

Stock Ticker : 2324

Compal Electronics, Inc.

2016 Annual General Shareholders' Meeting Meeting Handbook

(June 24, 2016)



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

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Meeting Procedures

Compal Electronics, Inc.

2016 Annual General Shareholders' Meeting Procedures

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

Meeting Agenda

Compal Electronics, Inc.

2016 Annual General Shareholders' Meeting Agenda

Time : 9:00 am, June 24, 2016 (Friday)

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

I. Discussion Items

1. To approve the amendment to the “Articles of Incorporation”
2. To approve the proposal of cash distribution from capital surplus
3. To approve the amendment to the “Procedures for Financial Derivatives Transactions”
4. To approve the release of non-competition restrictions for Directors

II. Report Items

1. Report of the distribution of compensation to employees and directors for the year 2015
2. Report on Business for the year 2015
3. Audit Committee's Review Report for the year 2015
4. Report of Mactech Corporation, Compal's subsidiary, whose rectification plan after the balance of loaning of funds exceeded the limit set by the regulations of Mactech Corporation.

III. Ratification Items

1. To ratify the Financial Statements and Business Report for the year 2015
2. To ratify the Distribution of Earnings for the year 2015

IV. Special Motion(s)

V. Meeting Adjourned

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 1.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To approve the proposal of cash distribution from capital surplus

Explanatory Notes:

1. In accordance with Article 241 of the Company Act, the Company proposes a cash distribution of NT\$ 885,334,125 from capital surplus derived from the amount of the subscription price in excess of par value of common shares issued by the Company. The cash is to be distributed to the registered shareholders on the record date, and the cash distribution per share will be NT\$0.2. Cash distribution from capital surplus shall be paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
2. After the resolutions adopted by the 2016 Annual General Meeting of Shareholders, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to determine the record date for the cash distribution from capital surplus.
3. As of April 25, 2016, the number of shares issued by the Company which is eligible to receive cash distribution is 4, 426, 670, 625 shares. However, if the number of outstanding shares is changed afterward due to the share buy-back or redemption by the Company, transfer of treasury stock to employees, shares cancellation and other factors so that the distribution ratio for the cash distribution from capital surplus must be adjusted accordingly, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to deal with this matter with full authority.

Resolved That:

Item 3

Proposed by the Board of Directors

Proposal:

To approve the amendment to the “Procedures for Financial Derivatives Transactions”

Explanatory Notes:

1. Amendment to the Procedures for Financial Derivatives Transactions is proposed to accommodate the business need of the Company.
2. The Comparison Table Before and After Amendment to the Procedures for Financial Derivatives Transactions is attached hereto as Attachment 2.

Resolved That:

Item 4

Proposed by the Board of Directors

Proposal:

To approve the release of non-competition restrictions for Directors

Explanatory Notes:

1. As certain Directors of the Company may invest in or operate a business which is identical or similar to the business scope of the Company, without prejudice to any interest of Compal, it is proposed to approve the release of non-competition restrictions for these Directors in accordance with Articles 209 of the Company Act.
2. Information of the Directors who concurrently serve in a position of other companies is shown in the tables below (see page 10~12). The approval of the release of non-competition restrictions for Directors is proposed.

Resolved That :

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

Company	Position
General Life Biotechnology Co., Ltd.	Chairman / Representative of Compal

■Information of Mr. Shyh-Yong Shen (Representative of the Corporate Director of Compal, Kinpo Electronics, Inc.), concurrently serves in a position of other companies is listed below:

