of Japan Ltd.		63,610,000	1.42%

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

Measurement		Year	2013	2014	Year-to-date March 31, 2015	
Per-share market price	High		23.90	30.00	27.70	
	Low		16.05	19.40	21.85	
	Average		20.34	23.03	24.49	
Per-share net worth (Note 2)	Before dividend		22.09	23.42	23.58	
	After dividend		21.08	21.88	-	
Earnings per share	Before adjustment	Weighted average outstanding shares	4,324,112,675	4,312,853,801	4,329,403,194	
		Earnings per share	0.57	1.63	0.47	
	After adjustment	Weighted average outstanding shares	4,324,112,675	4,312,853,801	-	
		Earnings per share	0.57	1.63	-	
	Per-share dividend	Cash dividends		1.00	1.50	-
		Stock dividends	From earnings	-	-	-
From capital reserves			-	-	-	
Cumulative unpaid dividends		-	-	-		
Analysis of investment returns	P/E ratio		35.68	14.13	-	
	Price to dividends ratio		20.34	15.35	-	
	Cash dividend yield		4.92%	6.51%	-	

Note:

1. Appropriation of 2014 earnings had already been passed by the board of directors on February 26, 2015; the proposal will be raised for ratification during the 2015AGM.
2. The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

4.1.6 Dividend Policy and Implementation Status

(1) Dividend Policy

Any earnings concluded from year-end closure are first subject to tax and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves in accordance with law. Any earnings remaining are subject to directors' and supervisors' remuneration of no higher than 2%, and employee bonus of no lesser than 2%. The remainder plus undistributed earnings carried from previous years may be distributed in dividends and bonuses at the Board of Directors' discretion, subject to resolution in a shareholders' meeting. Undistributed earnings are retained by the Company.

The Company is currently in the growth phase of its life cycle, and given its future needs for capital and shareholders' demands for cash income, the Company plans to distribute dividends through a mix of cash and stocks, with cash portion comprising no lesser than 10% of total dividends proposed for the year, in years where the Company has surplus earnings at its disposal.

(2) Proposed Distribution of Dividend

- The appropriation of 2014 earnings, which includes shareholders' dividends and bonuses totaling NTD 4,428,780,625, will be proposed for discussion during the 2015 annual general meeting. The proposed dividend comprises entirely of cash and is allocated at NTD 1 per share. In addition, capital surplus totaling NTD 2,214,390,313 that had previously arisen from ordinary shares issued at premium will also be distributed back to shareholders in cash at NTD 0.5 per share. Collectively, a sum of NTD 6,643,170,938 will be distributed to shareholders in cash.
- Should the Company decide to buy back/recover outstanding shares, transfer treasury stock to employees, reduce share capital or in any other way alter the number of outstanding shares sometime later, the Board of Directors shall be authorized to adjust the payment rate of cash dividends and cash capital surplus as deemed necessary at its discretion.

(3) Impact to 2014 Business Performance and EPS resulting from Stock Dividend Distribution:
Not Applicable

4.1.7 Employee Bonus and Directors' and Supervisors' Remuneration

(1) Employees' bonus and directors'/supervisors' remuneration policies as stated in the Articles of Incorporation

Any earnings concluded from year-end closure are first subject to tax and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves in accordance with law. Any earnings remaining are subject to directors' and supervisors' remuneration of no higher than 2%, and employee bonus of no lesser than 2%. The remainder plus undistributed earnings carried from previous years may be distributed in dividends and bonuses at the Board of Directors' discretion, subject to resolution in a shareholders' meeting. Undistributed earnings are retained by the Company.

Where employee bonuses are paid in shares, they can also be distributed to employees of subordinate companies as defined in the Company Act.

(2) Basis for estimating employees' bonus, directors'/supervisors' remuneration and stock dividends, and accounting treatments for any discrepancies between the amounts estimated and the amounts paid.

- According to the Articles of Incorporation, any net income concluded for the year is first subject to tax and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves as required by law. Any earnings remaining may be subject to directors'/supervisors' remuneration of no higher than 2% and employee bonus of no lesser than 2%.
- The number of shares to be paid as employee bonus is calculated based on the closing share price one day before the annual general meeting, while taking into consideration the effects of cash and stock dividends. Bonuses that amount to less than one full share are paid in cash instead.
- If a different amount is resolved during the shareholders' meeting, the difference shall be treated as a change in accounting estimates and recognized as gains or losses in the year resolved.

(3) 2014 employees bonus proposal passed by the board of directors

- The amount of directors' and supervisors' remuneration has been proposed at NTD 49,379,245, while the amount of employee bonus has been proposed at NTD 895,790,158.
- Disclose the amount, causes and treatments for any differences that arise between the amount proposed and the amount estimated in the year it was recognized as an expense: there were no differences.
- The percentage of proposed employee bonus paid in shares, relative to the sum of standalone after-tax net income plus total employee bonus: not applicable (no employee bonus is paid in shares)
- Earnings per share after taking into account the proposed employee bonus, directors' and supervisors' remuneration etc has been calculated at NTD 1.63.

(4) Actual distribution of 2013 employee bonus and directors'/supervisors' remuneration:

Directors' and supervisors' remuneration – NTD 21,760,812; employee cash bonus – NTD 314,199,480.

The amounts actually paid in 2013 for employee bonus and directors'/supervisors' remuneration were the same as the amounts initially proposed by the Board of Directors and later approved during the 2014 annual general meeting.

4.1.8 Buyback of Treasury Stock

May 11, 2015

Time of buyback	6 th	7 th
Purpose of buyback	Transfer of shares to employees	Maintain company's credit standing and shareholders' equity
Buyback period	From March 26, 2013 until May 25, 2013	From May 14, 2014 until July 13, 2014
Buyback price range	NTD 18.27 ~ NTD 31.04 (Note 1)	NTD 21.05 ~ NTD 33.24 (Note 1)
Types and numbers of shares bought back	58,516,000 ordinary shares	0 ordinary shares
Value of shares bought back	NTD 1,126,478,345	NTD 0
Number of shares retired and transferred	14,700,000 shares	0 shares
Cumulative holding of own shares	43,816,000 shares	
Cumulative holding of own shares as a percentage to total outstanding shares (%)	0.98% (Note 2)	

Note:

1. The Company will continue buying back shares even if the share price falls below the specified minimum.
2. Calculations were based on share capital registered with the Ministry of Economic Affairs as at May 11, 2015.

4.2 Bonds: None

4.3 Global Depository Receipts

Details	Date of issue: November 9, 1999	May 21, 2001
Issuance and trading location	Luxembourg	Luxembourg
Total sum issued	USD 122,160,000	USD 174,816,000
Issuance price per unit	USD 15.27	USD 6.07
Number of units issued	8,000,000 units	28,800,000 units
Source of represented securities	Participating shareholder(s): Kinpo Electronics, Inc.	1. Participating shareholder(s): 44,000,000 shares contributed by (1) Kinpo Electronics, Inc. (2) Panpal Technology Corporation (3) Gempal Technology Corporation 2. New cash issue of Compal shares: 1,000,000,000 shares
Quantity of represented securities	40,000,000 ordinary shares of Compal Electronics	144,000,000 ordinary shares of Compal Electronics

Details		Date of issue:	November 9, 1999	May 21, 2001
		GDR holders' rights and obligations	<ol style="list-style-type: none"> Voting rights: According to the terms of the depository agreement and the laws of the Republic of China, the beneficiary certificate holder is entitled to the voting rights of shares represented under the beneficiary certificate. Rights to dividend distribution, share subscription and other rights: Unless otherwise specified in the agreement, the GDR carries identical rights as do ordinary shares 	
Trustee		N/A		N/A
Depository bank		The Bank of New York		The Bank of New York
Custodian		Mega International Commercial Bank		Mega International Commercial Bank
Unredeemed balance		2,045,553 units (May 11, 2015)		
Allocation of expenses incurred at issuance and over the duration		Borne by participating shareholder(s)		Allocated proportionally between the Company and participating shareholders
Key terms of the depository and custodian agreements		See descriptions below		
Per Unit Market Price	2014	High	USD \$4.93	
		Low	USD \$ 3.16	
		Average	USD \$3.80	
	Year-to-date May 11, 2015	High	USD \$4.64	
		Low	USD \$3.43	
		Average	USD \$4.05	

4.4 Employee Warrants

The 100,000,000 units of employee warrant issued on December 21, 2007, had expired on December 20, 2014. They were exercised for 69,348,800 shares of the Company, which amounted to NTD1,690,265,470 in total. The change of capital was approved by and registered with the Ministry of Economic Affairs on February 10, 2015.

4.5 Subscription of New Shares by Employees and Restricted Shares

4.5.1 Issuance of Restricted Employee Shares

May 11, 2015

Type of restricted employee shares	2014 1 st issue New restricted employee shares
Effective date of application	October 30, 2014
Date of issue:	February 25, 2015
Number of new restricted employee shares issued	49,360,000 shares
Issue price	NTD 0 (issued without subscription)
New restricted shares issued as a percentage to total outstanding shares	1.10% (Note)
Criteria of entitlement to restricted employee shares	<ol style="list-style-type: none"> Employees may receive the following percentages of the restricted shares they have been allocated, if they remain employed by the Company after the duration specified below and satisfy their target performance appraisals (i.e. a performance grade of B or higher in the latest year before the duration is due). However, the actual percentage of shares entitled to employees will be subject to the Company's performance

Type of restricted employee shares	2014 1 st issue New restricted employee shares
	<p>criteria, as calculated in Subparagraph 2 of this Paragraph. After 2 years: 40% After 3 years: 30% After 4 years: 30%</p> <p>2. The Company's performance criteria is calculated based on the weighted score of net income and ROE taken from the latest full-year consolidated financial statements before the duration is due. The following performance criteria applies:</p> <p>A. Net Income: increase by 10% or more compared to the Company's 3-year average</p> <p>B. Return on equity (ROE): surpass the Company's 3-year average Net income is defined as: "current net profit attributable to parent company shareholders" as shown in audited financial statements; whereas ROE is defined as: "current net profit attributable to parent company shareholders" divided by "equity attributable to parent company shareholders" as shown in audited financial statements.</p> <p>To align the interests of employees who have participated in this program and the interests of shareholders, the two performance indicators above are each assigned a 50% weight. If indicators A and B are both achieved, employees will be entitled to receive the full percentage mentioned in Subparagraph 1 of this Paragraph. If only A or B is achieved, employees will be entitled to receive half the percentage mentioned in Subparagraph 1 of this Paragraph.</p>
Restricted rights to restricted employee shares	<p>1. Employees may not sell, pledge, transfer, gift, charge or in any way dispose the restricted shares for the duration of entitlement.</p> <p>2. For citizens of the Republic of China, any restricted employee shares received must be placed immediately under the custody of a custodian appointed by the Company. Employees may not request to collect restricted shares for any reason or through any means. For employees of all other nationalities, any restricted employee shares received will be placed under the custody of a custodian bank.</p> <p>3. Restricted employee shares may be allocated cash and stock dividends for the duration of entitlement. Any cash or stock dividends allocated on restricted shares will be transferred from the custodian account to employees' personal accounts on the date of distribution.</p>
Custody of restricted employee shares	Held in trust
If the criteria of entitlement is not met after employees are allocated or have subscribed to restricted shares	<p>1. Once employees have been allocated restricted shares, the Company may recover and retire restricted shares that have yet to satisfy their criteria of entitlement, or from employees who have committed severe mistakes or violations against their employment contracts or work rules, or from those who have willingly surrendered entitlement of restricted employee shares in writing.</p> <p>2. The Company may recover allocated but unreceived shares from employees who resign, retire, or are dismissed, made redundant, or decease for causes unrelated to occupational hazards within 4 years after the date of distribution.</p> <p>3. The Company will recover (without compensation) allocated shares from employees who violate the terms of issuance before the criteria of entitlement is met.</p> <p>4. The Company will recover (without compensation) allocated shares that fail to meet the required criteria over the duration of entitlement. In which case, the Company shall instruct the custodian institution or custodian bank to complete book-entry transfers at least 15 business days before the book closure date of any stock dividend/cash dividend/cash issue.</p>
Number of restricted employee shares recovered	0 shares

Type of restricted employee shares	2014 1 st issue New restricted employee shares
Number of restricted shares with restrictions removed	0 shares
Number of restricted shares with restrictions intact	49,360,000 shares
Number of restricted shares with restrictions remaining as a percentage to total outstanding shares (%)	1.10% (Note)
Impacts on shareholders' equity	<p>Possible expenses: A total of 50,000,000 restricted shares have been planned for this issue; the issuance price per share is NTD0. The fair value of shares is measured on the day they are distributed; expenses shall be recognized over the duration of entitlement. If all criteria is met, total expenses of this restricted share scheme should approximate to NTD 1,159,960,000; of which NTD 4 10,430,000 will be recognized in 2015, NTD 434,985,000 in 2016, NTD 216,089,000 in 2017, NTD 93,545,000 in 2018, and NTD 4,911,000 in 2019.</p> <p>Dilution of EPS and other impacts on shareholders' equity: Based on the 4,472,596,625 shares outstanding as at May 11, 2015, the restricted share scheme, once expensed, should dilute earnings per share by NTD 0.09 in 2015, NTD 0.10 in 2016, NTD 0.05 in 2017, NTD 0.02 in 2018, and NTD 0.00 in 2019. This issue produced limited dilutive effects on the Company's EPS, and hence should not cause any significant impacts on shareholders' equity.</p>

Note: Calculations were based on share capital registered with the Ministry of Economic Affairs as at May 11, 2015.

