

Stock Ticker : 2324

Compal Electronics, Inc.

2011 Annual General Shareholders' Meeting Meeting Handbook

(June 24, 2011)



B1, No. 581, Ruiguang Rd., Neihu District,
Taipei City 11492, Taiwan (R.O.C.)

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Meeting Procedures

Compal Electronics, Inc.

2011 Annual General Shareholders' Meeting Procedures

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

Meeting Agenda

Compal Electronics, Inc.

2011 Annual General Shareholders' Meeting Agenda

Time: 9:00 am, June 24, 2011 (Friday)

Place: B1, No. 581, Ruiguang Rd., Neihu District, Taipei City 11492, Taiwan
(R.O.C.)

I. Report Items

1. Report on Business Operation for the year 2010
2. Report of Supervisors' Examination for the year 2010 Financial Statements.
3. Implementation status of the Company's share buy-back

II. Ratification Items

1. To ratify the Financial Statements Report for the year 2010
2. To ratify the Distribution of Earnings for the year 2010

III. Discussion Items

1. To approve the amendment to the Articles of Incorporations
2. To approve the release of non-compete restriction for Directors
3. To approve the amendment to the Regulations for Election of Directors and Supervisors

IV. Special Motion(s)

V. Meeting Adjourned

Report Items

Item 1

Proposed by the Board of Directors

Proposal:7

Report on Business Operation for the year 2010

Explanatory Note:

The Business Report for the year 2010 is attached hereto as Attachment 1.

Item 2

Proposed by the Board of Directors

Proposal:

Report of Supervisors' Examination for the year 2010 Financial Statements

Explanatory Notes:

1. The year 2010 financial statements have been audited by the Independent Auditors and the Independent Auditors' Report was issued.
In addition, the financial statements have been examined by Supervisors; the Examination Report was issued accordingly.
2. Independent Auditors' Report is attached hereto as Attachment 2.
3. Supervisors' Examination Report is attached hereto as Attachment 3.

Item 3

Proposed by the Board of Directors

Proposal:

Implementation status of the Company's share buy-back

Explanatory Notes:

1. As of April 30, 2011, the share buy-back is implemented as follows:

Unit: NT\$; Share; %

Date of Board Resolution	April 7, 2011
Purpose of Share Buy-back	To maintain the Company's credit and interest of shareholders
Buy-back Period	April 8, 2011 ~ June 7, 2011.
Price Range for Share Buy-back	\$25.65 ~ \$49.19
Category of Share to be Repurchased	Common Stock
Number of Share Repurchased	31,515,000 shares
Ratio of Repurchased Shares to the Total No. of Shares Issued by the Company (%)	0.71% (Note)
Total Monetary Amount of Shares Repurchased	\$950,819,794
Average Repurchase Price Per Share	\$30.17 per share

Note: The figure of the total issued shares is based on the figure given in the financial statements for the third quarter of the year 2010.

2. To be reported on the day the Annual General Shareholders' Meeting is held:
The number of shares repurchased by the Company as of June 7, 2011.

Ratification Items

Item 1

Proposed by the Board of Directors

Proposal:

To ratify the Financial Statements Report for the year 2010

Explanatory Notes:

1. The “Report on Business Operation for the year 2010” and “Financial Statements for the year 2010” were approved by the Board of Directors; and, examined by Supervisors (“Distribution of Earnings for the year 2010” is listed in the Ratification Item 2).
2. The “Report on Business Operation for the Year 2010” and “Financial Statement for the Year 2010” are attached hereto as Attachments 1 and 4.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To ratify the Distribution of Earnings for the year 2010

Explanatory Notes:

1. The 2010 Earnings Appropriation Proposal (see Page 11) was prepared by the Board of Directors according to the ROC Company Act and Articles of Incorporation of the Company.
2. The amount of earnings for the year 2010 available for distribution to shareholder as dividend and bonus is NT\$11,905,349,558. It is proposed that such NT\$11,905,349,558 be distributed in cash dividend and each shareholder will be entitled to receive a cash dividend of NT\$2.7 per share.
3. With respect to the base date of cash dividend distribution, it is proposed that, after the resolutions adopted by the Annual General Shareholders Meeting 2011, the Board of Directors be authorized by the General Shareholders Meeting to determine the base date of dividend distribution.
4. As of April 25, 2011, the number of shares issued by the Company that is eligible to receive dividends is 4,409,388,725. However, if the amount of shares outstanding is changed due to the share buy-back by the Company, transfer of treasury stock to employees, share cancellation, exercise of stock option by the employees and other factors afterward and thus the distribution ratio for the cash dividend and stock dividend must be adjusted, it is proposed that the Board of Directors be authorized by the General Shareholders Meeting to handle this matter with full authority.

Resolved That:

Compal Electronics, Inc.
2010 Earnings Appropriation Proposal

Unit:NT\$

Item	Amount
Net Income of 2010	23,271,796,373
Add:	
Unappropriated Retained Earnings of Previous Years	22,180,503,533
Reversal of Special Reserve for Unrealized Foreign Currency Exchange Gain in the Previous Year	699,520,344
Reversal of Special Reserve for The Net Debit Balance of The Other Components of Shareholders' Equity in the Previous Year	98,560,327
Subtract:	
Special Reserve Retained for Unrealized Foreign Currency Exchange Gain in this Year	(1,478,876,019)
Special Reserve Retained for the Net Debit Balance of the Other Components of Shareholders' Equity in this Year	(3,346,821,540)
Adjustment for Changes in Investment in Investee Company's Stockholders' Equity	(2,289,920)
Retained Earnings Available for Distribution as of December 31, 2010	41,422,393,098
Subtract:	
10% Legal Reserve	(2,327,179,637)
Dividends to Common Shares Holders <Note>	(11,905,349,558)
Unappropriated Retained Earnings as of December 31, 2010	27,189,863,903
Note:	
Employee Bonuses in Cash: NT\$1,870,000,000	
Directors' and Supervisors' Remuneration: NT\$130,000,000	

Note: NT\$2.7 cash dividend per share

Discussion Items

Item 1

Proposed by the Board of Directors

Proposal:

To approve the amendment to the Articles of Incorporation

Explanatory Notes:

1. Amendment to the Articles of Incorporation is proposed to accommodate the business need of the Company and the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Articles of Incorporation is attached hereto as Attachment 5.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To approve the release of non-compete restriction for Directors

Explanatory Notes:

1. As certain Directors of Compal invest in or operate a business which is identical or similar to the business scope of Compal, without prejudice to any interest of Compal, it is proposed to approve the release of non-compete restriction for these Directors in accordance with Articles 209 of the Company Act. This release shall also be applied to the re-election of these Directors.
2. For information of Directors who concurrently serve in a position of other companies, please refer to Pages 15~16.
3. To approve the release of non-compete restriction for Directors.