Company	Position
Cal-Comp Biotech Co., Ltd.	Chairman / Representative of Kinpo (Note 1)
XYZprinting, Inc.	Chairman / Representative of Kinpo
XYZprinting (suzhou) co., Ltd.	Chairman / Representative of a company indirectly invested by Kinpo
Tung-Wan Kai-Bao Co., Ltd.	Chairman / Representative of a company indirectly invested by Kinpo
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	Chairman / Representative of CCET (Note 2)
Cal-Comp Technology (Suzhou) Co., Ltd.	Chairman / Representative of CCET
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	Chairman / Representative of CCET
Cal-Comp Precision (Wujiang) Co., Ltd.	Chairman / Representative of a company indirectly invested by CCET
Cal-Comp Precision (Dongguan) Co., Ltd.	Chairman / Representative of a company indirectly invested by CCET
Avaplas Precision Plastics (Shanghai) Co., Ltd	Chairman / Representative of a company indirectly invested by CCET
CastleNet Technology Inc.	Chairman / Representative of SAMPO (Note 3)
Kinpo Electronics (Philippines), Inc.	Chairman / Invested by Kinpo
XYZprinting Japan, Inc.	Chairman / Indirectly invested by Kinpo
Cal Comp (Malaysia) SDN. BHD.	Chairman / Invested by CCET
Cal-Comp Electronics de Mexico Co. SA de CV	Chairman / Invested by CCET
Cal-Comp Precision (Singapore) Ltd.	Chairman / Invested by CCET
Cal-Comp Technology (Philippines), Inc.	Chairman / Invested by CCET
Cal-Comp Electronics (Thailand) Public Company Limited	Vice Chairman/ Invested by Kinpo
PChome (Thailand) Co., Ltd.	Vice Chairman/ Invested by CCET
Kinpo Electronics, Inc.	Director
AcBel Polytech Inc.	Director / Representative of Kinpo
Jipo Investment Inc.	Director / Representative of Kinpo
Kinpo Electronics (China) Co., Ltd.	Director / Representative of a company indirectly invested by Kinpo
Dawning Leading Technology Inc.	Director / Representative of CCET
Kinpo Group Management Consultant Company	Director / Representative of CCET
Cal-Comp Electronics And communications Co., Ltd.	Director / Representative of CCET
Ascendant Private Equity Investment Ltd.	Director / Invested by Kinpo
Cal-Comp Electronics (U.S.A.) Co., Ltd.	Director / Invested by CCET
Cal-Comp Industria De Semicondutores S.A.	Director / Indirectly invested by CCET

Company	Position
Cal-Comp Precision (Malaysia) Sdn. Bhd.	Director / Indirectly invested by CCET
Cal-Comp Precision (Thailand) Limited	Director / Indirectly invested by CCET
Cal-Comp USA (San Diego) Co., Ltd.	Director / Indirectly invested by CCET
Kingbolt International (Singapore) Pte. Ltd.	Director / Invested by Kinpo
Kinpo International Ltd.	Director / Invested by Kinpo
Power Station Holdings Ltd.	Director / Indirectly invested by AcBel (Note 4)
XYZprinting, Inc. (Samoa)	Director / Indirectly invested by Kinpo
XYZprinting, Inc. (U.S.A.)	Director / Indirectly invested by Kinpo
XYZprinting Netherlands, B.V.	Director / Indirectly invested by Kinpo
XYZprinting (Thailand) Co. Ltd.	Director / Indirectly invested by Kinpo
Kinpo Electronics, Inc.	Preside
XYZprinting Inc.	President/ Invested by Kinpo
XYZprinting (suzhou) co., Ltd.	President/ Indirectly invested by Kinpo
Cal-Comp Electronics And communications Co., Ltd.	President / Invested by CCET
Cal-Comp Optical Electronics (Suzhou) Co., Ltd.	President / Invested by CCET
Cal-Comp Technology (Suzhou) Co., Ltd.	President / Invested by CCET
Cal-Comp Electronics and Communications (Suzhou) Co., Ltd.	President / Invested by CCET
Avaplas Precision Plastics (Shanghai) Co., Ltd.	President / Indirectly invested by CCET
XYZprinting, Inc. (U.S.A.)	President / Invested by Kinpo
Cal-Comp Electronics (U.S.A.) Co., Ltd.	President / Invested by CCET
Cal-Comp USA (San Diego) Co., Ltd.	President / Indirectly invested by CCET
Cal-Comp USA (Indiana) Co., Ltd.	President / Indirectly invested by CCET