4.5.2 Information on Name of Managers and Top 10 Employees obtaining Restricted Employee Shares

May 11, 2015

Title	Name	Number of new restricted shares acquired as an employee (shares)	New restricted shares acquired as a percentage to total outstanding shares (Note 1)	Restrictions removed				Restrictions intact			
				Number of restricted shares with restrictions removed (shares)	Issuance Price (NTD)	Issuance Amount (NTD)	Number of restricted shares with restrictions removed as a percentage of total outstanding shares (Note 1)	Number of restricted shares with restrictions intact (shares)	Issuance Price (NTD)	Issuance Amount (NTD)	Number of restricted shares with restrictions intact as a percentage of total outstanding shares (Note 1)
Managers 32 persons (Note 2)		26,500,000	0.59%	0	0	0	0	26,500,000	0	0	0.59%
Employees with top-10 holding 17 persons (Note 3)		5,000,000	0.11%	0	0	0	0	5,000,000	0	0	0.11%

Note:

- Calculations were based on share capital registered with the Ministry of Economic Affairs as at May 11, 2015.
- Managers' titles and names
 - Executive Vice Presidents: Yung-Ching Chang, Chung-Pin Wong, Chao-Cheng Chen - 3 persons
 - Senior Vice Presidents: Chun-De Shen, Chiu-Rui Wei, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu - 7 persons
 - Vice Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Wei-Cheng Chen, Bo-Hsiung Chang, Chin-Wen Liao, Bo-Tang Wang, Ming-Sung Lin, Zong-Ming Wang, Yung-Nan Chang, Sheng-Hung Li, Yung-He Su, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Wong, Yue-Chun Li, Meng-Hsiung Nieh, Chiao-Lieh Huang, Chung-Hsing Tan, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, Hsin-Hsiung Huang - 22 persons.
- Titles and names of employees with top-10 holding
 - Department heads: Yi-Chiang Chiu, Shih-Hung Huang, Ching-Fa Li, Bo-Heng Chen, Ren-Liang Lin, Hsin-Chih Huang, Yao-Chung Tsai, Cheng-Chiang Wang - 8 persons.
 - Deputy department heads: Nai-Ping Chen, Hsin-Shu Wang, Chi-Bin Li, Bo-An Lin, Ji-Nan Chou, Chang-Wen Lin, Chao-Bin Huang, De-Chih Hsia, Yung-Ching Tian - 9 persons.

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

4.7 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

Research, development, design, production and sale of Notebook PCs, Ultrabook PCs, 2-in-1 PCs, All-In-One (AIO) PCs, Tablet PCs, Servers, Auto Electronics (AE), Smart Home products, LCD TVs and LCD Monitors, Public Displays, Smart Phones, and Smart Accessory + Wearable Devices.

(2) Revenue distribution

Unit: NTD thousands

Major Divisions	(%) of Total Sales in 2014
5C- related products	99.6%
Other products	0.4%
Total	100.0%

(3) New products development

■ Notebook PCs

With regards to notebook R&D, Compal has been able to develop new touchscreen series powered by Intel's 5th generation Core i3, i5 and i7 and AMD's graphic-integrated APU, combined with Microsoft Windows 8.1. Compal possesses special expertise in system integration, R&D and manufacturing to assist customers in developing and mass-producing new products with the latest specifications under relatively short time. Compal's price-competitive, slim-type notebooks were launched a time when the market favored more affordable and portable devices, and for which it received positive responses from consumers. Compal has also been improving its ability to design customized models for customers across different countries and markets. A significant amount of resources has been devoted to developing commercial notebooks, given how their demands are resilience against economic downturns. Overall, Compal aims to attain industry-leading R&D capabilities in both consumer and commercial markets.

■ Ultrabook PCs

Compal has been able to maintain leadership position with its innovative technologies and strong R&D. In the ultrabook market, Compal has fully utilized the advantages of Intel's new generation of low-voltage CPUs which, when combined with the Company's proprietary fan-less design, enable a thinner and quieter machine that boots up much more quickly than previous models. In 2015, the Company will be introducing more touchscreen models based on Intel's new design specifications that run on Windows 8.1, while focusing on low-cost, slim-type designs to meet the market's demands. In order to keep up appearance with performance, Compal has also been implementing nanotechnology onto surface treatment, giving its products a more stylish and pleasant finish. Compal will continue to develop newer, more competitive technologies so that consumers around the world may appreciate the features of these products and the level of innovation the Company has to offer.

■ 2-in-1 PCs

2-in-1 PC is a whole new concept in the notebook category. By incorporating transformative designs (e.g. Yoga, detachable, convertible types) a notebook can be as versatile as a PC when used with a keyboard, and as flexible and portable as a tablet with the use of touchscreen controls. 2-in-1 PCs are built with highly sensitive touchscreen models and powered by Microsoft Windows 8.1; they are aimed to appeal to notebook and tablet PC users. Compal possesses extensive R&D experience to introduce innovative solutions for 2-in-1 PCs of different designs and sizes. Combined

with the use of proprietary technologies, materials and fan-less designs, Compal has been able to create new demands in a seemingly mature market to the delight of its customers and consumers.

■ AIO PCs

AIO PCs have been around for many years. They are characterized by an integrated design that embodies all components into the display, and are slimmed and polished in terms of appearance to distinguish from the conventional desktop setup where the case and the display are separated. Compal's latest design in this respect is a Portable AIO with built-in battery that enables portability over short distances. Compal's notebook technologies are common to those used on AIO PCs, which therefore gives the Company a quick entry into this product segment. The Company has already been approached by AIO PC customers and is currently producing for products on the market. Compal places high expectations on AIO PCs as they have the potential to replace desktop PCs.

■ Tablet PCs

Compal has long been involved in this product segment, and is able to continually combine slimmer chassis with the latest operating systems to appeal to the needs of industrial, commercial, and consumer users. Furthermore, Compal's expertise in telecommunications has enabled the design of 3G-capable products, which bring better quality and efficiency to the mobile lifestyle.

■ Servers

Cloud application is one of the fastest growing data solutions today, as modern technology enables companies to store some of their data or move part of their computing/analysis functions to a remote cloud server. To cater for the needs of Enterprise and Data Center users, Compal has acquired the key technology to high-density computing and high-precision energy management, which enable itself to produce servers of better C/P value.

■ AE

Auto electronics comprises of two main segments: telematics and entertainment. Due to the fact that telematics requires compliance with safety, telecommunication and other special regulations, Compal has chosen to work with auto manufacturers for the development of telematics products. Entertainment systems, on the other hand, have structures that are similar to PCs, and were exploited by the Company as a point of entry into auto electronics. After many years of hard work, Compal's products are now accepted by world-class auto makers.

■ Smart Home

Smart Home is an idea that began many years ago, but so far it has been focused mainly on audio/video streaming. With the approach of the IoT (Internet of Things) era, Smart Home control is expected to become one of the most highly contended features in the future. With the ability to design mobile PCs and smart devices, Compal has ventured into the development of Home Gateways, wireless technologies, sensors, cloud integration as well as new solutions such as Smart Energy, Smart Security, Smart Home Care etc. In the future, Compal will continue to bring more depth and breadth into the IoT product line to meet new demands as its capacity expands.

■ LCD TVs

Given the maturity of UHDs, Compal is shifting its focus towards the development of 4K2K UHD Smart and Cloud TVs sized between 50 – 84 inches. For North America, Europe and Japan, the Company will focus on the development of 3D features and premium sound systems to satisfy the needs of high-end consumers.

■ LCD Monitor

The Company will aim to produce 4K2K UHD digital signage sized between 70 - 98 inches for B2B applications in Japan as a means to increase gross profits. In the meantime, more efforts will be devoted towards precision displays for medical applications and large-size touchscreen displays for educational use.

■ Smartphone

Through continual R&D and improvements to telecommunication technologies, the Company aims to develop competitiveness in the Chinese market and maintain its industry-leading position. In 2015, Compal will continue focusing on the development of Android and Microsoft-based devices that feature by multi-core CPUs, slim frames,

high resolution displays and camera, and TDD-LTE/ FDD-LTE functionality. The Company will also commit resources into developing low-cost, entry-level models to meet growing demands from emerging markets.

■ Smart Accessory+Wearable Devices

Given the unlimited potentials of smart accessories and wearable devices, Compal will be combining its expertise in wireless communication and cross-platform integration to the design and production of smart accessories that best satisfy consumers' needs. Many smart bracelets and smart watches powered by RTOS and Android Wear have already been planned for 2015.

5.1.2 Industry Overview

Please refer to page 71 of the Chinese annual report.

5.1.3 Research and Development

Research and Development Expenses in the past year:

Unit: NTD thousands; %

Year	R&D expenses	Operating revenues	R&D expenses as a percentage to operating revenues
2014	12,111,034	845,700,752	1.43%
2015 first quarter	2,931,594	198,112,443	1.48%

5.1.4 Long-term and Short-term Development

(1) Short-term Development

- Observe the market, identify trends, improve designs and launch ahead of competitors with a focus on product differentiation.
- Fine-tune operating efficiency and raise product competitiveness to ensure above-average growth.
- Enhance the completeness and flexibility of logistics management and shorten the time to delivery.
- Devise different market strategies for different product segments. Strengthen mainstream products with new technologies and modularized features for more added value and variety. Apply visionary designs to featured products, and thereby create new market focus. Design entry-level products with features that satisfy users' needs, in addition to price concerns.
- Utilize the Company's diverse production sites to reduce production costs, diversify risks, and hence improve overall product competitiveness.
- Pay close attention to trends and changes in smart devices. Explore suitable OEM customers and products, and propose feasible designs that help customers compete through product differentiation.
- Shorten the time to product development; optimize supply chain management; deliver high quality assurance and provide customers with more competitive product solutions.
- Maintain relationship with existing customers. Increase the number of products produced for each customer, in addition to raising satisfaction. Explore opportunities to work with new customers to ensure above-average growth in smart devices.
- Raise product margins and maximize capacity utilization, which ultimately result in improved operating efficiency and profitability.

(2) Long-term Development

- Add values to the Company's products and improve long-term competitiveness through innovation.
- Enhance working relationships with customers by providing comprehensive services from product planning, R&D, manufacturing to after-sales.
- Enhance horizontal and vertical integration by integrating parts and products manufactured by the group and affiliated companies. Establish strategic alliances with customers to provide them with more convenient and comprehensive services.
- Continually enhance R&D and technical service capability on smart devices.

- Establish strategic alliance with key component suppliers as the means to refine product quality, the development cycle and cost structure, which ultimately benefits customers in the way of more complete and competitive products and services.
- Strength horizontal and vertical integration within the group and with other affiliated companies to develop customers' long-term loyalty towards the Company and the group.
- Develop innovative capability and better judgments than what customers make. Offer customers with more value-adding produce and service solutions as the means to building long-term competitiveness.

5.2 Market and Sales Overview

5.2.1 2014 Sales (Service) by Regions

Area	Percentage
Americas	39.8%
Europe	28.2%
Asia (Including Taiwan)	29.1%
Other Area	2.9%
Total	100.0%

5.2.2 Major Products and Their Main Uses

■ Notebook PCs

A hardware platform that can perform for data processing, document editing, typesetting, drawing, web browsing, communication, audiovisual entertainment and gaming when used with the right software.

■ Ultrabook PCs

A variant of notebook PCs that emphasizes on lightweight, slim exterior, power efficiency, and quick boot to accommodate consumers' needs for portability and performance.

■ 2-in-1 PCs

A variant of notebook PCs that features a special swivel design coupled with touchscreen and Windows 8.1 to satisfy consumers' need for mobile computing. 2-in-1 PCs can be used as an ordinary notebook and as a tablet PC.

■ AIO PCs

Designed for home use, AIO PCs are characterized by their polished exterior, touchscreen input, useful software and abundant power.

■ Tablet PCs

A hand-held device with touchscreen controls to enable mobile multimedia and online applications.

■ Servers

Stores and analyzes massive amounts of data, and supports cloud applications.

■ AE

Multimedia devices used in vehicles and operated by touch controls.

■ Smart Home

An integrated solution for home appliances that combine the use of smart controls and sensors. It enables more intelligent services to users' daily lives.

■ Displays

An output device for graphics and audio.

■ Smartphone

A device used for personal communication and web browsing.

5.2.3 Supply Status of Main Materials

Main materials include CPU/Chipset, HDD, Memory, ODD, Battery, LCD Panel, and Touch Panel Module. Regarding their supply status, please refer to page 88 of the Chinese annual report.

5.2.4 Major Suppliers and Clients

(1) Major Suppliers in the Last Two Calendar Years

Unit: NTD thousand

Party	2013				2014				2015 first quarter			
	Name	Amount	As a percentage to 2013 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2014 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2015 first quarter net purchases (%)	Relationship with the issuer
1	Company E	211,213,979	31.78	N/A	Company E	196,641,921	24.18	N/A	Company E	43,337,043	22.78	N/A
2	Company D	85,729,509	12.90	N/A	Company B	94,213,359	11.58	N/A	Company B	28,578,039	15.02	N/A
3	Company A	69,295,528	10.43	N/A	Company D	73,671,516	9.06	N/A	Company D	13,086,661	6.88	N/A
4	Company B	16,008,278	2.41	N/A	Company A	58,909,053	7.24	N/A	Company A	11,035,006	5.80	N/A
	Others	282,390,608	42.48		Others	389,900,241	47.94		Others	94,221,717	49.52	
	Net purchase	664,637,902	100.00		Net purchase	813,336,090	100.00		Net purchase	190,258,466	100.00	

(2) Major Clients in the Last Two Calendar Years

Unit: NTD thousand

Party	2013				2014				2015 first quarter			
	Name	Amount	As a percentage to 2013 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2014 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2015 first quarter net sales (%)	Relationship with the issuer
1	Company a	22,290,204	3.22	N/A	Company a	113,261,171	13.39	N/A	Company a	32,587,987	16.45	N/A
2	Company b	97,670,133	14.10	N/A	Company b	79,762,228	9.43	N/A	Company b	14,261,485	7.20	N/A
3	Company c	36,792,516	5.31	N/A	Company c	102,730,381	12.15	N/A	Company c	18,468,478	9.32	N/A
4	Company d	273,066,004	39.42	N/A	Company d	254,615,227	30.11	N/A	Company d	56,917,303	28.73	N/A
5	Company e	141,561,923	20.43	N/A	Company e	130,230,357	15.40	N/A	Company e	24,087,655	12.16	N/A
	Others	121,367,513	17.52		Others	165,101,388	19.52		Others	51,789,535	26.14	
	Net sales	692,748,293	100.00		Net sales	845,700,752	100.00		Net sales	198,112,443	100.00	

5.2.5 Production in the Last Two Years

Unit: devices; NTD thousands

Year Production volume/ value	2013			2014		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Main products						
5C electronics	96,889,165	77,682,931	663,029,988	113,708,339	93,904,896	820,180,660

5.2.6 Shipments and Sales in the Last Two Years

Unit: devices; NTD thousands

Year Sales volume	2013				2014			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products								
5C electronics	1,550,600	3,906,906	75,564,065	688,841,387	256,798	1,526,790	92,957,355	844,173,962

5.3 Human Resources

Year		December 31, 2013	December 31, 2014	March 31, 2015
Number of employees		64,473	79,639	81,626
Average age		25.12	26.66	26.19
Average years of service		1.59	1.65	1.58
Academic qualifications	Doctoral Degree	0.07%	0.07%	0.07%
	Master Degree	4.27%	3.45%	3.36%
	University	21.13%	19.07%	17.07%
	High school	56.61%	56.22%	58.24%
	Below high school/others	17.92%	21.19%	21.26%

5.4 Environmental Protection Expenditure

(1) The Company is an assembler of electronic products, and produces no significant pollution:

- It is our responsibility to mitigate the impacts of global warming by reducing energy consumption and carbon emissions. In 2014, the Company incurred a total environmental protection expenditure of NTD 22,710,000 (excluding regular maintenance and green product R&D). We have fulfilled our duties as a corporate citizen, and in doing so we hope to bring real benefits to the environment, for now and ever.