Resolved That:

■Information of Mr. Sheng-Hsiung Hsu, the Chairman of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
Compal Investment (Sichuan) Co., Ltd.	Chairman / Representative of a company indirectly invested by Compal
Compal Electronics (Chengdu) Co., Ltd.	Chairman / Representative of a company indirectly invested by Compal
Compal Investment (Jiangsu) Co., Ltd.	Chairman /Indirectly invested by Compal
Compal Display Electronics (Kunshan) Co., Ltd.	Chairman / Representative of a company indirectly invested by Compal
Big Chance International Co., Ltd.	Director /Invested by Compal
Center Mind International Co., Ltd.	Director /Indirectly invested by Compal
Jenpal international Ltd.	Director /Indirectly invested by Compal

■Information of Mr. Jui-Tsung Chen, the Managing Director of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
HengHao Technology Co. Ltd.	Chairman /Representative of Compal
Infinno Technology Corp.	Chairman /Representative of Compal
Compal Investment (Sichuan) Co., Ltd.	Director / Representative of a company indirectly invested by Compal
Compal Electronics (Chengdu) Co., Ltd.	Director / Representative of a company indirectly invested by Compal
Compal Investment (Jiangsu) Co., Ltd.	Director /Indirectly invested by Compal
Compal Display Electronics (Kunshan) Co., Ltd.	Director / Representative of a company indirectly invested by Compal
Big Chance International Co., Ltd.	Director /Invested by Compal
Center Mind International Co., Ltd.	Director /Indirectly invested by Compal
Jenpal International Ltd.	Director /Indirectly invested by Compal
Gempal Technology Corp.	President /Invested by Compal

■Information of Mr. Wen-Chung Shen, the Director of Compal, concurrently serves in a position of other company is listed below:

Company	Position
HengHao Technology Co. Ltd.	Director /Representative of Compal

■Information of Mr. Yung-Ching Chang, the Director of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
Compal Investment (Sichuan) Co., Ltd.	Director / Representative of a company indirectly invested by Compal
Compal Electronics (Chengdu) Co., Ltd.	Director / Representative of a company indirectly invested by Compal
Compal Investment (Jiangsu) Co., Ltd.	Director /Indirectly invested by Compal

Company	Position
Compal Display Electronics (Kunshan) Co., Ltd.	Director / Representative of a company indirectly invested by Compal
LUCOM Display Technology (KunShan) Ltd.	Director /Indirectly invested by Compal
Compal Investment (Sichuan) Co., Ltd.	President/Indirectly invested by Compal
Compal Electronics (Chengdu) Co., Ltd.	President/Indirectly invested by Compal
Compal Investment (Jiangsu) Co., Ltd.	President/Indirectly invested by Compal
Compal Display Electronics (Kunshan) Co., Ltd.	President/Indirectly invested by Compal

■Information of Mr. Chung-Pin Wong, the Director of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
Rayonnant Technology Co., Ltd	Chairman / acting in the capacity of representative of Compal
HengHao Technology Co. Ltd.	Director / Representative of Compal
Rayonnant Technology (HK) Holdings Limited	Director /Indirectly invested by Compal
Rayonnant Technology (Taicang) Co., Ltd.	Director /Representative of a company indirectly invested by Compal
LUCOM Display Technology (KunShan) Ltd.	Director /Indirectly invested by Compal

■Information of Mr. Ping-ho Chiu, the Director of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
Land Port Capital Investment Company	Director /Representative of Kinpo
AcBel Electronic (Wuhan) Co., Ltd.	Supervisor /Representative of a company indirectly invested by AcBel

■Information of Mr. Wea Chi-Lin, the Director of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
Nuvoton Technology Corporation	Director
Formosa Plastics Corporation	Independent Director
Inventec Besta Co., Ltd.	Independent Director
Radium Life Tech Co., Ltd.	Supervisor/ Representative of Golden Century Co., Ltd.

Item 3

Proposed by the Board of Directors

Proposal:

To approve the amendment to the Regulations for Election of Directors and Supervisors

Explanatory Notes:

1. Amendment to the Regulations for Election of Directors and Supervisors is proposed to accommodate the business need of the Company and the requirements of applicable laws and regulations.
2. The Comparison Table Before and After Amendment to the Regulations for Election of Directors and Supervisors is attached hereto as attachment 6.

Resolved That:

Special Motion(s)

Special Motion(s)

Attachments

Attachment 1

The Business Report for the Year 2010

The global economy had changed dramatically in year 2010; the emergence of tablet PCs, new competitors, and the surging production costs in China all presented challenges to our wisdom and skills. Nevertheless, Compal Electronics remained committed to its self-inspiration values in 2010, and delivered exceptional revenue and earnings results that both set new company records. Compal was ranked first in the “Taiwan 2010 Info Tech 100” reviewed by “Business Next” magazine.

In recent years, our industry environment as we know it had undergone many rapid changes; the infinite product varieties that came with new technologies are re-shaping our market inside out. The traditional business model that relied on achieving economies of scale and cost advantages to maintain profitability is now subject to change, with the surge in commodity prices and the costs of Chinese labor. Maintaining growth in revenue and profit had become our largest issue. We have redefined our corporate values this year to “Innovation, Harmony, and Transcendence”. Innovation is particularly important to our business as it applies to every aspect of our operation, from R&D, technology, and also expansion to broader meanings such as visionary and conceptual innovation. We believe that our growth momentum in future operations and earnings are secured only by way of innovation. What Compal offers to its customers are no longer limited to tangible products, but will include intangible values that are closely aligned to customers’ needs.

Exceptional financial and operational results

In 2010, Compal shipped 53.76 million 3C products (computers, communications, and consumers) in total; this was a 27% growth from the previous year. The company’s standalone revenues amounted to NT\$844.508 billion, resulting in an after-tax net income of NT\$23.272 billion; this represented growth of 35% and 21%, respectively. Earnings per share totaled NT\$5.38.

Corporate social responsibility

The fulfillment of corporate social responsibilities has been well-incorporated in Compal’s corporate values, and provides the most meaningful commitment of all. Since its inception, the company was devoted in “giving back what it had gained from society”, and fulfilled its responsibilities as a corporate citizen by establishing a “Corporate Social Responsibility Office”. This office strives to achieve a three-win between the company, its employees, and society by focusing on “environmental protection, employees’ care, and social concern”.

Last year, Compal founded its “Green Committee” dedicated to the formulation of environmental protection strategies to be carried out by the “Green Sustainability Office”. Their efforts resulted in real achievements toward “energy saving” and “carbon reduction” from the customer’s end throughout the supply chain; the outcome of which was also highly commended by worldwide examiners.

Meanwhile, it is our goal to create a “healthy, joyful, and family-oriented” working environment where employees can maintain a balance between work, family, and life, while being able to contribute their strengths and enjoy their fruitful gains. With respect to social concern, Compal takes initiatives in assisting global rescue efforts and participating in charity through long

term association with the Hsu Chauing Social Welfare & Charity Foundation, thereby giving prompt and proper assistance to those in need.