Note: 1. Note: Kinpo Electronics, Inc. (“Kinpo”)

2. Cal-Comp Electronics (Thailand) Public Company Limited (“CCET”)

3. Sampo Corporation (“SAMPO”)

4. AcBel Polytech Inc. (“AcBel”)

■ Information of Mr. Charng-Chyi Ko, the Director of Compal, concurrently serves in a position of other companies is listed below:

Company	Position
Taiwan Biotech Co., Ltd.	President
Baotek Industrial Materials Ltd.	President/ Invested by Taiwan Biotech Co., Ltd.

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

Company	Position
General Life Biotechnology Co., Ltd	Director / Representative of Compal
Sirqul	Director / Invested by Compal

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

Company	Position
Compal Broadband Networks, Inc.	Chairman / Representative of Compal
General Life Biotechnology Co., Ltd.	Director / Representative of Compal
Speedlink Tradings Limited	Director / Indirectly invested by Compal

■Information of Mr. Min Chih Hsuan, the Independent Director of Compal, concurrently serves in a position of other company is listed below:

Company	Position
D-LINK Corporation	Chairman / Representative of Yun-Wei Investment Co. Ltd.

■Information of Mr. Duh Kung Tsai, the Independent Director of Compal, concurrently serves in a position of other company is listed below:

Company	Position
Powertech Technology (Singapore) Pte. Ltd.	Director / Invested by Powertech Technology Inc.

Report Items

Item 1

Proposed by the Board of Directors

Proposal:

Report of the distribution of compensation to employees and directors for the year 2015

Explanatory Note:

- 1、In accordance with the amended Articles of Incorporation of the Company, if there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. Notwithstanding the foregoing, in the event that the Company has accumulated losses, the Company shall first reserve an amount to offset accumulated losses.
- 2、The distribution of compensation to employees and directors for the year 2015, as approved by the Remuneration Committee and the Board of Directors, are NT\$ 949,980,218 and NT\$ 50,233,972, respectively. The compensations shall be distributed in the form of cash.

Item 2

Proposed by the Board of Directors

Proposal:

Report on Business for the year 2015

Explanatory Note:

The Business Report for the year 2015 is attached hereto as Attachment 3.

Item 3

Proposed by the Board of Directors

Proposal:

Audit Committee's Review Report for the year 2015

Explanatory Notes:

1. The year 2015 financial statements have been audited by the Independent Auditors and the Independent Auditors' Report was issued. In addition, the Business Report and Distribution of Earnings for the Year 2015 have been reviewed and examined by Audit Committee; the Review Report was issued accordingly.
2. Independent Auditors' Report is attached hereto as Attachment 4.
3. Audit Committee's Review Report is attached hereto as Attachment 5.

Item 4

Proposed by the Board of Directors

Proposal:

Report of Mactech Corporation, Compal's subsidiary, whose rectification plan after the balance of loaning of funds exceeded the limit set by the regulations of Mactech Corporation.

Explanatory Notes:

1. Implementation in compliance with Letter No. Jin-Guan-Jen-Shen-Tzu 1040026958 issued by the Financial Supervisory Commission on July 13, 2015.
2. The rectification plan of Mactech Corporation, Compal's subsidiary, whose balance of loaning of funds exceeded the limit set by the regulations of Mactech Corporation has been completed to meet the requirements prescribed by law and the authority.