(2) Compliance with EU RoHS directives:

- 100% of products sold to Europe have conformed to RoHS standards.

(3) Responsive strategies and possible expenses:

- The Company has never incurred expenses due to pollution, and it does not expect to incur such expenses in the future.

5.5 Labor Relations

(1) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements between employers and employees, and protection of employees' rights

■ Employee welfare:

The Company has assembled an Employee Welfare Committee and an Employee Lifestyle Committee to help employees maintain balance between work, health and family life, and thereby inspire their energy in the workplace. In addition to ensuring employees' legal rights, the two committees have also made regular arrangements such as: recreational center, infirmary, health checks, games and competitions, family activities, trips, arts and cultural activities, hobby clubs etc to promote employees' healthy lifestyle. Group insurance coverage on life, accident, healthcare and cancer have been made available for employees, while in the meantime allowing family members to join the coverage at discounted prices. Scholarships are also available to reward academic achievements of employees and their children.

As a prevention against Taiwan's aging society and a support to the government's childbirth incentives, the Company has adopted the principle to approve all employees who wish to take extended unpaid leaves for childcare purpose. A total of 131 employees had applied for this leave of absence as at the end of 2014. Furthermore, Compal has offered generous childbirth incentives to Taiwanese employees and their spouses and children for 5 years starting from 2011. This incentive also applies to childbirths given by employees' spouse and children. As at the end of 2014, a total of NTD72.072 million had been paid as childbirth incentive.

■ Education and training:

The Company adopts a credit system for its training. Every job position has been assigned a credit quota that employees are expected to attain. All training records have been integrated into the e-Learning platform where managers are able to monitor employees' learning progress.

In 2014, a total of 1,603 training sessions (internal and external) were organized, which delivered 124,830.5 hours of training and received 33,472 enrollments in total. These training sessions incurred NTD 8,207,000 in total expenses and cover the following topics:

- Orientation: lectures and workshops were organized to familiarize new recruits with the Company's culture, strategies, visions and the current industry.
- Language: employees were given progressive training on English and Japanese skills, as well as proper ways to interact with customers through the use of scenario practices. The purpose of this course is to develop international talents.
- Management: employees were informed of the ideal management structure, and received training on personal abilities such as: teamwork, problem analysis, creative thinking etc. This course had progressed based on the Company's overall talent plan.
- Specialist training: this training embodies a broad range of seminars, workshops, and on-job courses that help employees develop new knowledge, techniques and experiences that are specific to their jobs. Specialist trainings are systematically managed and are considered vital to the company's core competitiveness.

- e-Learning: e-Learning offers a broad variety of knowledge from compulsory courses for new recruits to on-job trainings regarding information, 6 Sigma, language, management, CSR, and occupational safety. The use of an online environment helps extend the reach of learning resources, allowing employees to learn at their own pace at any time. Through systematic management, learning resources are delivered to their best effectiveness and therefore makes e-Learning a perfect complement to the Company's training system.

■ Retirement system

The Company has developed its retirement system in accordance with the Labor Standards Act and the Labor Pension Act. For employees who are transferred to affiliated companies, pension benefits are paid according to employees' years of service in their respective departments, and out of pension fund accounts that each department has contributed over the course of employees' service.

■ Employer-employee communications and enforcement of workers' rights

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

(2) Personnel management

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

(3) Work environment

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

(4) Employees' safety

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

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

- The Company did not suffer any losses due to employment dispute in the recent year, and nor does it expect any occurrence in the coming year.
- Responsive strategies and possible expenses: none.

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Patent licensing agreement	Phoenix Technologies Ltd.	2010.1.1 2015.06.30	1. Tool Licenses 2. Source Code licenses 3. Maintenance	N/A
Trading and manufacturing agreement	Dell Products L.P.	Since 1997.06.26 Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, while the seller will give the buyer proper licenses to use the products and provide after-sale technical services thereafter.	N/A
Trading agreement	Toshiba Co.	Since 1999.09.09 Yearly Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, along with after-sale technical services provided by the seller.	N/A
Trading and manufacturing agreement	Acer Inc.	Since 2001.10.01 Yearly Auto-renewed upon expiry	Under this agreement, the buyer will procure computer products developed and manufactured by the seller, along with after-sale technical services provided by the seller.	N/A
Shareholder agreement	Tatung Co.	Since 2009.07.21 until completion of the underlying purpose	This agreement is related to the private placement of shares of Chunghwa Picture Tubes Ltd. (CPT); the terms enable the subscriber to request for a buyback of privately placed shares from the counterparty.	N/A

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Statement of Comprehensive Income – Based on IFRS

(1) Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2015
		2010	2011	2012	2013	2014	
Current assets				259,133,608	287,380,820	324,845,249	285,579,202
Property, Plant and Equipment				20,772,790	21,209,228	24,472,732	24,286,366
Intangible assets				1,451,181	1,293,643	1,035,162	1,184,613
Other assets				30,431,001	26,219,123	28,397,575	27,568,717
Total assets				311,788,580	336,102,814	378,750,718	338,618,898
Current liabilities	Before distribution			195,000,133	220,597,261	250,264,267	208,376,412
	After distribution			199,333,956	224,902,606	(Note 2)	-
Non-current liabilities				1,995,177	15,314,137	22,266,514	21,387,345
Total liabilities	Before distribution			196,995,310	235,911,398	272,530,781	229,763,757
	After distribution			201,329,133	240,216,743	(Note 2)	-
Equity attributable to parent company shareholders		N.A.	N.A.	106,039,633	95,102,289	101,386,923	103,261,732
Share capital				44,126,526	44,134,467	44,232,366	44,725,966
Capital reserves				16,122,810	16,193,087	14,296,445	14,984,493
Retained earnings	Before distribution			55,053,941	44,489,978	47,721,872	49,724,086
	After distribution			50,669,755	42,312,310	(Note 2)	-
Other equity items				(8,382,397)	(7,707,518)	(3,139,021)	(4,448,074)
Treasury stock				(881,247)	(2,007,725)	(1,724,739)	(1,724,739)
Non-controlling interest				8,753,637	5,089,127	4,833,014	5,593,409
Total equity	Before distribution			114,793,270	100,191,416	106,219,937	108,855,141
	After distribution			110,459,447	95,886,071	(Note 2)	-

Note:

- All yearly financial information has been audited; financial information as at March 31, 2015, was auditor-reviewed.
- The 2014 financial statements have yet to be resolved in a shareholders' meeting; therefore amounts after dividend distribution were unavailable.

3. The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

(2) Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2015
	2010	2011	2012	2013	2014	
Net Sales			683,913,713	692,748,293	845,700,752	198,112,443
Gross profit			28,749,803	28,110,391	32,364,662	8,559,448
Income from operations			10,054,894	9,234,044	11,664,922	3,221,663
Non-operating income and expenses			(631,049)	(4,873,662)	(1,937,570)	(647,026)
Income before tax			9,423,845	4,360,382	9,727,352	2,574,637
Profit (Loss) from continuing operations			7,240,147	2,903,732	7,545,381	2,021,761
Profit (Loss) from discontinued operations			-	-	-	-
Net income (Loss)			7,240,147	2,903,732	7,545,381	2,021,761
Other comprehensive income (income after tax)	N.A.	N.A.	(59,127)	711,298	4,555,499	(249,917)
Total comprehensive income			7,181,020	3,615,030	12,100,880	1,771,844
Net income attributable to parent company shareholders			6,399,958	2,467,211	7,024,461	2,016,150
Net income attributable to non-controlling interest			840,189	436,521	520,920	5,611
Comprehensive income attributable to parent company shareholders			6,406,588	3,160,663	11,548,480	1,782,866
Comprehensive income attributable to non-controlling interest			774,432	454,367	552,400	(11,022)
Earnings per share			1.47	0.57	1.63	0.47

Note:

1. All yearly financial information has been audited; financial information as at March 31, 2015, was auditor-reviewed.
2. The 2014 financial statements have yet to be resolved in a shareholders' meeting.
3. The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

(3) Parent-Company-Only Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2015
		2010	2011	2012	2013	2014	
Current assets				194,403,691	210,646,593	255,609,554	
Property, Plant and Equipment				2,295,444	2,218,316	2,230,023	
Intangible assets				724,106	617,739	412,185	
Other assets				76,775,902	82,728,525	85,179,353	
Total assets				274,199,143	296,211,173	343,431,115	
Current liabilities	Before distribution			167,275,463	187,574,634	220,791,532	
	After distribution			171,659,649	191,929,970	(Note 2)	
Non-current liabilities				884,047	13,534,250	21,252,660	
Total liabilities	Before distribution			168,159,510	201,108,884	242,044,192	
	After distribution			172,543,696	205,464,220	(Note 2)	
Equity attributable to parent company shareholders		N.A.	N.A.	-	-	-	N.A.
Share capital				44,126,526	44,134,467	44,232,366	
Capital reserves				16,122,810	16,193,087	14,296,445	
Retained earnings	Before distribution			55,053,941	44,489,978	47,721,872	
	After distribution			50,669,755	42,312,310	(Note 2)	
Other equity items				(8,382,397)	(7,707,518)	(3,139,021)	
Treasury stock				(881,247)	(2,007,725)	(1,724,739)	
Non-controlling interest				-	-	-	
Total equity	Before distribution			106,039,633	95,102,289	101,386,923	
	After distribution			101,705,810	90,796,944	(Note 2)	

Note:

1. All yearly financial information has been audited.
2. The 2014 financial statements have yet to be resolved in a shareholders' meeting; therefore, amounts after dividend distribution were unavailable.
3. The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

(4) Parent-Company-Only Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2015
	2010	2011	2012	2013	2014	
Net Sales			608,702,320	632,622,772	803,504,061	N.A.
Gross profit			15,258,012	16,359,240	21,288,913	
Income from operations			4,877,292	5,505,654	7,291,756	
Non-operating income and expenses			2,288,536	(2,503,176)	286,853	
Income before tax			7,165,828	3,002,478	7,578,609	
Profit (Loss) from continuing operations			6,399,958	2,467,211	7,024,461	
Profit (Loss) from discontinued operations			-	-	-	
Net income (Loss)			6,399,958	2,467,211	7,024,461	
Other comprehensive income (income after tax)	N.A.	N.A.	6,630	693,452	4,524,019	
Total comprehensive income			6,406,588	3,160,663	11,548,480	
Net income attributable to parent company shareholders			-	-	-	
Net income attributable to non-controlling interest			-	-	-	
Comprehensive income attributable to parent company shareholders			-	-	-	
Comprehensive income attributable to non-controlling interest			-	-	-	
Earnings per share			1.47	0.57	1.63	

Note

1. All yearly financial information has been audited.
2. The 2014 financial statements have yet to be resolved in a shareholders' meeting.
3. The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

6.1.2 Condensed Balance Sheet and Statement of Comprehensive Income – Based on ROC GAAP

(1) Consolidated Condensed balance sheet – Based on ROC GAAP

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2015
		2010	2011	2012	2013	2014	
Current assets		286,707,326	236,063,264	257,852,167			
Funds & Long-term investments		29,412,093	23,908,349	28,044,206			
Fixed assets		14,979,473	16,951,183	21,386,512			
Intangible assets		2,124,707	1,923,503	2,000,627			
Other assets		333,223,599	278,846,299	309,283,512			
Total assets		286,707,326	236,063,264	257,852,167			
Current liabilities	Before distribution	211,767,431	164,527,553	192,909,628			
	After distribution	223,537,274	170,632,894	197,243,451			
Long-term and Other liabilities		321,735	221,146	1,005,337			
Total liabilities	Before distribution	212,089,166	164,748,699	193,914,965			
	After distribution	223,859,009	170,854,040	198,248,788			
Share capital		44,280,998	44,002,554	44,126,526	N.A.	N.A.	N.A.
Capital reserves		15,303,594	15,512,401	15,776,692			
Retained earnings	Before distribution	57,799,523	56,139,782	56,373,219			
	After distribution	45,894,173	49,964,431	51,989,033			
Cumulative translation adjustments		(2,443,732)	(1,234,071)	(3,134,299)			
Net loss unrecognized as pension cost		-	-	(165,627)			
Unrealized gain or loss on financial Instruments		(903,090)	(7,478,947)	(5,518,799)			
Treasury stock		(881,247)	(881,247)	(881,247)			
Non-controlling interest		7,978,387	8,037,128	8,792,082			
Total equity	Before distribution	121,134,433	114,097,600	115,368,547			
	After distribution	109,364,590	107,992,259	111,034,724			

Note: all yearly financial information has been audited.