Our efforts won ourselves a Corporate Citizen Award (27th place) by CommonWealth Magazine last year. Compal still has more to offer in relation to environmental protection, employees' care, and social concern; for which we had officially published our first "Compal Corporate Social Responsibilities Report" last year to clearly outline our goals, plans, and accomplishments as a corporate citizen. We will also incorporate this level of care into Compal's corporate culture.

Continual R&D investment and talent nurturing

It is the continual R&D investment that provides Compal with the foundation to perpetual business, and the first rule to securing competitiveness.

Under our corporate vision of "Enlighten Living with Green Connecting and Computing", Compal targets its strategies toward the 5C fields (Cloud, Connecting, Computing, Communications, and Consumers) across 4 Screens (NB PCs, TVs, Tablet PCs, Smartphone) products for broader business diversification. Our new generation product lines shall combine customers' market strategies, new technologies, and designs from the company's innovation design group into the functionality of computing and consumer electronics, creating original value with emphasis on compactness, user-friendliness, and fashion.

In response to the growth of tablet PCs, the company has devoted much of its resources towards product development in this segment; our efforts should provide us with positive returns in the first half of this year. As opposed to the past few decades where Intel and Microsoft had dominated the market, we expect to see more hardware and software designs rising up to the challenge. The market will undoubtedly become filled with varieties and options; having a quality and sizable R&D team, especially full of software talent, thus becomes the key to success. Our past efforts on talent recruitment, as well as well-established learning plans and working environment, are now starting to pay off. Compal's R&D team derives its "soft strength" based on abundant knowledge and experience, and has become the most precious asset of Compal.

Precisely targeted investments and vertical integration

China is again changing right before our eyes; its purchasing power had risen and production conditions had changed rapidly in different regions. To accommodate customers' market strategies and the rising cost or shortage of labor in China's coastal areas, we have decided to build new production facilities in Chengdu and Chongqing as the best all-round, most effective solution over the medium and long term.

We have accomplished several integration projects targeted at upstream and downstream industries over the past few years. This year, we shall move deeper into the touch panel segment to secure key components for our tablet PCs business growth.

Confidence and challenges

2011 will prove to be a challenging year for IT and electronics industry participants. Uncertainties may arise due to the extent of economic performance by various countries, new products, consumers' heightened requests, or even the impact of the recent earthquake in Japan on the entire industry supply chain. However, we believe that our precise foresight of future trends and our ability to source talents are the basis of how Compal will excel compared to its peers.

Compal believes that change provides opportunities. Our actions are based on very simple

principles: prepare for change, place full trust, and collaborate. Our vision is crystal clear: enhance future growth through visionary innovation. We promote teamwork that raises efficiency to an extreme, self-discipline towards learning, and the will to surpass our existing performance. Under the leadership of our management team, Compal's employees are devoted to create more value for the company and our shareholders.

We hereby wish you, Peace, Health, and Prosperity!

Chairman of the Board : Sheng-Hsiung Hsu

President and Chief Executive Officer : Jui-Tsung Chen

Accounting Officer : Ching-Hsiung Lu

Attachment 2.



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

Compal Electronics, Inc.:

We have audited the accompanying balance sheets of Compal Electronics, Inc. as of December 31, 2010 and 2009, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Compal Electronics, Inc. as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling", and accounting principles generally accepted in the Republic of China.

Compal Electronics, Inc. has prepared consolidated financial statements as of and for the years ended December 31, 2010 and 2009, on which we have issued an unqualified audit report.

IPMG

March 1, 2011

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

The auditors' report and the accompanying financial statements 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 statements, the Chinese version shall prevail.

Supervisors' Examination Report

Date: April 26, 2011

The Board of Directors has prepared and submitted to us the Company's 2010 balance sheet, income statement, statements of changes in shareholder equity and cash flow statement which have been audited and certified by Isabella Lou & Chris Yen, 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 2011 Annual General Shareholders Meeting in accordance with Article 219 of the Company Act.

Compal Electronics, Inc.

Supervisors:

Ko, Changchi

Yen Chia-chou

Sheng-chih. Hsu

Attachment 4

COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

Assets	2010		2009		Liabilities and Stockholders' Equity	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (note 4)	\$ 34,831,662	11.6	20,163,201	7.0	Short-term loans (note 10)	\$ 24,643,980	8.2	13,811,560	4.8
Financial assets measured at fair value through profit or loss – current (notes 5 and 16)	110,000	-	70,832	-	Notes and accounts payable	103,322,516	34.4	110,159,341	38.3
Notes and accounts receivable, net (note 6)	165,641,433	55.2	152,662,859	53.1	Notes and accounts payable – related parties (note 17)	46,128,869	15.4	49,390,513	17.2
Notes and accounts receivable, net—related parties (note 17)	2,773,538	0.9	2,386,816	0.8	Income tax payable	2,544,062	0.9	1,583,815	0.5
Other current financial assets (notes 8 and 17)	163,410	0.1	168,066	0.1	Accrued expenses and other current liabilities (notes 5, 16 and 17)	6,427,230	2.1	6,498,986	2.3
Inventories, net (note 7)	26,380,409	8.8	47,918,641	16.7	Bonds payable (note 11)	-	-	5,701,754	2.0
Prepayment and other current assets (note 14)	1,089,909	0.4	504,622	0.2	Accrued product warranty liability	3,896,671	1.3	2,193,870	0.8
	<u>230,990,361</u>	<u>77.0</u>	<u>223,875,037</u>	<u>77.9</u>		<u>186,963,328</u>	<u>62.3</u>	<u>189,339,839</u>	<u>65.9</u>
Investments:					Other liabilities:				
Long-term investment under equity method (note 8)	50,444,759	16.8	52,963,678	18.4	Deferred income tax liabilities and others (note 14)	20,343	-	195,962	0.1
Available-for-sale financial assets – non-current (notes 5 and 16)	10,196,851	3.4	1,988,707	0.7	Total liabilities	<u>186,983,671</u>	<u>62.3</u>	<u>189,535,801</u>	<u>66.0</u>
Financial assets carried at cost – non-current (notes 5 and 16)	3,194,531	1.1	3,505,716	1.2	Stockholders' equity (note 13):				
Debt investments without quoted price in active markets (notes 5 and 16)	1,582,257	0.5	1,492,323	0.5	Common stock	44,280,998	14.8	41,243,688	14.4
Other non-current financial assets (notes 5 and 16)	53,224	-	154,664	0.1	Capital surplus:				
	<u>65,471,622</u>	<u>21.8</u>	<u>60,105,088</u>	<u>20.9</u>	Paid-in capital in excess of par value	13,586,249	4.5	10,562,097	3.7
					Other	1,717,345	0.6	2,165,539	0.7
						<u>15,303,594</u>	<u>5.1</u>	<u>12,727,636</u>	<u>4.4</u>
Property, plant and equipment (note 9):					Retained earnings:				
Land	894,459	0.3	868,381	0.3	Legal reserve	11,551,432	3.8	9,630,627	3.4
Buildings	1,813,908	0.6	1,757,554	0.6	Special reserve	798,081	0.3	1,448,771	0.5
Research equipment	462,145	0.2	387,870	0.2	Unappropriated retained earnings	45,450,010	15.1	33,715,153	11.7
Other equipment	371,663	0.1	345,666	0.1		<u>57,799,523</u>	<u>19.2</u>	<u>44,794,551</u>	<u>15.6</u>
	3,542,175	1.2	3,359,471	1.2	Equity adjustment:				
Less: accumulated depreciation	(1,390,261)	(0.5)	(1,247,855)	(0.4)	Foreign currency translation adjustments	(2,443,732)	(0.8)	(224,588)	(0.1)
Prepayment for purchase of equipment	24,730	-	19,660	-	Unrealized gains (losses) on financial instruments (notes 5 and 8)	(903,090)	(0.3)	126,028	-
	<u>2,176,644</u>	<u>0.7</u>	<u>2,131,276</u>	<u>0.8</u>	Treasury stock (note 13)	(881,247)	(0.3)	(881,247)	(0.3)
						<u>(4,228,069)</u>	<u>(1.4)</u>	<u>(979,807)</u>	<u>(0.4)</u>
Intangible assets – patent licenses and others	894,909	0.3	836,242	0.3	Total stockholders' equity	113,156,046	37.7	97,786,068	34.0
Other assets – leased assets, net, and others (notes 9, 12 and 17)	606,181	0.2	374,226	0.1	Commitments and contingencies (notes 17 and 19)				
Total assets	<u>\$ 300,139,717</u>	<u>100.0</u>	<u>287,321,869</u>	<u>100.0</u>	Total liabilities and stockholders' equity	<u>\$ 300,139,717</u>	<u>100.0</u>	<u>287,321,869</u>	<u>100.0</u>