Ratification Items

Item 1

Proposed by the Board of Directors

Proposal:

To ratify the Financial Statements and Business Report for the year 2015

Explanatory Notes:

1. The Company's 2015 financial statements have been audited by Kuan-Ying Kuo and Jui-Lan Lo, certified public accountants from KPMG, who have issued an Audit Report. In addition, Business Report has been reviewed and examined by the Audit Committee and the Audit Committee has issued a Review Report accordingly ("Distribution of Earnings for the Year 2015" is listed in the Ratification Item 2).
2. The "Business Report for the Year 2015" and "Financial Statements for the Year 2015" are attached hereto as Attachments 3 and 6.

Resolved That:

Item 2

Proposed by the Board of Directors

Proposal:

To ratify the Distribution of Earnings for the year 2015

Explanatory Notes:

1. The 2015 Earnings Distribution Proposal (see page 21) 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 2015 available for distribution to shareholders as dividend and bonus is NT\$ 4, 426, 670, 625. Such amount is proposed to be distributed in the form of cash dividend. Each shareholder will be entitled to receive a cash dividend of NT\$1 per share. Cash dividend shall be distributed and paid to each shareholder, rounded to the nearest NT dollar (truncate the numbers after decimal place). Fractional amounts will be aggregately recognized as other revenue in the accounting book of the Company.
3. After the resolutions adopted by the 2016 Annual General Meeting of Shareholders, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to determine the record date of cash dividend distribution.
4. As of April 25, 2016, the number of shares issued by the Company that is eligible to receive dividends is 4, 426, 670, 625 shares. However, if the number of outstanding shares is changed afterward due to the share buy-back or redemption by the Company, transfer of treasury stock to employees, share cancellation and other factors so that the distribution ratio for the cash dividend must be adjusted accordingly, it is proposed that the Board of Directors be authorized by the General Shareholders' Meeting to deal with this matter with full authority.

Resolved That:

Compal Electronics, Inc.

Earnings Distribution Proposal for the Year 2015

Unit: NT\$

Item	Amount
Unappropriated retained earnings of previous years	23,369,973,964
Add:	
The impacts on unappropriated retained earnings as of January 1st, 2015 due to retroactive adjustment and retrospective application of the International Financial Reporting Standards	212,785,000
Unappropriated retained earnings of previous years (retrospectively adjusted)	23,582,758,964
Add:	
Net income of 2015	8,684,610,377
Reversal of special reserve for the net debit balance of other equity interest in the previous year	3,139,020,680
Adjustments of retained earnings due to share-based payment transaction	1,370,031
Subtract:	
Other comprehensive income of 2015 - remeasurement of defined benefit plans	(71,032,674)
10% Legal reserve	(868,461,038)
Special reserve retained for the net debit balance of other equity interest in this year	(3,199,674,050)
Changes in ownership interests in subsidiaries	(14,572,312)
Changes in equity interests in associates and joint ventures accounted for using equity method	(15,955,723)
Retained earnings available for distribution as of December 31, 2015	31,238,064,255
Distribution item:	
Subtract:	
Dividends to common shares holders <Note 1 >	(4,426,670,625)
Unappropriated retained earnings as of December 31, 2015	26,811,393,630

Note: Cash dividends of NT\$1 per common share

Special Motion(s)

Special Motion(s)