(2) Consolidated Condensed Statement of Income – Based on ROC GAAP

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2015
		2010	2011	2012	2013	2014	
Net Sales		887,004,139	693,126,573	682,891,359			
Gross profit		45,096,505	33,587,365	29,812,097			
Income from operations		24,126,220	13,461,681	10,067,934			
Non-operating income		5,818,834	2,696,593	2,261,926			
Non-operating expenses		1,699,194	2,934,003	2,890,453			
Income before tax		28,245,860	13,224,271	9,439,407	N.A.	N.A.	N.A.
Income from operations of continued segments - after tax		23,317,195	11,096,306	7,255,485			
Net income		23,317,195	11,096,306	7,255,485			
Net income attributable to shareholders of the parent		23,271,796	11,014,680	6,411,027			
Earnings per share		5.38	2.53	1.47			

Note: all yearly financial information has been audited.

(3) Parent-Company-Only Condensed balance sheet – Based on ROC GAAP

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2015
		2010	2011	2012	2013	2014	
Current assets		230,990,361	165,602,004	193,064,991	N.A.	N.A.	N.A.
Funds & Long-term investments		65,471,622	67,921,249	76,151,586			
Fixed assets		2,176,644	2,183,514	2,160,328			
Intangible assets		894,909	743,568	724,106			
Other assets		606,181	507,276	189,276			
Total assets		300,139,717	236,957,611	272,290,287			
Current liabilities	Before distribution	186,963,328	130,872,137	165,490,729			
	After distribution	198,868,678	137,047,488	169,874,915			
Long-term liabilities		-	-	-			
Other liabilities		20,343	25,002	223,093			
Total liabilities	Before distribution	186,983,671	130,897,139	165,713,822			
	After distribution	198,889,021	137,072,490	170,098,008			
Share capital		44,280,998	44,002,554	44,126,526			
Capital reserves		15,303,594	15,512,401	15,776,692			
Retained earnings	Before distribution	57,799,523	56,139,782	56,373,219			
	After distribution	45,894,173	49,964,431	51,989,033			
Unrealized gain or loss on financial instruments		(903,090)	(7,478,947)	(5,518,799)			
Cumulative translation adjustments		(2,443,732)	(1,234,071)	(3,134,299)			
Net loss unrecognized as pension cost		-	-	(165,627)			
Total equity	Before distribution	113,156,046	106,060,472	106,576,465			
	After distribution	101,386,203	99,955,131	102,242,642			

Note: all yearly financial information has been audited.

(4) Parent-Company-Only Condensed Statement of Income – Based on ROC GAAP

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2015
		2010	2011	2012	2013	2014	
Net Sales		844,508,265	649,477,507	607,679,574			
Gross profit		32,037,117	20,573,404	16,228,493			
Income from operations		18,283,907	7,758,932	4,869,926			
Non-operating income		8,834,564	5,177,859	2,620,408			
Non-operating expenses		555,641	834,458	315,184			
Income before tax		26,562,830	12,102,333	7,175,150			
Income from operations of continued segments - after tax		23,271,796	11,014,680	6,411,027	N.A.	N.A.	N.A.
Income from discontinued departments		-	-	-			
Extraordinary gain or loss		-	-	-			
Cumulative effect of accounting principle changes		-	-	-			
Net income		23,271,796	11,014,680	6,411,027			
Earnings per share		5.38	2.53	1.47			

Note: all yearly financial information has been audited.

6.1.3 Auditors' Opinions from 2010 to 2014

Year	Accounting Firm	CPA	Audit Opinion
2010	KPMG	Lo, Jui Lan; Yen, Hsing-Fu (Note 1)	Unqualified opinion
2011	KPMG	Kuo, Kuan Ying; Lo, Jui Lan (Note 1)	Unqualified opinion
2012	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Unqualified opinion
2013	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Modified unqualified opinion (Note 2)
2014	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Modified unqualified opinion (Note 2)

Note:

1. The change of financial statement auditor was the result of an internal job rotation that took place within the accounting firm.
2. The modified unqualified opinion contained a description of the Company's plan to dispose shares of Vibo Telecom and to recognize impairment losses on CPT investments.

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis – Based on IFRS

Item		Year	Financial Analysis for the Last Five Years					As of March 31, 2015
			2010	2011	2012	2013	2014	
Financial structure (%)	Debt Ratio			63.18	70.19	71.96	67.85	
	Ratio of long-term capital to property, plant and equipment			562.22	544.60	525.02	536.28	
Solvency (%)	Current ratio			132.89	130.27	129.80	137.05	
	Quick ratio			105.61	106.85	102.70	104.64	
	Interest coverage ratio (times)			23.88	9.83	10.54	11.34	
Operating Efficiency	Accounts receivable turnover (times)			4.61	4.02	4.66	4.87	
	A/R turnover days			79.18	90.76	78.25	74.97	
	Inventory turnover (times)			13.29	12.91	13.73	11.29	
	Accounts payable turnover (times)			4.82	4.67	5.13	4.93	
	Inventory turnover days			27.47	28.26	26.59	32.32	
	Property, plant and equipment turnover (times)	N.A.	N.A.	37.81	33.00	37.03	32.50	
	Total assets turnover (times)			2.31	2.14	2.37	2.21	
Profitability	Return on total assets (%)			2.55	1.00	2.33	2.47	
	Return on equity (%)			6.34	2.70	7.31	7.52	
	Pre-tax income to paid-in capital (%)			21.36	9.88	21.99	23.03	
	Net profit ratio (%)			1.06	0.42	0.89	1.02	
	Earnings per share (NT\$)			1.47	0.57	1.63	0.47	
Cash flow	Cash flow ratio (%)			(Note 1)	0.25	13.51	-	
	Cash flow adequacy ratio (%)			(Note 2)	(Note 2)	(Note 2)	-	
	Cash reinvestment ratio (%)			(Note 1)	(Note 1)	19.59	-	
Leverage	Operating leverage			1.58	1.66	1.57	-	
	Financial leverage			1.04	1.06	1.10	-	

Note:

- This ratio is negative.
- Not applicable as there is less than 5 years of IFRS-compliant information.
- Variations exceeding 20% in the last 2 years:
 - Return on total assets: Changes were mainly due to an increase in after-tax profit compared to the previous year.
 - Return on shareholders' equity: Changes were mainly due to an increase in after-tax profit compared to the previous year.
 - Pre-tax income to paid-up capital: Changes were mainly due to an increase in pre-tax income compared to the previous year.
 - Net Profit ratio: Changes were mainly due to an increase in after-tax profit compared to the previous year.
 - Earnings per share: Changes were mainly due to an increase in after-tax profit compared to the previous year.
 - Cash flow ratio: Changes were mainly due to an increase in cash flow from operating activities compared to the previous year.
 - Cash reinvestment ratio: Changes were mainly due to an increase in cash flow from operating activities compared to the previous year.
- All yearly financial information has been audited; financial information as at March 31, 2015, was auditor-reviewed.
- The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.
- The 2014 financial statements have yet to be resolved in a shareholders' meeting.

Formula:

1. Financial Structure

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

2. Solvency

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

3. Operating Efficiency

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

4. Profitability

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

5. Cash Flow

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

6. Leverage

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

B. Consolidated Financial Analysis – Based on ROC GAAP

Analysis		Year	Financial Analysis for the Past Five Years					
			2010	2011	2012	2013	2014	
Financial Structure (%)	Debt Ratio		63.65	59.08	62.70	N.A.	N.A.	
	Ratio of long-term capital to fixed assets		809.38	673.24	542.02			
Solvency (%)	Current ratio		135.39	143.48	133.66			
	Quick ratio		113.18	114.10	106.09			
	Interest coverage ratio (times)		79.65	29.82	23.98			
Operating Efficiency	Accounts receivable turnover (times)		5.15	4.50	4.66			
	A/R turnover days		70.87	81.15	78.31			
	Inventory turnover (times)		14.30	14.27	13.24			
	Accounts payable turnover (times)		5.10	4.63	4.81			
	Inventory turnover days		25.53	25.57	27.56			
	Fixed assets turnover (times)		60.71	43.41	35.63			
	Total assets turnover (times)		2.65	2.26	2.32			
Profitability	Return on total assets (%)		7.06	3.75	2.57			
	Return on equity (%)		20.48	9.43	6.32			
	Ratio to issued capital (%)	Operating income		54.48	30.59			22.82
		Pre-tax income		63.79	30.05			21.39
	Net profit ratio (%)		2.63	1.60	1.06			
	Earnings per share (NT\$)		5.38	2.53	1.47			
Cash flow	Cash flow ratio (%)		10.91	20.94	(Note 1)			
	Cash flow adequacy ratio (%)		69.78	73.27	46.44			
	Cash reinvestment ratio (%)		9.65	17.34	(Note 1)			
Leverage	Operating leverage		1.25	1.45	1.62			
	Financial leverage		1.02	1.04	1.04			

Note:

1. This ratio is negative.
2. Variations exceeding 20% in the last 2 years: not applicable.
3. All yearly financial information has been audited.

Formula:

1. Financial Structure

- (1) Debt Ratio = Total liabilities / Total assets
- (2) Long-term debts to fixed assets = (Net equity + Long-term debts) / Net fixed assets

2. Solvency

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

3. Operating Efficiency

- (1) Account receivable (including account receivable and notes receivable from business activities) turnover = Net sales / Average account receivable balance (including account receivable and notes receivable from business activities)
- (2) A/R turnover days = 365 / account receivable turnover

- (3) Inventory turnover = Cost of Goods Sold / Average inventory balance
- (4) Account payable (including account payable and notes payable from business activities) turnover = Cost of goods sold / Average account payable balance (including account payable and notes payable from business activities)
- (5) Inventory turnover days = 365 / Inventory turnover
- (6) Fixed assets turnover = Net sales / Average Net Fixed Assets
- (7) Total assets turnover = Net sales / Average Total assets

4. Profitability

- (1) Return on assets = [PAT + Interest expense × (1 - interest rate)] / average asset balance
- (2) Return on equity = PAT / average net equity
- (3) Net profit ratio = PAT / Net sales
- (4) EPS = (PAT - preferred stock dividends) / weighted average outstanding shares

5. Cash Flow

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

6. Leverage

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

6.3 Supervisors' /Audit Committee's Report for the Most Recent Year

Supervisors' Examination Report

Date: February 26, 2015

The Board of Directors has prepared and submitted to us the Company's 2014 financial statements which have been audited and certified by Kuan-Ying Kuo & Jui-Lan Lo, certified public accountants from KPMG, along with business report and proposal for distribution of earnings. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2015 Annual General Shareholders Meeting in accordance with Article 219 of the Company Act.

Compal Electronics, Inc.

Supervisors:

Ko, Changdyi

Yen Chia-chou

Sheng-chih. Bao

6.4 Consolidated Financial Statements and Independent Auditors' Report

Please refer to Attachment I.

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

Please refer to Attachment II.

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

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Analysis \ Year	2014	2013	Difference	
			Amount	%
Current Assets	324,845,249	287,380,820	37,464,429	13.04
Funds & Investments	11,694,855	9,301,877	2,392,978	25.73
Property, plant and equipment	24,472,732	21,209,228	3,263,504	15.39
Other Assets	17,737,882	18,210,889	(473,007)	(2.60)
Total Assets	378,750,718	336,102,814	42,647,904	12.69
Current Liabilities	250,264,267	220,597,261	29,667,006	13.45
Other Liabilities	22,266,514	15,314,137	6,952,377	45.40
Total Liabilities	272,530,781	235,911,398	36,619,383	15.52
Share capital	44,232,366	44,134,467	97,899	0.22
Capital reserves	14,296,445	16,193,087	(1,896,642)	(11.71)
Retained Earnings	47,721,872	44,489,978	3,231,894	7.26
Other Adjustments	(3,139,021)	(7,707,518)	4,568,497	(59.27)
Treasury stock	(1,724,739)	(2,007,725)	282,986	(14.09)
Non-controlling Equity	4,833,014	5,089,127	(256,113)	(5.03)
Total Shareholders' Equity	106,219,937	100,191,416	6,028,521	6.02

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

- Increase in Funds & Investments: changes were mainly due to new investments and additional profits recognized from investments using the equity method.
- Increase in Other Liabilities: changes were mainly due to an increase in long-term borrowings.
- Increase in Other Adjustments: changes were mainly due to a decrease in unrealized loss of sale on available-for-sale financial instruments, and an increase in exchange differences while converting financial statements of foreign operations.
- The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

- **Effect of changes on the company's financial position:** There have been no significant changes to the Company's financial position.
- **Future response actions:** Not applicable

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Analysis	Year	2014	2013	Difference	
				Amount	%
Net Sales		845,700,752	692,748,293	152,952,459	22.08
Cost of Sales		813,336,090	664,637,902	148,698,188	22.37
Gross Profit		32,364,662	28,110,391	4,254,271	15.13
Operating Expenses		20,699,740	18,876,347	1,823,393	9.66
Operating Income		11,664,922	9,234,044	2,430,878	26.33
Non-operating Income and Expenses		(1,937,570)	(4,873,662)	2,936,092	(60.24)
Income Before Tax		9,727,352	4,360,382	5,366,970	123.08
Less: Tax Expense		2,181,971	1,456,650	725,321	49.79
Net Income (loss)		7,545,381	2,903,732	4,641,649	159.85
Other comprehensive income		4,555,499	711,298	3,844,201	540.45
Total comprehensive income		12,100,880	3,615,030	8,485,850	234.74

Note:

1. Explanation of variations exceeding 20%:

- Increase in Net Sales and Cost of Sales: Changes were mainly due to an increase in customers' orders.
- Increase in Operating Income: Changes were mainly due to increases in operating revenue and gross profit for the current period.
- Decrease in Non-operating Income and Expenses: Changes were mainly due to an increase in the share of profit from equity-accounted associated companies and joint ventures, net gains from financial assets (liabilities) carried at fair value through profit and loss, and gains on foreign currency exchange.
- Increase in Tax Expense: Changes were mainly due to an increase in current net profit.
- Increase in Other comprehensive income (net of tax): Changes were mainly due to an increase in currency translation differences while converting financial statements of foreign operations, and a decrease in unrealized loss on valuation of available-for-sale financial assets.
- Increase in Total comprehensive income: Changes were mainly due to an increase in current net profit.