COMPAL ELECTRONICS, INC.
Statements of Income

For the years ended December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2010		2009	
	Amount	%	Amount	%
Net sales (note 17)	\$ 844,508,265	100.0	626,217,661	100.0
Cost of sales (notes 7, 17 and 20)	<u>812,469,949</u>	<u>96.2</u>	<u>597,374,668</u>	<u>95.4</u>
	32,038,316	3.8	28,842,993	4.6
Decrease (increase) in unrealized inter-company profits	<u>(1,199)</u>	<u>-</u>	<u>1,476</u>	<u>-</u>
Gross profit	<u>32,037,117</u>	<u>3.8</u>	<u>28,844,469</u>	<u>4.6</u>
Operating expenses (notes 13, 17 and 20):				
Selling	4,624,780	0.5	3,013,773	0.5
General and administrative	2,711,859	0.3	2,553,293	0.4
Research and development	<u>6,416,571</u>	<u>0.8</u>	<u>5,566,387</u>	<u>0.9</u>
	<u>13,753,210</u>	<u>1.6</u>	<u>11,133,453</u>	<u>1.8</u>
Operating income	<u>18,283,907</u>	<u>2.2</u>	<u>17,711,016</u>	<u>2.8</u>
Non-operating income and gains:				
Interest income	323,563	-	143,445	-
Investment income under the equity method, net (note 8)	3,983,892	0.5	2,011,276	0.3
Other investment income, net (note 5)	4,137,590	0.5	-	-
Foreign currency exchange gain, net	-	-	154,660	-
Gain on valuation of financial instruments, net (notes 5 and 16)	-	-	72,759	-
Other (note 17)	<u>389,519</u>	<u>-</u>	<u>424,939</u>	<u>0.1</u>
	<u>8,834,564</u>	<u>1.0</u>	<u>2,807,079</u>	<u>0.4</u>
Non-operating expenses and losses:				
Interest expense	120,906	-	45,681	-
Other investment loss, net (note 5)	-	-	187,376	-
Foreign currency exchange loss, net	173,632	-	-	-
Impairment losses (note 5)	218,918	-	97,157	-
Loss on valuation of financial instruments, net (note 5)	42,185	-	-	-
Other	<u>-</u>	<u>-</u>	<u>639</u>	<u>-</u>
	<u>555,641</u>	<u>-</u>	<u>330,853</u>	<u>-</u>
Net income before income tax expense	26,562,830	3.2	20,187,242	3.2
Income tax expense (note 14)	<u>3,291,034</u>	<u>0.4</u>	<u>979,193</u>	<u>0.1</u>
Net income	<u>\$ 23,271,796</u>	<u>2.8</u>	<u>19,208,049</u>	<u>3.1</u>
	Before	After	Before	After
	income tax	income tax	income tax	income tax
Basic net income per share (note 15)	<u>\$ 6.15</u>	<u>5.38</u>	<u>5.16</u>	<u>4.91</u>
Basic net income per share calculated by adjusting dividends declared retroactively			<u>\$ 5.05</u>	<u>4.81</u>
Diluted net income per share	<u>\$ 5.93</u>	<u>5.20</u>	<u>4.63</u>	<u>4.41</u>
Diluted net income per share calculated by adjusting dividends declared retroactively			<u>\$ 4.54</u>	<u>4.33</u>

The pro forma information under the assumption that the Company's outstanding shares held by its subsidiaries are not regarded as treasury stock was as follows:

	2010		2009	
	Before	After	Before	After
	income tax	income tax	income tax	income tax
Net income	<u>\$ 26,678,960</u>	<u>23,387,926</u>	<u>20,260,449</u>	<u>19,281,256</u>
Basic net income per share	<u>\$ 6.10</u>	<u>5.35</u>	<u>5.12</u>	<u>4.87</u>

COMPAL ELECTRONICS, INC.