Attachments

Attachment 1

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

Before Amendment	After Amendment	Amendment Reason
<p>Article 2 The business scope of the Company shall be as follows: 1~13(omitted)</p> <p>14. ZZ99999 All businesses that are not prohibited or restricted by laws, except those that are subject to special approval.</p>	<p>Article 2 The business scope of the Company shall be as follows: 1~13(omitted) <u>14. To engage in F108031 Wholesale of Drugs, Medical Goods</u> <u>15. To engage in F208031 Retail sale of Medical Equipments</u> <u>16. To engage in CF01011 Medical Materials and Equipment Manufacturing</u> 17. ZZ99999 All businesses that are not prohibited or restricted by laws, except those that are subject to special approval.</p>	<p>Revised to meet the business needs</p>
<p>Article 30 <u>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 and set aside or reverse a special reserve in accordance with laws and regulations, then an amount not more than two percent (2%) of the balance shall be paid to directors as remuneration and an amount no less than two percent (2%) shall be allocated as employees' bonus. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The earnings appropriation proposal to distribute dividend and bonus shall be proposed</u></p>	<p>Article 30 <u>If there is any profit in a fiscal year, the Company's pre-tax profits in such fiscal year, prior to deduction of compensation to employees and directors, shall be distributed to employees as compensation in an amount of not less than two percent (2%) thereof and to directors as compensation in an amount of not more than two percent (2%) of such profits. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensation to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the</u></p>	<p>Revised to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
<p><u>by the Board of Directors and approved by the General Shareholders Meeting. The rest of the unappropriated retained earnings shall be reserved.</u></p> <p><u>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.</u></p> <p><u>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.</u></p>	<p>employees of the Company's subordinate companies pursuant to the Company Act.</p>	
	<p>Article 30-1</p> <p><u>If there is any profit after closing of books in a given year, the Company shall first defray tax due, cover accumulated losses and set aside ten percent (10%) of it as legal reserve and then set aside or reverse a special reserve in accordance with laws and regulations. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The earnings appropriation proposal to distribute dividend and bonus shall be proposed by the Board of Directors and approved by the General Shareholders Meeting. The rest of the</u></p>	<p>Added to meet the law requirement</p>

Before Amendment	After Amendment	Amendment Reason
	<p><u>unappropriated retained earnings shall be reserved.</u></p> <p><u>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.</u></p>	
<p>Article 35 These Articles of Incorporation were prescribed by the promoters on April 16, 1984. 1st~34th (omitted)</p>	<p>Article 35 These Articles of Incorporation were prescribed by the promoters on April 16, 1984. 1st~34th (omitted) <u>The 35th amendment was made on June 24, 2016.</u></p>	<p>Added the amendment date</p>

Attachment 2

Compal Electronics, Inc.

Comparison Table Before and After Amendment to the Procedures for Financial Derivatives Transactions

Before amendment	After amendment	Reason for amendment									
<p>Article 9 Internal Control 1~2 (Omitted) 3. Regular Evaluation (1)~(4) (Omitted)</p>	<p>Article 9 Internal Control 1~2 (Omitted) 3. Regular Evaluation (1)~(4) (Omitted) <u>(5) the essentials of performance evaluation</u> <u>i. Hedging:</u> <u>The profits and losses from both hedged item and hedging tool are the basis of performance evaluation.</u> <u>ii. Non-hedging</u> <u>To evaluate the actual profit and loss.</u></p>	<p>Revised to meet the business needs</p>									
<p>Article 10 Setting Stop-Loss Point The loss ceilings of the total contracts and that of each individual contract <u>for non-economic hedging operation</u> are set as follows: 1. <u>The loss ceiling of the total contracts: 5% of the total contracts dollar amount.</u> 2. <u>The loss ceiling of each individual contract: 5% of each individual contract dollar amount.</u></p>	<p>Article 13 Setting Stop-Loss Point The loss ceilings of the total contracts and that of each individual contract are set as follows:</p> <table border="1" data-bbox="1003 970 1742 1297"> <thead> <tr> <th data-bbox="1003 970 1234 1015"><u>Purpose</u></th> <th data-bbox="1234 970 1518 1015"><u>Hedging</u></th> <th data-bbox="1518 970 1742 1015"><u>Non-Hedging</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="1003 1015 1234 1134"><u>The loss ceiling of the total contracts</u></td> <td data-bbox="1234 1015 1518 1134"><u>15% of the total contracts dollar amount</u></td> <td data-bbox="1518 1015 1742 1134"><u>5% of the total contracts dollar amount</u></td> </tr> <tr> <td data-bbox="1003 1134 1234 1297"><u>The loss ceiling of each individual contract</u></td> <td data-bbox="1234 1134 1518 1297"><u>15% of each individual contract dollar amount</u></td> <td data-bbox="1518 1134 1742 1297"><u>5% of each individual contract dollar amount</u></td> </tr> </tbody> </table> <p><u>When the loss of hedging transactions reaches 10% of each individual contract or total contracts, should report to the high-level executives authorized by the Board of</u></p>	<u>Purpose</u>	<u>Hedging</u>	<u>Non-Hedging</u>	<u>The loss ceiling of the total contracts</u>	<u>15% of the total contracts dollar amount</u>	<u>5% of the total contracts dollar amount</u>	<u>The loss ceiling of each individual contract</u>	<u>15% of each individual contract dollar amount</u>	<u>5% of each individual contract dollar amount</u>	<p>Revised to meet the business needs</p>
<u>Purpose</u>	<u>Hedging</u>	<u>Non-Hedging</u>									
<u>The loss ceiling of the total contracts</u>	<u>15% of the total contracts dollar amount</u>	<u>5% of the total contracts dollar amount</u>									
<u>The loss ceiling of each individual contract</u>	<u>15% of each individual contract dollar amount</u>	<u>5% of each individual contract dollar amount</u>									