2. The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Financing of Cash Deficit	
				Investment Plans	Financing Plans
46,965,852	33,798,224	6,055,946	74,708,130	-	-

Analysis of change in cash flow in the current year:

1. Analysis of cash flow variations in 2014:

- NTD 33,798,224,000 net cash inflow from operating activities: This was mainly due to profits from business activities, and changes in working capital assets and liabilities.
- NTD 5,689,203,000 net cash outflow from investing activities: This was mainly due to real estate properties, plant and equipment acquired in the current period.
- NTD 1,912,141,000 net cash outflow from financing activities: This was mainly explained by an increase in bank borrowings, distribution of cash dividends, and acquisition of non-controlling equity.

2. Financing of cash deficits: not applicable.

3. Liquidity analysis: the Company was in a sound liquidity position as current assets were 129.8% of current liabilities.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Financing of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
74,708,130	10,628,549	10,384,597	74,952,082	-	-

Analysis of change in cash flow in the coming year:

1. Analysis of cash flow variations in 2015:

- NTD 10,628,549,000 cash inflow from operating activities: This is mainly due to expected increase in business volume and profits.
- NTD 6,026,785,000 cash outflow from investing activities: This is mainly due to expected increase in investment outlays for the coming year.
- NTD 4,357,812,000 cash outflow from financing activities: This is mainly due to cash dividends planned for the coming year.

2. Financing of cash deficits: not applicable.

3. Liquidity analysis: The Company should be able to mainly sound liquidity, as opening cash balance plus net cash inflows from operating activities are adequate in meeting the Company's investing and financing needs.

7.4 Major Capital Expenditures

7.4.1 Major Capital Expenditures and Sources of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure
				2014
Invest in Avalue Technology Inc	Proprietary capital	2014	494,900	494,900
Invest in Mactech Inc.	Proprietary capital	2014	177,709	177,709
Invest in APE (Note)	Proprietary capital	2014	470,234	470,234

Note: APE: Ascendant Private Equity Investment Ltd.

7.4.2 Expected Benefits

1. Investment in Avalue Technology Inc: this investment gives Compal the ability to extend product applications to industrial uses such as healthcare and IoT, which provides the Company with the depth and breadth to respond to future trends.
2. Investment in Mactech Inc.: this investment gives the Company the ability to design and manufacture automated machines and equipment.
3. Investment in APE: APE provides Compal the access to business opportunities in other industries.

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

(1) Investment policy

1. In light of increasing competition across the industry, Compal will devote greater efforts toward integrating different businesses to establish itself as a provider of "Enlighten Living with Green Connecting and Computing". Compal's long-term investments will be focused on existing products and aimed toward delivering best product quality, cost effectiveness and technology in Cloud, Connecting, Computing, Communication, and Consumer segments (the 5Cs). In the meantime, the Company will place greater emphasis on monitoring business partners' compliance with employment regulations and prohibitions against human trafficking and slavery, in order to create opportunities for vertical integration, product line expansion, strategic investments, mergers and acquisitions etc that would strengthen the group's competitiveness even further.
2. The invested businesses will be allocated resources and operated in ways that complement group strategies and businesses. Meanwhile, invested businesses are instructed to comply strictly with laws on employment, human trafficking, and slavery, and are required to connect with customers' networks or join strategic alliances in order to make social, financial and environmental contributions including but not limited to increased efficiency/capacity, improvement of workers' rights, financial growth, and improvements to the local environment. Compal will also assist top-performing investments with their IPOs for increased returns and shorter time to payback.

(2) Main causes of profits or losses incurred on investments, and any corrective actions planned

The consolidated entity-investments recognized approximately NTD980million of gains in 2014. This was largely contributed by the exceptional performance of investees including LCFC, Compal Precision, and Allied Circuit. With regards to the dispute involving the Company's and subsidiaries' subscription to privately placed securities of Chunghwa Picture Tubes Ltd. (CPT) and the agreement signed with CPT's parent - Tatung Company (Tatung) in 2009, the arbitration tribunal has issued a decision that resulted in Company to recognize NTD4.7 billion of impairment loss on equity investment in the first quarter of 2014. The Company has since engaged its legal representative to file a claim to Taipei District Court to revoke arbitration decisions that were made against the Company's interests.

(3) 2015 investment plans

Investment plans for the next year are made according to the Company's annual business strategies, and will involve a new mobile initiative combined with R&D and customers' resources for the introduction of new products in the AIO PC, TV, AE, and Enterprise Server categories. Compal adopts a vigilant business philosophy that strives to develop competitiveness only from the foundation of its existing businesses. In addition to growing our core businesses, we also make vertical business integrations where appropriate and expand horizontally into related business activities. While being active on strategic investments, mergers and acquisitions, the Company has been devoting significant resources internally to the development of new products and technologies, particularly with regards to vertical integrations. Apart from the manufacturing of hardware and final products, the Company also plans to invest significant resources for developers of software, firmware, casing solution, and display applications. In terms of horizontal expansion, the Company remains eager to venture into new markets and opportunities such as IT products and services, auto electronics, wearable devices, servers, industrial computers, healthcare etc, following its recent acquisition of Compal Communication Inc.

The Company and its affiliates will proceed with the expansion plans mentioned above only when they are certain to contribute to the group's advantage and involve reasonable risks. Compal's investment decisions are based upon the aforementioned principles and executed in one of the three main directions below:

1. Investments should work towards the vertical integration of upstream and downstream parts supply, and increase the weight of proprietary or locally produced parts in ways that improve overall competitiveness.
2. Horizontal expansions should target related products and services, or growing industries that provide synergies to existing businesses.
3. Investments should work towards enhancing Compal's technical capabilities, or provide synergies or growth opportunities to the group.

7.6 Analysis of Risk Management

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

Unit: NTD thousand; %

Aspects	2014
Net interest revenue and expense	4,232
Net gain on exchange (including valuation of financial instruments)	1,054,764
Net revenues	845,700,752
Pre-tax income (Note)	9,727,352
Net interest revenue/expense to net revenues	0.001%
Net interest revenue/expense to pre-tax income	0.044%
Net exchange gains to net revenues	0.125%
Net exchange gains to pre-tax income	10.843%

Note: The Company has adopted the 2013 IFRS approved by the Financial Supervisory Commission for all financial statement preparations since January 1, 2015. Financial figures of the consolidated entity were re-stated retrospectively starting from January 1, 2014.

1. Interest rate changes:

As the market has expected, the U.S. FED no longer uses the word "patience" when addressing the public, as it prepares the world for future rate hikes. However, Chairperson Yellen has emphasized that not using the word "patience" does not represent the FED's lack of patience. The post-meeting statement indicated that growth of the U.S. economy has slowed down somewhat, and revised downward the nation's growth and inflation estimates. Given the fact that many countries around the world are launching their own expansionary policies, the market expects two interest rate hikes in the United States by the end of 2015, which may raise the federal fund rate to 0.625%. As for NTD, the Central Bank has decided to hold interest rate unchanged given the nation's steady growth at low inflation. As at the end of 2014, the Company had cash balances totaling NTD74.708 billion and bank borrowings (long-term and short-term) totaling NTD70.831 billion, and had accumulated net interest income of NTD4,232,000. The amount of net interest represented 0.001% of net revenues and 0.044% of pre-tax income. As at December 31, 2014, a 0.25% increase in interest rate while all other factors remain unchanged will increase pre-tax income by NTD12,287,000. The Company will monitor interest rate changes closely and take responsive actions at the earliest time possible.

2. Exchange rate changes:

The Company exports most of the goods it produces, which makes exchange rate changes highly influential to annual profits. To minimize impacts of exchange rate fluctuations, the Company adopts a natural hedge combined with the use of currency forwards and swaps. The Company made exchange gains (including valuation of financial instruments) totaling NTD1.055 billion for the year, which represented 0.125% of net revenues and 10.843% of pre-tax income. Exchange rate variations are somewhat influential to the Company's operations and profitability. U.S. dollars had strengthened against NTD by December 31, 2014; while all other factors remain unchanged, this change of exchange rate will increase pre-tax income by NTD860,146,000. The Company will continue monitoring exchange rate changes and take pro-active responses where necessary.

3. Inflation:

According to data compiled by the Central Bank, the collapse of oil and commodity prices throughout the world have contributed to falling prices of local goods and services, and lower inflationary pressure as the Directorate-General of Budget, Accounting and Statistics estimates an annual CPI increase of 0.26%. Although price levels are expected to remain stable throughout the year, the Company will continue to monitor changes and evaluate the impacts they have on the overall business.

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

1. The Company and its subsidiaries are not involved in any high-risk, high-leverage investments.
2. The Company and its subsidiaries extend loans only to related parties, mostly for short-term financing of operational activities.
3. The Company issues endorsements/guarantees only for the benefit of its subsidiaries. These endorsements/guarantees are made according to established procedures.
4. The Company primarily adopts natural hedges to cover assets and liabilities that are denominated in foreign currencies. Any net foreign currency exposures are hedged away through the use of currency forwards or swaps. Uses of derivative instruments are entirely for hedging purpose. As at the end of 2014, the Company had outstanding currency forwards totaling USD 237,500,000/EUR 38,200,000/GBP 500,000 and currency swaps totaling USD 30,000,000. The Company will continue to monitor exchange rate changes closely and engage in hedging transactions at the appropriate timing.
5. Apart from exercising due diligence, the Company currently has a complete set of policies including "Procedures for Acquisition or Disposal of Assets", "Procedures for Endorsement and Guarantee", "Procedures for Lending Funds to Other Parties", and "Procedures for Financial Derivatives Transactions" to guide its actions.

7.6.3 Future Research & Development Projects and Corresponding Budget

In addition to making improvements to existing products such as PCs, TVs and accessories, the Company values creative R&D as the foundation to its sustainability. R&D projects are outlined based on the team's visions and knowledge toward new technologies, market trends and product functionality. The details of which are finalized to conform with customers' market and product plans.

In general, the product development cycle is less than one year for all product categories, and the Company has been able to progressively reduce the time it takes to develop each product. Intensified competition in the IT industry has made product development more time-sensitive than ever. In order to support the Company's rapid business growth, the quality, experience, and abundance of R&D personnel not only became key to the Company's 2015 performance targets, but are vital to ongoing customer relationships as well. For this reason, the Company expects to incur more than NTD12billion of R&D expenses in 2015.

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

The Company continues to pay close attention to any policies and regulations that may have impact on the Company's operations. All major changes in regulations and policies (domestic and foreign) that took place in 2014 had been properly addressed, and did not pose any significant impacts on the Company's financial or business performance.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

Similar to how tablet PCs have changed users' habits, the rise of ARM and Android have threatened the dominance of the Wintel alliance. In response to this change, the Company aims not only to secure existing product lines but also to

develop new products that conform with future trends. To achieve this purpose, the Company has assembled new Product Innovation Team, Technology Innovation Team, and Design Innovation Team, and entrusted them with the mission of studying user behaviors, designing products that better satisfy users' needs, improving the Company's technical capabilities, and making plans for future products. This shall be the foundation upon which the Company explores its future opportunities.

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

The Company has been an ODM in the IT industry for many years; there have been no changes to its business strategies. The Company's image has been well-received in the industry because of its dedication to business integrity and performance. In recent years, the Company has seen its operations expand in terms of employee size and plant size in Mainland China. This was when we realized the necessity to regularly assess the external environment and our operations and management system so that potential crises can be identified and responded to as early as possible.

The Company did not encounter any significant changes in its corporate image in 2014; instead, the organization has weathered through potential crises because of its commitment to the business philosophy of “innovation, harmony, and transcendence”.

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

The Company's merger and acquisition plans have been aligned with industry trends and future strategies to deliver more comprehensive products/services and faster innovations and designs to customers. They are structured in ways that facilitate the integration of talents, technologies, products and customer strengths, and in manners that complement the Company's existing know-how in IT and telecommunication industries. On September 30, 2013, the Board of Directors approved the tender offer of subsidiary - Compal Communication Inc. ("Compal Communication") at a price of NTD50.8 per share (referred to as the "Offer" below). This Offer had been completed on November 19, 2013, for which the Board of Directors later approved the merger of Compal Communication Inc. on November 28, 2013. The merger was scheduled to take effect on February 27, 2014, with the Company being the surviving company and Compal Communication being the dissolved company. This merger had been completed successfully and was approved by the Ministry of Economic Affairs in its Letter No. Jing-Shou-Shang-10301046390 dated March 25, 2014.

With this merger, the Company expects to achieve better resource integration and gain R&D capabilities that would contribute to its efficiency and competitiveness. Over time, the merger should be able to create synergies and prove beneficial to shareholders' interest. Furthermore, this merger is consistent with the integration of IT and telecommunication technologies that is happening throughout the industry. Given the fact that this was an integration of intra-group resources, there should be minimal risks in reorganizing the acquired subsidiary.