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

	Common stock	Capital surplus	Legal reserve	Retained earnings Special reserve	Unappropriated	Unrealized gains (losses) on financial instruments	Foreign currency translation adjustments	Treasury stock	Total
Balance on January 1, 2009	\$ 38,838,710	8,765,157	8,366,723	245,036	23,461,062	(1,198,630)	239,696	(881,247)	77,836,507
Appropriation of 2008 net income (note 1):									
Special reserve	-	-	-	1,203,735	(1,203,735)	-	-	-	-
Legal reserve	-	-	1,263,904	-	(1,263,904)	-	-	-	-
Dividends (cash and stock)	77,677	-	-	-	(5,903,484)	-	-	-	(5,825,807)
Employee bonuses transferred to common stock	637,653	846,802	-	-	-	-	-	-	1,484,455
Capital surplus transferred to common stock	116,516	(116,516)	-	-	-	-	-	-	-
Convertible bonds payable transferred to common stock and capital surplus	1,413,113	2,574,754	-	-	-	-	-	-	3,987,867
Adjustment for changes in investee company's stockholders' equity	-	312,199	-	-	(582,835)	-	-	-	(270,636)
Issuance of stock for employee stock options exercised	160,019	272,032	-	-	-	-	-	-	432,051
Cash dividends paid to subsidiaries holding the Company's shares	-	73,208	-	-	-	-	-	-	73,208
Net income for the year ended December 31, 2009	-	-	-	-	19,208,049	-	-	-	19,208,049
Foreign currency translation adjustment	-	-	-	-	-	-	(464,284)	-	(464,284)
Adjustment for unrealized gain on financial instruments	-	-	-	-	-	1,324,658	-	-	1,324,658
Balance on December 31, 2009	<u>41,243,688</u>	<u>12,727,636</u>	<u>9,630,627</u>	<u>1,448,771</u>	<u>33,715,153</u>	<u>126,028</u>	<u>(224,588)</u>	<u>(881,247)</u>	<u>97,786,068</u>
Appropriation of 2009 net income (note 2):									
Reverse special reserve	-	-	-	(650,690)	650,690	-	-	-	-
Legal reserve	-	-	1,920,805	-	(1,920,805)	-	-	-	-
Cash dividends	-	-	-	-	(10,264,535)	-	-	-	(10,264,535)
Capital surplus transferred to common stock	855,378	(855,378)	-	-	-	-	-	-	-
Convertible bonds payable transferred to common stock and capital surplus	2,020,721	3,620,482	-	-	-	-	-	-	5,641,203
Adjustment for changes in investee company's stockholders' equity	-	(56,887)	-	-	(2,289)	-	-	-	(59,176)
Equity adjustment due to investee companies being merged	-	(507,437)	-	-	-	8,304	(3,117)	-	(502,250)
Issuance of stock for employee stock options exercised	161,211	259,048	-	-	-	-	-	-	420,259
Cash dividends paid to subsidiaries holding the Company's shares	-	116,130	-	-	-	-	-	-	116,130
Net income for the year ended December 31, 2010	-	-	-	-	23,271,796	-	-	-	23,271,796
Foreign currency translation adjustment	-	-	-	-	-	-	(2,216,027)	-	(2,216,027)
Adjustment for unrealized losses on financial instruments	-	-	-	-	-	(1,037,422)	-	-	(1,037,422)
Balance on December 31, 2010	<u>\$ 44,280,998</u>	<u>15,303,594</u>	<u>11,551,432</u>	<u>798,081</u>	<u>45,450,010</u>	<u>(903,090)</u>	<u>(2,443,732)</u>	<u>(881,247)</u>	<u>113,156,046</u>

Note 1: Directors' and supervisors' remuneration amounting to \$113,751 and employee bonuses amounting to \$1,649,394 were recognized in the 2008 statements of income.

Note 2: Directors' and supervisors' remuneration amounting to \$130,000 and employee bonuses amounting to \$1,870,000 were recognized in the 2009 statements of income.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

For the years ended December 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income	\$ 23,271,796	19,208,049
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	635,802	939,145
Increase (decrease) in allowance for doubtful accounts and inventory obsolescence provision	(1,511,174)	825,368
Other investment loss (income), net	(4,099,069)	220,546
Impairment losses on financial assets carried at cost	218,918	97,157
Cash dividends received from long-term equity investments	612,239	593,021
Investment income under the equity method, net	(3,983,892)	(2,011,276)
Increase in notes and accounts receivable	(11,821,335)	(95,291,953)
Decrease (increase) in inventories	21,505,445	(34,420,766)
Decrease (increase) in prepayment, other current assets, and other current financial assets	(194,250)	92,097
Increase (decrease) in notes and accounts payable	(10,098,469)	110,720,572
Increase in accrued expenses, other current liabilities, and accrued product warranty liability	1,610,336	3,205,535
Increase (decrease) in income tax payable	960,247	(676,948)
Change in net deferred income tax assets	(349,522)	(217,485)
Decrease (increase) in financial assets measured at fair value through profit or loss – current	(39,168)	131,267
Unrealized foreign currency exchange gain on bonds payable	(44,546)	(181,588)
Other	(131,033)	(71,622)
Net cash provided by operating activities	<u>16,542,325</u>	<u>3,161,119</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(152,629)	(124,359)
Increase in patent licenses	(559,134)	(851,546)
Decrease in restricted assets	142,000	-
Acquisition of long-term equity investments, debt investments without quoted price in active markets, financial assets carried at cost, and other non-current financial assets	(2,577,576)	(9,418,175)
Capital refund from investee	70,692	20,452
Proceeds from sale of investments	257,821	234,000
Decrease (increase) in long-term receivables – related parties	(20,201)	118,414
Other	(7,146)	3,165
Net cash used in investing activities	<u>(2,846,173)</u>	<u>(10,018,049)</u>
Cash flows from financing activities:		
Increase in short-term loans	10,832,420	11,811,560
Cash dividends paid	(10,264,535)	(5,825,807)
Repayment of bonds payable	(16,005)	-
Proceeds from issuance of stock for employee stock options exercised	420,259	432,051
Other	170	(132)
Net cash provided by financing activities	<u>972,309</u>	<u>6,417,672</u>
Net increase (decrease) in cash and cash equivalents	14,668,461	(439,258)
Cash and cash equivalents at beginning of year	<u>20,163,201</u>	<u>20,602,459</u>
Cash and cash equivalents at end of year	<u>\$ 34,831,662</u>	<u>20,163,201</u>
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u>113,494</u>	<u>42,839</u>
Income taxes	\$ <u>2,680,309</u>	<u>1,876,133</u>
Supplementary disclosures of financing activities not affecting cash flows:		
Convertible bonds payable transferred to common stock and capital surplus	\$ <u>5,641,203</u>	<u>3,987,867</u>
Employee bonuses payable transferred to common stock and capital surplus	\$ <u>-</u>	<u>1,484,455</u>

Attachment 5.

Comparison Table Before and After Amendment to the Articles of Incorporation of Compal Electronics, Inc.