Before amendment	After amendment	Reason for amendment
	<u>Directors.</u>	
<p>ARTICLE 17 Supplementary Provisions These Procedures were approved by the Board of Directors' Meeting and entered into force on July 25, 1996. The 1st ~5th amendments (omitted)</p>	<p>ARTICLE 17 Supplementary Provisions These Procedures were approved by the Board of Directors' Meeting and entered into force on July 25, 1996. The 1st ~5th amendments (omitted) <u>The 6th amendment was adopted by the Board of Directors' Meeting on August 11, 2015 and was implemented after it was approved by the General Shareholders' Meeting on June 24, 2016</u></p>	<p>Added the amendment date</p>

Attachment 3

Business Report for the Year 2015

Thank you all for your support of Compal Electronics, Inc. (hereafter referred to as “Compal”) over the past year! The year of 2015 was a dramatic year in a way resembling the “chameleon” as a period of time when the global economic change was indeed beyond everyone’s expectation significantly. Despite the impact of economic recession and weak market demands, with the endeavors and efforts of the entire staff of Compal, the annual sales of the company was well maintained and the net profit also showed a growth over the previous fiscal year. Looking ahead of this year, the global economy is likely to be still in recession. However, we believe that corporations should continue to strive for research and developments and vigorously expand new businesses to be ready for the future challenges ahead without using the excuse of the economic recession. Here, with respect to the operational performance of last year and the operation outlook of this year, we summarize the following for you:

2015 Financial Performance

The consolidated sales of Compal in 2015 was NT\$847,306 million dollars, slightly up by 0.2% year-on-year, in which the business contribution of non-notebook computer products continued to increase from 23% to 28%. The consolidated operating profit was NT\$11,312 million dollars, down 3% year-on-year. Nevertheless, with significant improvement in the non-operating segment and reduction of non-operating loss, the net profit attributed to the parent company was NT\$ 8,685 million dollars, up 24% year-on-year. The earning per share (EPS) of the company was NT\$ 2.01.

2015 Business Development

The total shipment of computer products of the Computer Business Group (PCBG) in 2015 was down by 10% less than the previous year, and it was mainly affected by the weaker demands of the overall market and the global recession. Nevertheless, with the change of the usage habit of the consumers, various types of demands emerged, such as the demands for ultra-slim notebooks, high-end gaming notebooks and two-in-one notebooks, of which the products required more precise market segmentation and positioning. In the fields of slim type material technology, power-saving technology and heat dissipation technology etc., the Company will continue to develop state-of-the art innovative and quality products in cooperation with our clients in order to satisfy the market demands.