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

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

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

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

7.6.12 Litigation or Non-litigation Matters

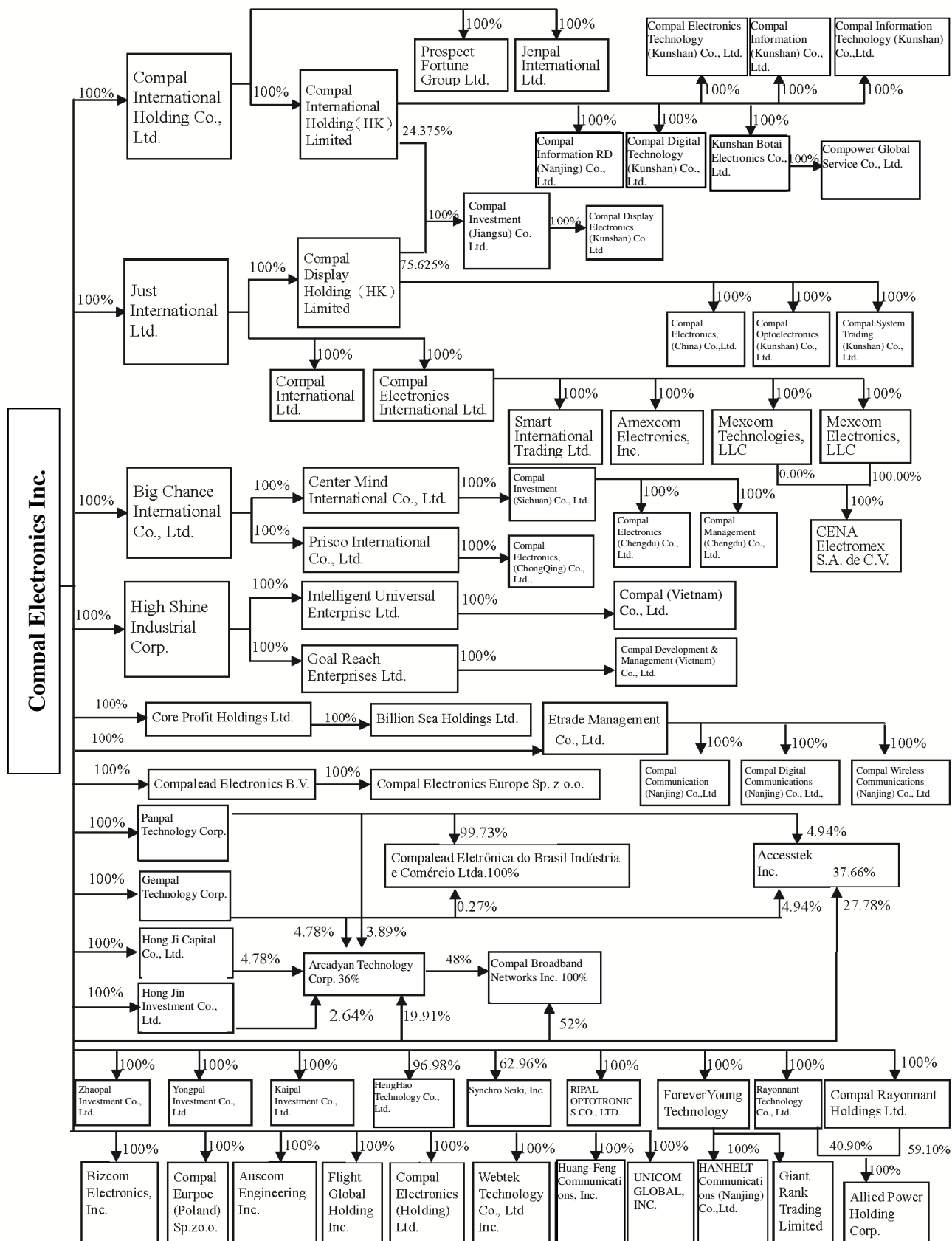
In 2009, the Company and its subsidiaries, namely Zhaopal Investment, Yongpal Investment and Kaipal Investment (collectively referred to as "the Company and Subsidiaries"), participated in the private cash issue of Chunghwa Picture Tubes Ltd. ("CPT"). The Company and Subsidiaries had subscribed to the privately placed ordinary shares at NTD2.5 per share for a total of NTD7 billion, and a written agreement was signed with Tatung Company ("Tatung") to facilitate the deal. According to the terms of this agreement, the Company was entitled to request for a buyback of privately placed CPT shares from Tatung during the agreed period, at the price that the Company and Subsidiaries had initially paid for plus interest. However, Tatung did not fulfill its obligations despite the fact that several instructions were made by the Company. On March 29, 2013, the Company was forced to resolve with arbitration procedures. The case was reviewed by the arbitration tribunal, and the decision was received by the Company on May 12, 2014. According to the decision, Tatung was required to pay the consolidated entity a sum of NTD 2,118,607,000 for buying back all CPT shares from The Company and Subsidiaries, and pay the Company interests accruing at 5% per annum from April 3, 2013, until the date of settlement. Furthermore, Tatung is required to bear one-third of arbitration expenses. The Company has since engaged its legal representative to file a claim to Taipei District Court to revoke arbitration decisions that were made against the Company's interests.

7.6.13 Other Major Risks

As an international conglomerate, Compal faces a broad and often changing scope of risks such as regulatory compliance, competition, localization, globalization etc. It is our employees' duties to turn challenges into new opportunities through which the organization may grow. Compal has implemented the PDCA process, KPIs and internal control systems to enable identification, assessment, prevention, and response of risks. They provide risk managers the means to conducting regular and ad-hoc work reports and reviews. When combined with performance appraisal and training systems, they create a robust and responsive problem-solving culture that guides the Company's risk management practices in varying circumstances.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies



8.2 Private Placement of Securities in the Most Recent Year: None

8.3 Company Shares Held or Disposed by Subsidiaries in the Most Recent Year:

Unit: NT\$ thousands; Shares; %

Name of Subsidiary	Share Capital Acquired	Funding Source	Percentage of Shares Held by the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed	Investment Gain (Loss)	Shareholdings and Amount in Most Recent Year	Collateralized	Amount of Endorsements Made for the Subsidiary	Amount Loaned to the Subsidiary
Panpal Technology Corporation	NTD 5,000,000,000	Proprietary capital	100%	-	-	-	-	31,648,082 shares NTD 559,812,000	N/A	-	-
Gempal Technology Co., Ltd.	NTD 900,000,000	Proprietary capital	100%	-	-	-	-	18,369,349 shares NTD 321,435,000	N/A	-	-
Up till the publication date of this annual report					-	-	-		Note		

Note: Impacts on the Company's financial performance and position: none of the subsidiaries had acquired or disposed the Company's shares in the current year up till the publication date of this annual report, hence there were no impacts.

8.4 Any Events in 2014 and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Interests or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None

Attachment I

Independent Auditors' Report

To the Board of Directors
Compal Electronics, Inc.:

We have audited the accompanying consolidated balance sheets of Compal Electronics, Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial reports are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial reports based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" in the Republic of China and generally accepted auditing standards. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial reports. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of consolidated financial reports. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial reports referred to above present fairly, in all material respects, the financial position of Compal Electronics, Inc. as of December 31, 2014 and 2013, and the results of their consolidated operations and their consolidated cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting standards, International Accounting Standards, IFRSC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission R.O.C.

As stated in note 6(c) of the consolidated financial reports, Compal Electronics, Inc. and its subsidiaries recognized an impairment loss of \$4,730,000,000 on the equity investment in Chunghwa Picture Tubes Ltd. for the three months ended March 31, 2014.

As stated in note 6(c) of the consolidated financial reports, Compal Electronics, Inc. and its subsidiaries reclassified the investment of VIBO Telecom Inc. from investments accounted for using equity method to non-current assets classified as held for sale, and recognized an impairment loss of \$4,901,360,000 for the three months ended September 30, 2013.

Compal Electronics Inc. has prepared the annual parent company only financial reports as of and for the years ended December 31, 2014 and 2013, to which we have issued a modified unqualified opinion.

February 26, 2015

The accompanying financial reports are presented to reflect financial positions, business performance, and cash flows in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations thereof endorsed by the Financial Supervisory Commissions of the Republic of China, and not those of any other jurisdictions. The standards, procedures and practices adopted during the auditing of such financial reports have been generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial reports are English translations of the Chinese version, which have been prepared for and used in the Republic of China. Should any conflict or difference arise with regards to the interpretation between the English and Chinese versions of the auditors' report and financial reports, the Chinese version shall prevail.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2014		December 31, 2013		Liabilities and equity	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 74,708,130	19.7	46,965,852	14.0	Short-term borrowings	\$ 46,692,373	12.3	51,971,767	15.5
Current financial assets at fair value through profit or loss	184,093	-	83,772	-	Current financial liabilities at fair value through profit or loss	39,310	-	11,382	-
Current available-for-sale financial assets	44,538	-	80,275	-	Notes and accounts payable	170,739,133	45.1	143,514,698	42.7
Current bond investment without active market	350,000	0.1	1,745,000	0.5	Notes and accounts payable to related parties	1,167,152	0.3	1,944,703	0.6
Notes and accounts receivable, net	178,552,207	47.2	183,481,024	54.6	Other payables	18,216,304	4.8	15,601,065	4.6
Notes and accounts receivable due from related parties, net	343,030	0.1	214,854	0.1	Current tax liabilities	2,180,985	0.6	1,006,058	0.3
Other receivables	788,334	0.2	830,638	0.3	Current provisions	2,066,581	0.5	1,675,765	0.5
Inventories, net	67,270,875	17.8	51,219,127	15.2	Other current liabilities	3,233,431	0.9	2,559,650	0.8
Non-current assets classified as held for sale	-	-	1,000,000	0.3	Unearned revenue	2,294,765	0.6	1,889,019	0.6
Other current assets	<u>2,604,042</u>	<u>0.7</u>	<u>1,760,278</u>	<u>0.5</u>	Long-term borrowings, current portion	3,634,233	1.0	423,154	0.1
	<u>324,845,249</u>	<u>85.8</u>	<u>287,380,820</u>	<u>85.5</u>		<u>250,264,267</u>	<u>66.1</u>	<u>220,597,261</u>	<u>65.7</u>
Non-current assets:					Non-current liabilities:				
Investments accounted for using equity method	11,694,855	3.1	9,301,877	2.8	Long-term borrowings	20,504,301	5.4	14,107,367	4.2
Non-current available-for-sale financial assets	12,402,009	3.3	14,695,637	4.4	Deferred tax liabilities	1,136,411	0.3	678,587	0.2
Non-current financial assets at cost	83,202	-	6,588	-	Accrued pension liabilities	674,794	0.2	658,410	0.2
Non-current bond investment without active market	1,400,000	0.4	-	-	Other non-current liabilities	<u>163,793</u>	-	<u>98,917</u>	-
Property, plant and equipment	24,472,732	6.4	21,209,228	6.3		<u>22,479,299</u>	<u>5.9</u>	<u>15,543,281</u>	<u>4.6</u>
Intangible assets	1,035,162	0.3	1,293,643	0.4	Total liabilities	<u>272,743,566</u>	<u>72.0</u>	<u>236,140,542</u>	<u>70.3</u>
Deferred tax assets	1,653,141	0.4	1,174,203	0.3					
Long-term prepaid rents	735,246	0.2	707,261	0.2	Equity attributable to parent company shareholders:				
Other non-current assets	<u>429,122</u>	<u>0.1</u>	<u>333,557</u>	<u>0.1</u>	Ordinary shares	44,232,366	11.7	44,134,467	13.1
	<u>53,905,469</u>	<u>14.2</u>	<u>48,721,994</u>	<u>14.5</u>	Capital reserves	14,296,445	3.8	16,193,087	4.8
Total assets	\$ <u>378,750,718</u>	<u>100.0</u>	<u>336,102,814</u>	<u>100.0</u>	Retained earnings	47,509,087	12.5	44,260,834	13.2
					Other equity items	(3,139,021)	(0.8)	(7,707,518)	(2.3)
					Treasury stock	<u>(1,724,739)</u>	<u>(0.5)</u>	<u>(2,007,725)</u>	<u>(0.6)</u>
						<u>101,174,138</u>	<u>26.7</u>	<u>94,873,145</u>	<u>28.2</u>
					Non-controlling interests	<u>4,833,014</u>	<u>1.3</u>	<u>5,089,127</u>	<u>1.5</u>
					Total equity	<u>106,007,152</u>	<u>28.0</u>	<u>99,962,272</u>	<u>29.7</u>
					Total liabilities and equity	\$ <u>378,750,718</u>	<u>100.0</u>	<u>336,102,814</u>	<u>100.0</u>

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2014		2013	
	Amount	%	Amount	%
Net sales revenue	\$ 845,700,752	100.0	\$ 692,748,293	100.0
Cost of sales	<u>813,336,090</u>	<u>96.2</u>	<u>664,637,902</u>	<u>95.9</u>
Gross profit	<u>32,364,662</u>	<u>3.8</u>	<u>28,110,391</u>	<u>4.1</u>
Operating expenses:				
Selling expenses	3,746,315	0.4	3,271,332	0.5
Administrative expenses	4,832,771	0.6	4,294,551	0.6
Research and development expenses	<u>12,111,034</u>	<u>1.4</u>	<u>11,310,464</u>	<u>1.7</u>
	<u>20,690,120</u>	<u>2.4</u>	<u>18,876,347</u>	<u>2.8</u>
Net operating income	<u>11,674,542</u>	<u>1.4</u>	<u>9,234,044</u>	<u>1.3</u>
Non-operating income and expenses:				
Other gains and losses	1,119,338	0.1	179,651	-
Finance costs	(1,019,504)	(0.1)	(493,642)	(0.1)
Other income	1,800,129	0.2	1,468,093	0.2
Miscellaneous disbursements	(37,566)	-	(10,291)	-
Impairment loss	(4,777,920)	(0.5)	(4,909,772)	(0.7)
Share of profit (loss) from associates and joint ventures accounted using equity method	<u>977,953</u>	<u>0.1</u>	<u>(1,107,701)</u>	<u>(0.1)</u>
Total non-operating income and expenses	<u>(1,937,570)</u>	<u>(0.2)</u>	<u>(4,873,662)</u>	<u>(0.7)</u>
Profit before tax	9,736,972	1.2	4,360,382	0.6
Less: tax expense	<u>2,181,971</u>	<u>0.3</u>	<u>1,456,650</u>	<u>0.2</u>
Profit	<u>7,555,001</u>	<u>0.9</u>	<u>2,903,732</u>	<u>0.4</u>
Other comprehensive income:				
Other comprehensive income, before tax, exchange differences on translation	2,882,064	0.3	1,113,347	0.2
Other comprehensive income, before tax, available-for-sale financial assets	1,667,628	0.2	(765,150)	(0.1)
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(35,349)	-	651	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method	80,992	-	391,438	-
Less: income tax relating to components of other comprehensive income	<u>33,097</u>	<u>-</u>	<u>28,988</u>	<u>-</u>
Other comprehensive income, net	<u>4,562,238</u>	<u>0.5</u>	<u>711,298</u>	<u>0.1</u>
Comprehensive income	<u>\$ 12,117,239</u>	<u>1.4</u>	<u>\$ 3,615,030</u>	<u>0.5</u>
Profit, attributable to:				
Profit, attributable to parent company shareholders	\$ 7,034,081	0.8	\$ 2,467,211	0.3
Profit, attributable to non-controlling interests	<u>520,920</u>	<u>0.1</u>	<u>436,521</u>	<u>0.1</u>
	<u>\$ 7,555,001</u>	<u>0.9</u>	<u>\$ 2,903,732</u>	<u>0.4</u>
Comprehensive income attributable to:				
Comprehensive income, attributable to parent company shareholders	\$ 11,564,839	1.4	\$ 3,160,663	0.4
Comprehensive income, attributable to non-controlling interests	<u>552,400</u>	<u>-</u>	<u>454,367</u>	<u>0.1</u>
	<u>\$ 12,117,239</u>	<u>1.4</u>	<u>\$ 3,615,030</u>	<u>0.5</u>
Earnings per share:				
Basic net income per share	\$ <u>1.63</u>		<u>0.57</u>	
Diluted net income per share	\$ <u>1.61</u>		<u>0.57</u>	