Number of Article	Before Amendment	After Amendment	Amendment Reason
<p>Article 18</p>	<p>The Company shall have <u>eleven (11) to thirteen (13)</u> directors, and three (3) supervisors, to be elected by the shareholders' meeting from among persons with legal capacity. The directors and supervisors' liability insurance may be bought by the Company for the liability of compensation they may bear according to law in their business scope during their term of office.</p>	<p>The Company shall have <u>ten (10) to fifteen (15)</u> directors, and three (3) supervisors, to be elected by the shareholders' meeting from among persons with legal capacity. <u>There shall be at least two independent directors among the Company's directors, and the independent directors shall represent at least one-fifth of the total number of directors.</u> The directors and supervisors' liability insurance may be bought by the Company for the liability of compensation they may bear according to law in their business scope during their term of office. <u>Independent directors shall be elected by adopting the candidate nomination system. The shareholders' meeting shall elect independent directors from among those listed on the slate of independent director candidates. The professional qualifications, restrictions on shareholdings and concurrent positions held, assessment of independence, method of nomination, and other matters for compliance with respect to independent directors shall be in compliance with applicable laws and regulations.</u></p>	<p>Revision is made to reflect changes to the law.</p>
<p>Article 19</p>	<p>The directors and supervisors shall hold office for a term of three years and shall be eligible for re-election.</p>	<p>The directors and supervisors shall hold office for a term of three years and shall be eligible for re-election. <u>Re-election of independent directors shall be governed by applicable laws and regulations.</u></p>	<p>Revision is made to reflect changes to the law.</p>

Number of Article	Before Amendment	After Amendment	Amendment Reason
Article 21	The Company shall have three <u>or four</u> managing directors, to be elected from among the directors with the concurrence of a majority of the directors present at a board of directors' meeting attended by more than two-thirds (2/3) of the directors. A board chairman and vice chairman shall be elected by and from among the managing directors in accordance with the same procedure. The board chairman shall conduct all the business of the Company pursuant to the laws and regulations, Article of incorporation, and resolutions adopted at shareholders' meetings and board of directors' meetings.	The Company shall have three <u>to five</u> managing directors, to be elected from among the directors with the concurrence of a majority of the directors present at a board of directors' meeting attended by more than two-thirds (2/3) of the directors. A board chairman and vice chairman shall be elected by and from among the managing directors in accordance with the same procedure. The board chairman shall conduct all the business of the Company pursuant to the laws and regulations, Article of incorporation, and resolutions adopted at shareholders' meetings and board of directors' meetings. <u>There shall be at least one independent director among the Company's managing directors, and the independent directors shall represent at least one-fifth of the total number of managing director.</u>	Revision is made to reflect changes to the law.
Article 30	If there is any profit after closing of books, the Company shall first defray tax due, cover losses in the past years and set aside ten percent of it as legal reserve, then an amount not more than two percent (2%) of the balance shall be paid to directors and supervisors as remuneration and an amount no less than two percent (2%) shall be allocated as employees' bonus. The remaining balance may be retained as special reserve to meet actual needs and at least ten percent (10%) of the remainder shall be distributed as dividend and stock interest; however, if the annual net profit per share for such year is lower than One New Taiwan Dollar (NT\$1), the Company may decide not to make any	If there is any profit after closing of books, the Company shall first defray tax due, cover losses in the past years and set aside ten percent (10%) of it as legal reserve <u>and set aside or reverse a special reserve in accordance with laws and regulations,</u> then an amount not more than two percent (2%) of the balance shall be paid to directors and supervisors as remuneration and an amount no less than two percent (2%) shall be allocated as employees' bonus. Not less than ten percent (10%) of the remainder shall be distributed as dividend and bonus; however, if the annual net profit per share for such year is lower than One New Taiwan Dollar (NT\$1), the Company may decide not to make	Revised to meet the business need.

Number of Article	Before Amendment	After Amendment	Amendment Reason
	<p>distribution. If the profit after close of books includes any exchange gains resulting from the translation of assets and liabilities denominated in foreign currencies, such profit shall be transferred to the entry of special surplus before distribution of dividend and bonus after realization and it shall be listed as retained earnings.</p> <p><i>[The rest omitted.]</i></p>	<p>any distribution.</p> <p><i>[The rest omitted.]</i></p>	
Article 35	<p>These Articles of Incorporation were prescribed by the promoters on April 16, 1984. 1st~29th (omitted)</p>	<p>These Articles of Incorporation were prescribed by the promoters on April 16, 1984. 1st~29th (omitted) <u>The 30th amendment was made on June 24, 2011.</u></p>	<p>Adding the date of amendment</p>

Attachment 6

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

No.	Before Amendment	After Amendment	Amendment Reason
1	These Regulations are enacted in accordance with the Company Act and the Articles of Incorporation of the Company. The election of Directors and Supervisors shall be conducted in accordance with these Regulations.	<u>Unless otherwise prescribed by applicable laws and regulations and the Company's Articles of Incorporation</u> , these Regulations shall govern the election of the Company's Directors and Supervisors.	Revision is made to reflect changes to the law.
3	<u>In the election of Directors and Supervisor, the names of voters may be represented by shareholders' numbers.</u>	<u>The professional qualifications and election, and other matters for compliance with respect to independent directors shall be in compliance with applicable laws and regulations.</u>	Original provision is merged into Article 4. New provision is added to reflect changes to the law.
4	In the election of Directors and Supervisors of the Company, unless otherwise provided in the Articles of Incorporation of the Company, each share is entitled to have votes equivalent to the number of Directors/Supervisors to be elected. The Board of Directors shall prepare ballots equal to the number of Directors and Supervisors to be elected and distribute these ballots to the attending shareholders. The total number of votes may be used to elect a single candidate or be allocated among several candidates.	Directors and Supervisors of the Company are elected <u>by adapting the accumulative voting system.</u> <u>Each voting</u> share is entitled to have votes equivalent to the number of Directors/Supervisors to be elected. The total number of votes may be used to elect a single candidate or be allocated among several candidates. The Board of Directors shall prepare ballots equal to the number of Directors/Supervisors to be elected and distribute these ballots to the attending shareholders. <u>The names of voters may be represented by shareholders' numbers.</u>	Original provision of Article 3 is merged into this Article.
5	The Company's Directors and Supervisors shall be elected by the Shareholders' meeting from among the persons with capacity to make juridical acts. According to the seats regulated in the Articles of Incorporation, the candidates who receive more votes shall be elected in order of number of votes received. If a candidate is simultaneously elected a	The Company's Directors and Supervisors shall be elected by the Shareholders' meeting from among the persons with capacity to make juridical acts. According to the seats regulated in the Articles of Incorporation, the candidates who receive more votes shall be elected in order of number of votes received. If a candidate is simultaneously	Revision is made to reflect changes to the law.

No.	Before Amendment	After Amendment	Amendment Reason
	<p>Director and Supervisor for the same term, he/she shall decide to serve as Director or Supervisor by himself/herself prior to the announcement and reporting the list of winners as required by law. The vacant position shall be filled by the person receiving the next highest votes in the same election. If two or more persons have received the same number of votes, and the number of persons would exceed the prescribed number of available seats, the persons with the same number of votes shall draw lots to decide election; the chairman shall draw lots on behalf of any elected person who are not present.</p>	<p>elected a Director and Supervisor for the same term, he/she shall decide to serve as Director or Supervisor by himself/herself prior to the announcement and reporting the list of winners as required by law. <u>He/she shall not serve concurrently as Director and Supervisor. This regulation shall also apply when other applicable laws and regulations prohibit a person from being simultaneously elected a Director and Supervisor.</u> If two or more persons have received the same number of votes, and the number of persons would exceed <u>the number to be elected</u>, the persons with the same number of votes shall draw lots to decide election; the chairman shall draw lots on behalf of any elected person who are not present.</p>	
6	<p>The Board of Directors shall, upon preparing the ballots, have the ballots serial numbered and note the voting rights on each ballot.</p>	<p>The Board of Directors shall, upon preparing the ballots, have the ballots serial numbered and note the voting rights on each ballot.</p>	Change of Chinese characters
7	<p>At the beginning of the election, the chairman shall appoint several persons to check and record the ballots.</p>	<p><u>Before</u> the beginning of the election, the chairman shall appoint several persons to check and record the ballots.</p>	Change of Chinese characters
11	<p>The ballot boxes shall be respectively prepared for the election of Directors and that of Supervisors. These ballot boxes will be opened by the persons to check and record the ballots after the vote casting.</p>	<p>The ballot boxes shall be respectively prepared for the election of Directors and that of Supervisors. These ballot boxes will be opened by the persons to check and record the ballots after the vote casting.</p>	Change of Chinese characters

Appendices

Appendix 1

Compal Electronics, Inc.