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

**Consolidated Statements of Changes in Equity
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)**

	<u>Retained earnings</u>					<u>Equity attributable to parent company shareholders</u>				<u>Treasury shares</u>	<u>Total equity</u>	<u>Non controlling interests</u>	<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized gains (losses) on available-for-sale financial assets</u>	<u>Total other equity interest</u>				
Balance on January 1, 2013	\$ 44,126,526	16,122,810	14,980,079	8,713,018	31,360,844	55,053,941	(3,134,266)	(5,248,131)	(8,382,397)	(881,247)	106,039,633	8,753,637	114,793,270
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	641,103	-	(641,103)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	105,707	(105,707)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(4,384,186)	(4,384,186)	-	-	-	-	(4,384,186)	-	(4,384,186)
Buyback of treasury stock	-	-	-	-	-	-	-	-	-	(1,126,478)	(1,126,478)	-	(1,126,478)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(8,826,585)	(8,826,585)	(11,538)	(96)	(11,634)	-	(8,838,219)	(4,153,317)	(12,991,536)
Change in ownership interests in subsidiaries	-	22,330	-	-	(52,290)	(52,290)	-	-	-	-	(29,960)	-	(29,960)
Changes in equity of associates and joint ventures accounted for using equity method	-	(10,754)	-	-	(4,196)	(4,196)	-	-	-	-	(14,950)	-	(14,950)
Issuance of shares for exercised employee warrants	7,941	8,338	-	-	-	-	-	-	-	-	16,279	-	16,279
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	50,363	-	-	-	-	-	-	-	-	50,363	-	50,363
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	34,440	34,440
	<u>44,134,467</u>	<u>16,193,087</u>	<u>15,621,182</u>	<u>8,818,725</u>	<u>17,346,777</u>	<u>41,786,684</u>	<u>(3,145,804)</u>	<u>(5,248,227)</u>	<u>(8,394,031)</u>	<u>(2,007,725)</u>	<u>91,712,482</u>	<u>4,634,760</u>	<u>96,347,242</u>
Profit for the year ended December 31, 2013	-	-	-	-	2,467,211	2,467,211	-	-	-	-	2,467,211	436,521	2,903,732
Other comprehensive income	-	-	-	-	6,939	6,939	1,299,130	(612,617)	686,513	-	693,452	17,846	711,298
Comprehensive income	-	-	-	-	2,474,150	2,474,150	1,299,130	(612,617)	686,513	-	3,160,663	454,367	3,615,030
Balance on January 1, 2014	\$ 44,134,467	16,193,087	15,621,182	8,818,725	19,820,927	44,260,834	(1,846,674)	(5,860,844)	(7,707,518)	(2,007,725)	94,873,145	5,089,127	99,962,272
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	246,721	-	(246,721)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,111,207)	1,111,207	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(2,177,668)	(2,177,668)	-	-	-	-	(2,177,668)	-	(2,177,668)
Cash dividends from capital surplus	-	(2,177,668)	-	-	-	-	-	-	-	-	(2,177,668)	-	(2,177,668)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3,492	-	-	(1,575,776)	(1,575,776)	6,763	87	6,850	-	(1,565,434)	(630,432)	(2,195,866)
Changes in ownership interests in subsidiaries	-	(3,720)	-	-	(1,495)	(1,495)	-	-	-	-	(5,215)	-	(5,215)
Changes in equity of associates and joint ventures accounted for using equity method	-	24,056	-	-	-	-	-	-	-	-	24,056	-	24,056
Share-based payment	-	109,389	-	-	-	-	-	-	-	282,986	392,375	-	392,375
Issuance of shares for exercised employee warrants	97,899	97,818	-	-	-	-	-	-	-	-	195,717	-	195,717
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	49,991	-	-	-	-	-	-	-	-	49,991	-	49,991
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(178,081)	(178,081)
	<u>44,232,366</u>	<u>14,296,445</u>	<u>15,867,903</u>	<u>7,707,518</u>	<u>16,930,474</u>	<u>40,505,895</u>	<u>(1,839,911)</u>	<u>(5,860,757)</u>	<u>(7,700,668)</u>	<u>(1,724,739)</u>	<u>89,609,299</u>	<u>4,280,614</u>	<u>93,889,913</u>
Profit for the year ended December 31, 2014	-	-	-	-	7,034,081	7,034,081	-	-	-	-	7,034,081	520,920	7,555,001
Other comprehensive income	-	-	-	-	(30,889)	(30,889)	3,018,218	1,543,429	4,561,647	-	4,530,758	31,480	4,562,238
Comprehensive income	-	-	-	-	7,003,192	7,003,192	3,018,218	1,543,429	4,561,647	-	11,564,839	552,400	12,117,239
Balance on December 31, 2014	\$ <u>44,232,366</u>	<u>14,296,445</u>	<u>15,867,903</u>	<u>7,707,518</u>	<u>23,933,666</u>	<u>47,509,087</u>	<u>1,178,307</u>	<u>(4,317,328)</u>	<u>(3,139,021)</u>	<u>(1,724,739)</u>	<u>101,174,138</u>	<u>4,833,014</u>	<u>106,007,152</u>

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

	2014	2013
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>9,736,972</u>	<u>4,360,382</u>
Adjustments:		
Depreciation and amortization	6,036,864	5,555,712
Increase (decrease) in allowances for uncollectible accounts and allowance for sales returns and discounts	(10,582)	8,825
Interest expense	1,019,504	493,642
Interest income	(1,023,736)	(628,457)
Dividend income	(208,983)	(179,601)
Compensation cost of employee warrants	168,012	44,561
Share of loss (profit) of associates and joint ventures accounted for using equity method	(977,953)	1,107,701
Gain on disposal of property, plant and equipment	(46,226)	(246,995)
Gain on disposal of investments	(18,348)	(626,458)
Impairment loss on financial assets	4,777,920	4,909,772
Long-term prepaid rents	<u>16,690</u>	<u>16,222</u>
Adjustments to reconcile profit	<u>9,733,162</u>	<u>10,454,924</u>
Changes in working capital assets and liabilities:		
Changes in working capital assets:		
Changes in financial assets at fair value through profit or loss	(100,321)	(2,386)
Decrease (increase) in notes and accounts receivable	9,337,791	(22,772,559)
Decrease (increase) in other receivable	108,584	(158,572)
Decrease (increase) in inventories	(16,026,011)	506,056
Decrease (increase) in other current assets	(798,821)	(226,654)
Decrease (increase) in other non-current liabilities	<u>(98,042)</u>	<u>77,947</u>
Total changes in operating assets	<u>(7,576,820)</u>	<u>(22,576,168)</u>
Changes in operating liabilities:		
Changes in financial liabilities at fair value through profit or loss	27,928	(28,581)
Increase (decrease) in notes and accounts payable	20,156,529	6,316,271
Increase (decrease) in other payable	1,172,834	3,327,186
Increase (decrease) in provisions	390,816	(263,237)
Increase (decrease) in unearned revenue	405,746	191,507
Increase (decrease) in other current liabilities	453,269	30,547
Other	<u>(40,107)</u>	<u>11,873</u>
Total changes in working capital liabilities	<u>22,567,015</u>	<u>9,585,566</u>
Total changes in working capital assets and liabilities	<u>14,990,195</u>	<u>(12,990,602)</u>
Total adjustments	<u>24,723,357</u>	<u>(2,535,678)</u>
Cash flows from (used in) operations	34,460,329	1,824,704
Interest received	975,307	616,057
Dividends received	284,335	204,926
Interest paid	(946,545)	(444,699)
Income taxes paid	<u>(975,202)</u>	<u>(1,651,406)</u>
Net Cash flows from (used in) operating activities	<u>33,798,224</u>	<u>549,582</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method, available-for-sale financial assets, bond investment without active market and financial assets at cost	(1,285,377)	(1,101,629)
Increase in non-current assets classified as held for sale	-	(4,052,535)
Proceeds from disposal of investments accounted for using equity method and available-for-sale financial assets	183,002	916,950
Net cash flow from acquisition of subsidiaries	2,159,000	(24,102)
Proceeds from reduction of investments	68,599	80,427
Acquisition of property, plant and equipment	(6,565,882)	(5,677,308)
Proceeds from disposal of property, plant and equipment	145,932	942,031
Acquisition of intangible assets	(396,954)	(481,451)
Increase in prepayments for business facilities	(15,332)	15,370
Other	<u>17,809</u>	<u>89,335</u>
Net cash flows from (used in) investing activities	<u>(5,689,203)</u>	<u>(9,292,912)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(5,315,160)	15,437,974
Proceeds from long-term debt	10,271,167	13,932,534

Repayments of long-term debt	(663,154)	-
Cash dividends paid	(4,305,345)	(4,333,823)
Exercise of employee warrants	195,717	16,279
Payments to acquire treasury shares	-	(1,126,478)
Treasury shares transferred to employees	282,125	-
Acquisition of non-controlling interests	(2,304,824)	(13,171,986)
Disposal of ownership interests in subsidiaries (without losing control)	98,938	141,517
Changes in non-controlling interests	(230,546)	88,538
Other	58,941	16,341
Net cash flows from (used in) financing activities	<u>(1,912,141)</u>	<u>11,000,896</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,545,398</u>	<u>553,704</u>
Net increase in cash and cash equivalents	27,742,278	2,811,270
Cash and cash equivalents at beginning of period	<u>46,965,852</u>	<u>44,154,582</u>
Cash and cash equivalents at end of period	\$ <u>74,708,130</u>	<u>46,965,852</u>

Attachment II

Independent Auditors' Report

To the Board of Directors
Compal Electronics, Inc.:

We have audited the accompanying balance sheets of Compal Electronics, Inc. as of December 31, 2014 and 2013, and the statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These annual parent company only financial reports are the responsibility of the Company's management. Our responsibility is to express an opinion on these annual parent company only financial reports based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" in the Republic of China and generally accepted auditing standards. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the annual parent company only financial reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual parent company only financial reports. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual parent company only financial reports. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the annual parent company only financial reports referred to above present fairly, in all material respects, the financial position of Compal Electronics, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

As stated in note of the annual parent company only financial reports, Compal Electronics, Inc. recognized both the impairment loss of \$1,689,000,000 on the equity investment in Chunghwa Picture Tubes, Ltd. and the related share of loss of associates and joint ventures accounted for using equity method of 3,041,000,000 for the three months ended March 31, 2014.

As stated in note of the annual parent company only financial reports, Compal Electronics, Inc. reclassified the investment of VIBO Telecom Inc. from investments accounted for using equity method to non-current assets classified as held for sale, and recognized both the impairment loss of \$4,849,469,000 and the related share of loss of associates and joint ventures accounted for using equity method of \$51,891,000 for the three months ended September 30, 2013.

February 26, 2015

The accompanying financial reports are intended only to present the financial position, results of operations, and cash flows in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and not those of any other jurisdictions. The standards, procedures and practices to audit such financial reports are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial reports are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language versions of the auditors' report and financial reports, the Chinese version shall prevail.

COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

	December 31, 2014		December 31, 2013						
Assets	Amount	%	Amount	%	Liabilities and equity				
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 43,095,497	12.5	10,165,739	3.4	Short-term borrowings	\$ 28,667,700	8.3	32,516,060	11.0
Current financial assets at fair value through profit or loss	114,111	-	73,918	-	Notes and accounts payable	101,637,875	29.6	83,711,567	28.3
Current available-for-sale financial assets	44,538	-	-	-	Notes and accounts payable to related parties	74,153,547	21.6	61,276,719	20.7
Current bond investment without active market	350,000	0.1	1,745,000	0.6	Other payables	8,133,574	2.4	6,345,726	2.1
Notes and accounts receivable, net	166,442,177	48.5	169,572,297	57.3	Current tax liabilities	583,444	0.2	237,778	0.1
Notes and accounts receivable due from related parties, net	3,085,099	0.9	1,049,255	0.4	Current provisions	1,676,185	0.5	1,296,188	0.4
Other receivables	427,096	0.1	315,756	0.1	Other current liabilities	645,522	0.2	352,710	0.1
Inventories, net	41,528,853	12.1	26,383,631	8.9	Unearned revenue	2,293,685	0.6	1,837,886	0.6
Non-current assets classified as held for sale	-	-	1,000,000	0.3	Long-term borrowings, current portion	<u>3,000,000</u>	<u>0.9</u>	<u>-</u>	<u>-</u>
Other current assets	<u>522,183</u>	<u>0.2</u>	<u>340,997</u>	<u>0.1</u>	Non-current liabilities:				
	<u>255,609,554</u>	<u>74.4</u>	<u>210,646,593</u>	<u>71.1</u>	Long-term borrowings	19,660,000	5.7	12,800,000	4.4
Non-current assets:					Deferred tax liabilities	1,117,063	0.3	360,282	0.1
Investments accounted for using equity method	73,585,998	21.4	73,667,974	24.9	Accrued pension liabilities	611,915	0.2	546,534	0.2
Non-current available-for-sale financial assets	8,735,528	2.6	8,202,426	2.8	Other non-current liabilities	<u>76,467</u>	<u>-</u>	<u>56,578</u>	<u>-</u>
Non-current financial assets at cost	6,588	-	-	-	Total liabilities	<u>21,465,445</u>	<u>6.2</u>	<u>13,763,394</u>	<u>4.7</u>
Non-current bond investment without active market	1,400,000	0.4	-	-		<u>242,256,977</u>	<u>70.5</u>	<u>201,338,028</u>	<u>68.0</u>
Property, plant and equipment	2,230,023	0.7	2,218,316	0.7	Equity attributable to owners of parent:				
Intangible assets	412,185	0.1	617,739	0.2	Ordinary shares	44,232,366	12.9	44,134,467	14.9
Deferred tax assets	1,336,919	0.4	812,578	0.3	Capital surplus	14,296,445	4.2	16,193,087	5.5
Other non-current assets	114,320	-	45,547	-	Retained earnings	47,509,087	13.8	44,260,834	14.9
	<u>87,821,561</u>	<u>25.6</u>	<u>85,564,580</u>	<u>28.9</u>	Other equity interest	(3,139,021)	(0.9)	(7,707,518)	(2.6)
	<u>87,821,561</u>	<u>25.6</u>	<u>85,564,580</u>	<u>28.9</u>	Treasury shares	<u>(1,724,739)</u>	<u>(0.5)</u>	<u>(2,007,725)</u>	<u>(0.7)</u>
Total assets	\$ <u>343,431,115</u>	<u>100.0</u>	<u>296,211,173</u>	<u>100.0</u>	Total equity	<u>101,174,138</u>	<u>29.5</u>	<u>94,873,145</u>	<u>32.0</u>
					Total liabilities and equity	\$ <u>343,431,115</u>	<u>100.0</u>	<u>296,211,173</u>	<u>100.0</u>

COMPAL ELECTRONICS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2014		2013	
	Amount	%	Amount	%
Net sales revenue	\$ 803,504,061	100.0	632,622,772	100.0
Cost of sales	<u>782,209,491</u>	<u>97.4</u>	<u>616,263,087</u>	<u>97.4</u>
Gross profit	21,294,570	2.6	16,359,685	2.6
Less: Unrealized profit from sales	<u>5,657</u>	<u>-</u>	<u>445</u>	<u>-</u>
Gross profit	<u>21,288,913</u>	<u>2.6</u>	<u>16,359,240</u>	<u>2.6</u>
Operating expenses:				
Selling expenses	2,260,919	0.3	1,919,880	0.3
Administrative expenses	2,553,669	0.3	1,929,551	0.3
Research and development expenses	<u>9,172,949</u>	<u>1.1</u>	<u>7,004,155</u>	<u>1.1</u>
	<u>13,987,537</u>	<u>1.7</u>	<u>10,853,586</u>	<u>1.7</u>
Net operating income	<u>7,301,376</u>	<u>0.9</u>	<u>5,505,654</u>	<u>0.9</u>
Non-operating income and expenses:				
Other gains and losses	951,688	0.1	101,743	-
Finance costs	(515,563)	(0.1)	(119,435)	-
Other income	751,602	0.1	700,636	0.1
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	790,247	0.1	1,663,349	0.3
Impairment loss	<u>(1,691,121)</u>	<u>(0.2)</u>	<u>(4,849,469)</u>	<u>(0.8)</u>
Total non-operating income and expenses	<u>286,853</u>	<u>-</u>	<u>(2,503,176)</u>	<u>(0.4)</u>
Profit before tax	7,588,229	0.9	3,002,478	0.5
Less: tax expense	<u>554,148</u>	<u>-</u>	<u>535,267</u>	<u>0.1</u>
Profit	<u>7,034,081</u>	<u>0.9</u>	<u>2,467,211</u>	<u>0.4</u>
Other comprehensive income:				
Other comprehensive income, before tax, exchange differences on translation	2,903,749	0.3	1,051,125	0.2
Other comprehensive income, before tax, available-for-sale financial assets	1,391,202	0.2	(756,535)	(0.1)
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	(36,868)	-	14,303	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	269,244	-	373,878	-
Less: income tax relating to components of other comprehensive income	<u>(3,431)</u>	<u>-</u>	<u>(10,681)</u>	<u>-</u>
Other comprehensive income, net	<u>4,530,758</u>	<u>0.5</u>	<u>693,452</u>	<u>0.1</u>
Comprehensive income	<u>\$ 11,564,839</u>	<u>1.4</u>	<u>3,160,663</u>	<u>0.5</u>
Earnings per share:				
Basic net income per share	<u>\$ 1.63</u>		<u>0.57</u>	
Diluted net income per share	<u>\$ 1.61</u>		<u>0.57</u>	

COMPAL ELECTRONICS, INC.

**Statements of Changes in Equity
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)**

	Retained earnings					Other equity interest					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 available-for-sale financial assets	Total other equity interest	Treasury shares	
Balance on January 1, 2013	\$ 44,126,526	16,122,810	14,980,079	8,713,018	31,360,844	55,053,941	(3,134,266)	(5,248,131)	(8,382,397)	(881,247)	106,039,633
Appropriation and distribution of retained earnings (note 1):											
Legal reserve appropriated	-	-	641,103	-	(641,103)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	105,707	(105,707)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,384,186)	(4,384,186)	-	-	-	-	(4,384,186)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(1,126,478)	(1,126,478)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(8,826,585)	(8,826,585)	(11,538)	(96)	(11,634)	-	(8,838,219)
Changes in ownership interests in subsidiaries	-	22,330	-	-	(52,290)	(52,290)	-	-	-	-	(29,960)
Changes in equity of associates and joint ventures accounted for using equity method	-	(10,754)	-	-	(4,196)	(4,196)	-	-	-	-	(14,950)
Issuance of shares for employee share options exercised	7,941	8,338	-	-	-	-	-	-	-	-	16,279
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	50,363	-	-	-	-	-	-	-	-	50,363
	<u>44,134,467</u>	<u>16,193,087</u>	<u>15,621,182</u>	<u>8,818,725</u>	<u>17,346,777</u>	<u>41,786,684</u>	<u>(3,145,804)</u>	<u>(5,248,227)</u>	<u>(8,394,031)</u>	<u>(2,007,725)</u>	<u>91,712,482</u>
Profit for the year ended December 31, 2013	-	-	-	-	2,467,211	2,467,211	-	-	-	-	2,467,211
Other comprehensive income	-	-	-	-	6,939	6,939	1,299,130	(612,617)	686,513	-	693,452
Comprehensive income	-	-	-	-	2,474,150	2,474,150	1,299,130	(612,617)	686,513	-	3,160,663
Balance on January 1, 2014	\$ 44,134,467	16,193,087	15,621,182	8,818,725	19,820,927	44,260,834	(1,846,674)	(5,860,844)	(7,707,518)	(2,007,725)	94,873,145
Appropriation and distribution of retained earnings (note 2):											
Legal reserve appropriated	-	-	246,721	-	(246,721)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,111,207)	1,111,207	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,177,668)	(2,177,668)	-	-	-	-	(2,177,668)
Cash dividends from capital surplus	-	(2,177,668)	-	-	-	-	-	-	-	-	(2,177,668)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	3,492	-	-	(1,575,776)	(1,575,776)	6,763	87	6,850	-	(1,565,434)
Changes in ownership interests in subsidiaries	-	(3,720)	-	-	(1,495)	(1,495)	-	-	-	-	(5,215)
Changes in equity of associates and joint ventures accounted for using equity method	-	24,056	-	-	-	-	-	-	-	-	24,056
Share-based payment transaction	-	109,389	-	-	-	-	-	-	-	282,986	392,375
Issuance of shares for employee share options exercised	97,899	97,818	-	-	-	-	-	-	-	-	195,717
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	49,991	-	-	-	-	-	-	-	-	49,991
	<u>44,232,366</u>	<u>14,296,445</u>	<u>15,867,903</u>	<u>7,707,518</u>	<u>16,930,474</u>	<u>40,505,895</u>	<u>(1,839,911)</u>	<u>(5,860,757)</u>	<u>(7,700,668)</u>	<u>(1,724,739)</u>	<u>89,609,299</u>
Profit for the year ended December 31, 2014	-	-	-	-	7,034,081	7,034,081	-	-	-	-	7,034,081
Other comprehensive income	-	-	-	-	(30,889)	(30,889)	3,018,218	1,543,429	4,561,647	-	4,530,758
Comprehensive income	-	-	-	-	7,003,192	7,003,192	3,018,218	1,543,429	4,561,647	-	11,564,839
Balance on December 31, 2014	\$ <u>44,232,366</u>	<u>14,296,445</u>	<u>15,867,903</u>	<u>7,707,518</u>	<u>23,933,666</u>	<u>47,509,087</u>	<u>1,178,307</u>	<u>(4,317,328)</u>	<u>(3,139,021)</u>	<u>(1,724,739)</u>	<u>101,174,138</u>

Note 1: Directors' and supervisors' remuneration amounting to \$56,545 and employee bonuses amounting to \$816,440 were recognized in the 2012 statement of comprehensive income.

Note 2: Directors' and supervisors' remuneration amounting to \$21,761 and employee bonuses amounting to \$314,199 were recognized in the 2013 statement of comprehensive income.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

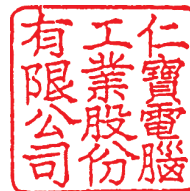
For the years ended December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars)

	2014	2013
Cash flows from (used in) operating activities:		
Profit before tax	\$ <u>7,588,229</u>	<u>3,002,478</u>
Adjustments:		
Depreciation and amortization	855,418	680,171
Increase in allowances for uncollectible accounts	7,381	26,911
Interest expense	515,563	119,435
Interest income	(158,627)	(139,114)
Dividends income	(147,794)	(127,910)
Compensation cost of employee share options	110,250	-
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(790,247)	(1,663,349)
Loss (gain) on disposal of investments	46,381	(633,911)
Impairment loss on financial assets	<u>1,691,121</u>	<u>4,849,469</u>
Adjustments to reconcile profit	<u>2,129,446</u>	<u>3,111,702</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Changes in financial assets at fair value through profit or loss	(40,193)	6,467
Decrease (increase) in notes and accounts receivable	10,794,135	(23,942,137)
Decrease (increase) in inventories	(11,096,332)	1,918,981
Decrease (increase) in other current assets	(124,932)	(68,961)
Decrease (increase) in other receivable	<u>506,306</u>	<u>(25,986)</u>
Total changes in operating assets	<u>38,984</u>	<u>(22,111,636)</u>
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	23,378,885	2,354,092
Increase (decrease) in other payable	(926,097)	2,288,893
Increase (decrease) in provisions	271,965	(359,491)
Increase (decrease) in unearned revenue	410,956	178,840
Increase (decrease) in other current liabilities	231,895	43,641
Other	<u>38,383</u>	<u>43,371</u>
Total changes in operating liabilities	<u>23,405,987</u>	<u>4,549,346</u>
Total changes in operating assets and liabilities	<u>23,444,971</u>	<u>(17,562,290)</u>
Total adjustments	<u>25,574,417</u>	<u>(14,450,588)</u>
Cash flows from (used in) operations	33,162,646	(11,448,110)
Interest received	168,543	147,615
Dividends received	750,407	1,208,090
Interest paid	(489,520)	(93,112)
Income taxes paid	<u>(184,371)</u>	<u>(788,787)</u>
Net cash flows from (used in) operating activities	<u>33,407,705</u>	<u>(10,974,304)</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method, available-for-sale financial assets and bond investment without active market	(1,421,025)	(17,311,303)
Increase in non-current assets classified as held for sale	-	(4,052,535)
Proceeds from disposal of investments accounted for using equity method and available-for sale financing assets	195,597	912,601
Net cash outflows resulted from business combination	(534,954)	-
Proceeds from capital reduction and liquidation of investments	65,776	215,323
Acquisition of property, plant and equipment	(110,730)	(102,493)
Decrease (increase) in other receivable due from related parties	373,037	292,066
Acquisition of intangible assets	(307,808)	(394,213)
Other	<u>16,407</u>	<u>8,634</u>
Net cash flows from (used in) investing activities	<u>(1,723,700)</u>	<u>(20,431,920)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(4,736,756)	15,944,540
Proceeds from long-term borrowings	10,100,000	12,800,000
Repayments of long-term borrowings	(240,000)	-

Cash dividends paid	(4,355,336)	(4,384,186)
Exercise of employee share options	195,717	16,279
Payments to acquire treasury shares	-	(1,126,478)
Treasury shares convert to employee	282,125	-
Other	<u>3</u>	<u>(246)</u>
Net cash flows from (used in) financing activities	<u>1,245,753</u>	<u>23,249,909</u>
Net increase (decrease) in cash and cash equivalents	32,929,758	(8,156,315)
Cash and cash equivalents at beginning of period	<u>10,165,739</u>	<u>18,322,054</u>
Cash and cash equivalents at end of period	\$ <u>43,095,497</u>	<u>10,165,739</u>

Compal Electronics, Inc.



Chairman: **Sheng-Hsiun Hsu (Rock Hsu)**



Chief Executive Officer (CEO): **Jui-Tsung Chen (Ray Chen)**