Rules and Procedures of Shareholders Meeting

Passed by the General Shareholders Meeting on April 8, 1998

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Appendix 2

Compal Electronics, Inc. Articles of Incorporation of Compal Electronics, Inc.

CHAPTER I GENERAL PROVISIONS

Article 1

The Company is organized under the Company Law and shall be named Compal Electronics, Inc.

Article 2

The business scope of the Company shall be as follows:

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

Article 3

The Company may provide guarantee to other companies that engage in relevant business companies to meet its business needs.

Article 4

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

Article 5 (Deleted)

Article 6

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

CHAPTER 2 SHARES

Article 7

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

Article 8

The share certificates of the Company shall be in registered form and issued after they are serially numbered, signed or sealed by at least three directors, and certified by the competent authority or by the agency approved to handle the registration of the share issue.

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

Article 9

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

Article 10

Unless otherwise provided in laws and regulations and securities rules, the shareholders shall deal with stock affairs or exercise other relevant rights in accordance with the [Guidelines Governing the Processing of Stock Affairs by Public Company].

Article 11

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

CHAPTER 3 SHAREHOLDERS' MEETING

Article 12

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

Article 13

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

Article 14

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

Article 15

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

Article 16

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

Article 17

Minutes of proceedings shall be prepared for all resolutions adopted at a shareholders' meeting, stating the date and place of the meeting, the abstract and results of proceedings, name of the chairman and the means by which a resolution is adopted, number of shareholders present and number of shares represented. A copy of the minutes of proceedings duly signed and sealed by the chairman shall be forwarded to each shareholder within twenty (20) days after the meeting. However, the shareholders whose registered share certificates are under 1,000 shares shall be publicly announced.

CHAPTER 4 DIRECTORS AND SUPERVISORS

Article 18

The Company shall have eleven (11) to thirteen (13) directors, and three (3) supervisors, to be elected by the shareholders' meeting from among persons with legal capacity.

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

Article 19

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

Article 20

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

Article 21

The Company shall have three or four managing directors, to be elected from among the directors with the concurrence of a majority of the directors present at a board of directors'

meeting attended by more than two-thirds (2/3) of the directors. A board chairman and vice chairman shall be elected by and from among the managing directors in accordance with the same procedure. The board chairman shall conduct all the business of the Company pursuant to the laws and regulations, Article of incorporation, and resolutions adopted at shareholders' meetings and board of directors' meetings.

Article 22

The business policies and other important matters of the Company shall be performed in accordance with the resolutions of the board of directors' meetings. Except for the initial meeting of each term of the board of directors, which shall be called by the director who receives the highest votes, all the other meetings shall be called and presided by the board chairman. In the event the board chairman is absent or unable to perform his right or authority, he may designate vice chairman to act on his behalf. In case there is no vice chairman or the vice chairman is absent or unable to perform his power or authority, the chairman may designate one managing director to act on his behalf, or where there is no managing director, one of the directors to act on his behalf. In the absence of the designation, the managing directors shall elect one from among themselves.

Article 23

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

Article 24

In addition to performing their duties in accordance with the law, the supervisors may attend the board of directors' meetings but shall not vote.

Article 25

In conducting the business of the Company, the directors and supervisors shall be paid remuneration, regardless of whether the Company makes a profit or sustains a loss. The remuneration of directors and supervisors shall be decided by the board of directors in accordance with personal partake-in and contribution to the Company's operation and benchmarks in the same industry

Article 26

Functions of the board of directors shall be as follows:

1. appoint and remove managerial personnel;
2. decide and amend business policies;
3. examine budget and final account;
4. propose for distribution of profits and covering of losses;
5. approve for re-investment, extending loan to other companies, and pledge of assets;
6. approve for endorsement, guarantee, acceptance to affiliates in excess of the total specified amounts (to be decided by the board of directors);

7. approve for borrowing and financing in excess of total specified amounts (to be decided by the board of directors);
8. establish and/or withdraw any main divisions of the Company and/or its domestic or overseas branches, and to prescribe and amend Articles of Incorporation and important rules by laws;
9. approve for important contracts;
10. approve for other important business; and
11. appoint, discharge, and make payment to CPA.

CHAPTER 5 OFFICERS

Article 27

A board of directors' meeting shall be called with a seven days prior written notice setting forth the cause(s) of such meeting to all directors and supervisors, except there is an urgent need. In case of emergency, a board of directors' meeting may be called at any time.

The meeting notice as referred to in the foregoing Paragraph shall set forth the cause(s) and be given via mail, e-mail or facsimile.

Article 28

The Company shall employ managing persons, their appointment and discharge shall be handled in accordance with Article 29 of the Company Law.

CHAPTER 6 FINANCIAL ACCOUNTS AND DISTRIBUTION OF PROFITS

Article 29

At the close of each fiscal year of the Company, the board of directors shall submit the following statements/documents to the supervisors for examination and acknowledgement by the shareholders' meeting thirty (30) days prior to the special shareholders' meeting:

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

Article 30

If there is any profit after closing of books, the Company shall first defray tax due, cover losses in the past years and set aside ten percent of it as legal reserve fund, then an amount not more than two percent (2%) of the balance shall be paid to directors and supervisors as remuneration and an amount no less than two percent (2%) shall be allocated as employees' bonus. The remaining balance may be retained as special reserve to meet actual needs and at least ten percent (10%) of the remainder shall be distributed as dividend and stock interest; however, if the annual net profit per share for such year is lower than One New Taiwan Dollar (NT\$1), the Company may decide not to make any distribution. If the profit after close of books includes any exchange gains resulting from the translation of assets and liabilities denominated in foreign currencies, such profit shall be transferred to the entry of special surplus before distribution of dividend and bonus after realization and it shall be listed as retained earnings.

The object of the said allocation of share certificates and bonus to employees includes the employees of the Company's subordinate companies pursuant to the Company Law.

The lifecycle of the industry of the Company is in the growing stage. To meet the need of the Company for the future capital and the need of shareholders for cash flow, if there is any

profit after close of books, the cash dividend allocated by the Company each year shall not be lower than ten percent (10%) of the total dividend (including cash and share dividend) for such year.

Article 31

Once the total legal reserve equals the total capital may resolve to stop setting aside the legal reserve.

CHAPTER 7 SUPPLEMENTAL PROVISIONS

Article 32

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

Article 33

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

Article 34(Deleted)

Article 35

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

1st amendment was made on May 16, 1984;

2nd amendment was made on December 27, 1984;

3rd amendment was made on April 6, 1986;

4th amendment was made on July 18, 1986;

5th amendment was made on May 10, 1987;

6th amendment was made on June 13, 1987;

7th amendment was made on June 18, 1988;

8th amendment was made on May 27, 1989;

9th amendment was made on May 4, 1990;

10th amendment was made on June 23, 1990;

11th amendment was made on March 20, 1991;

12th amendment was made on April 30, 1992;

13th amendment was made on April 13, 1993;

14th amendment was made on April 23, 1994;

15th amendment was made on March 31, 1995;

16th amendment was made on March 27, 1996;

17th amendment was made on May 29, 1997;

18th amendment was made on April 8, 1998;

19th amendment was made on April 8, 1999;

20th amendment was made on March 30, 2000;

21st amendment was made on April 3, 2001;

22nd amendment was made on May 24, 2002;

23rd amendment was made on June 10, 2003;

24th amendment was made on June 10, 2005;

25th amendment was made on June 9, 2006.

26th amendment was made on June 15, 2007.

27th amendment was made on June 13, 2008.

28th amendment was made on June 19, 2009.

29th amendment was made on June 18, 2010.

Appendix 3

Compal Electronics, Inc.

Regulations for Election of Directors and Supervisors

Passed by the General Shareholders Meeting on May 24, 2002

1. These Regulations are enacted in accordance with the Company Act and the Articles of Incorporation of the Company. The election of Directors and Supervisors shall be conducted in accordance with these Regulations.
2. Election of Directors and that of Supervisors shall be held at the shareholders' meeting respectively.
3. In the election of Directors and Supervisor, the names of voters may be represented by shareholders' numbers.
4. In the election of Directors and Supervisors of the Company, unless otherwise provided in the Articles of Incorporation of the Company, each share is entitled to have votes equivalent to the number of Directors/Supervisors to be elected. The Board of Directors shall prepare ballots equal to the number of Directors and Supervisors to be elected and distribute these ballots to the attending shareholders. The total number of votes may be used to elect a single candidate or be allocated among several candidates.
5. The Company's Directors and Supervisors shall be elected by the Shareholders' meeting from among the persons with capacity to make juridical acts. According to the seats regulated in the Articles of Incorporation, the candidates who receive more votes shall be elected in order of number of votes received. If a candidate is simultaneously elected a Director and Supervisor for the same term, he/she shall decide to serve as Director or Supervisor by himself/herself prior to the announcement and reporting the list of winners as required by law. The vacant position shall be filled by the person receiving the next highest votes in the same election. If two or more persons have received the same number of votes, and the number of persons would exceed the prescribed number of available seats, the persons with the same number of votes shall draw lots to decide election; the chairman shall draw lots on behalf of any elected person who are not present.
6. The Board of Directors shall, upon preparing the ballots, have the ballots serial numbered and note the voting rights on each ballot.
7. At the beginning of the election, the chairman shall appoint several persons to check and record the ballots.
8. The ballot boxes used for voting shall be prepared by the Board of Directors and checked in public by the person to check the ballots before voting.
9. If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number. However, if the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column. If the candidate is not a shareholder, voters shall fill in the "candidate" column the candidate's name and the candidate's ID number.
10. Ballots shall be deemed void under any of the following conditions:
 - 1) Ballots not prepared in accordance with these Regulations;
 - 2) Blank ballots not completed by the voters;
 - 3) The writing is unclear and illegible or the alteration is made without sealing thereon as required by law;

- 4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the roster of shareholders. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
 - 5) The number selected candidates filled in the ballot exceeds the prescribed number of available seats;
 - 6) Ballot with other written characters or symbols in addition to candidate's name and shareholder's number/ID number;
 - 7) Any of the candidate's name or shareholder's number is failed to fill in the ballot.
11. The ballot boxes shall be respectively prepared for the election of Directors and that of Supervisors. These ballot boxes will be opened by the persons to check and record the ballots after the vote casting.
 12. The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the chairman.
 13. The Board of Directors shall issue letters of elected notification to the elected Directors and Supervisors.
 14. These Regulations shall be effective after approval at the shareholders' meeting. The same applies to amendments.

Appendix 4

Compal Electronics, Inc. Shareholding of Directors and Supervisors

Book closure date: April 26, 2011

Position	Name	Shares
Chairman	Hsu, Sheng-Hsiun	17,775,401
Vice Chairman	Medica John Kevin	7,534,452
Managing Director	Chen, Jui-Tsung	49,282,587
Managing Director	Hsu, Wen Being	3,091,999
Director	Shen, Wen-Chung	12,345,968
Director	Lin, Kuang Nan	1,807,195
Director	Kinpo Electronics, inc.	151,628,692
Director	Chang, Yung-Ching	3,929,587
Director	Wong, Chung-Pin	4,063,618
Director	Kung, Shao-Tsu	6,335,648
Director	Hsu, Chiung-Chi	1,944,731
Director	Wea Chi-Lin	0
Shareholding of all Directors		259,739,878
Standing Supervisor	Ko, Charng-Chyi	7,896,867
Supervisor	Chou, Yen-Chia	8,022,874
Supervisor	Hsu, Sheng-Chieh	9,119,297
Shareholding of all Supervisors		25,039,038

Note: 1. The above mentioned shares includes the shares under trust with discretion reserved.

2. In accordance with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, where the paid-in capital of the company is more than NT\$10 billion but NT\$50 billion or less, the aggregate number of registered shares owned by all Directors shall not be less than three percent of the total issued shares; the aggregate number of registered shares owned by all Supervisors shall not be less than 0.3 percent of the total issued shares. The aggregate numbers of registered shares held by all Directors and Supervisors of Compal are listed below:

- The aggregate number of the registered shares held by all Directors shall not less than 133,067,991 shares;
- The aggregate number of the registered shares held by all Supervisors shall not less than 13,306,799 shares.

Appendix 5

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

The Company does not disclose the financial forecast of 2011; it is not required to produce this table.

Appendix 6

Other

1. Status of shareholder proposal to be presented at this General Shareholders Meeting

- (1) In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a general shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words (including proposal, explanatory notes and punctuation marks), and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting where at his proposal is to be discussed and shall take part in the discussion of such proposal.
- (2) The proposal and nomination accepting period of 2011 General Shareholders Meeting is from April 9, 2011 to April 19, 2011.
- (3) No proposals are raised by shareholders during the said accepting period.