The total shipment of the products of the Smart Device Business Group (SDBG) in 2015 was up by 30% over the previous year. Such rapid growth benefited from the development of the tablet business and the continuous investment in the development of the new technology of LTE smartphone as well as the cooperation with our new prospective clients. For tablets, Compal constantly develops new usage models and integrates with the application of the Internet-of-Things (IoT). For smartphones, the company also vigorously develops image technology and new designs of software services in order to create unique products. Accordingly, Compal continues to maintain its leading position in the industry.

Corporate Governance & Social Responsibility

During the development of the business, Compal is also committed to invest in the corporate sustainability for business operations in a long term. With regard to the corporate governance, Compal has established the Auditing Committee in 2015 and received the award for top 5% ranking in the “First-Term Corporate Governance Evaluation” by the Taiwan Stock Exchange Corporation (TWSE). With regard to the green environment, in addition to the promotion on the green and halogen-free products, the company has also been included in the Climate Disclosure Leadership Index (CDLI) for the first time with recognition by international institutes. In terms of social welfare, Compal continues to fulfill the corporate social responsibility and engages in the promotion of the rural children digital learning program. In 2015, the Commonwealth Magazine ranked the company No. 16 in the “CSR Corporate Citizen Awards” for large corporations, and the commitment of Compal in the corporate sustainability was recognized by society once again.

2016 New business Development

With years of experience in the technology platform and research and development in the information technology and communication industry, Compal has been able to rapidly and effectively enter various new business fields, including the fields of Server, Auto Electronics, Smart Home, IoT Vertical Solution, Smart Medical and Healthcare and Smart Wearable Devices etc. For the development of new businesses, Compal develops customized and competitive products according to the demands in each field such that the company is not merely acting as a hardware supplier but further engages in the development of integrated system service, and the goal is to establish a new service-oriented business model with sources of revenue.

Moreover, with the emerging trend of aging society and health management and the rise of sports fashion, we are of the opinion that smart medical and healthcare will soon be an important area and topic for future industrial development. Considering our solid experience in the information technology and communication along with the advantages in integration and product developments, not to mention our active cross-industry alliance, Compal is able

to rapidly develop comprehensive and diverse products and services in light of providing greater sources and developments for the industry of medical and healthcare industry in Taiwan in the future.

Business Outlook

According to market research firms (IDC), the global market demands for notebook and tablet in 2016 will be down year-over-year, and the annual growth of the smartphone demand will be reduced. Nevertheless, the new application fields, such as server, auto electronics, IoT and smart wearable devices are expected to have opportunities for significant growths and will become competitive areas for all companies. Despite the global economy still being in its down time, with consideration to the global market condition and the business development of the company, Compal expects the total shipment of 5C (Computing, Communication, Consumer, Cloud, Connecting) related electronic products to continue to grow over the previous year. The revenue contribution of the non-notebook business in 2016 is expected to head toward the goal of exceeding 30% contribution in total.

In the long term, Compal will continue to advance in innovation, to enhance value-added products and services, to increase the competitiveness of the company and to constantly sustain revenue and profit growth at the same time as our most vital commitments to all of our shareholders. Once again, we sincerely appreciate your support and advice for Compal and wish you a peaceful and prosperous year!

Sincerely yours,

Chairman of the Board: Sheng-Hsiung Hsu
President and Chief Executive Officer: Jui-Tsung Chen
Accounting Officer: Ching-Hsiung Lu

Attachment 4

Independent Auditors' Report

To Compal Electronics, Inc.:

We have audited the accompanying balance sheets of Compal Electronics, Inc. as of December 31, 2015 and 2014 (retrospectively adjusted), and the statements of comprehensive income, and changes in equity and cash flows for the years ended December 31, 2015 and 2014 (retrospectively adjusted). 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 report based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards in the Republic of China. 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, 2015 and 2014 (retrospectively adjusted), and the results of its operations and its cash flows for the years ended December 31, 2015 and 2014 (retrospectively adjusted), in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

As stated in note 6(c) 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 Tube, 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 3(a) of the annual parent company only financial reports, starting January 1, 2015, the annual parent company only financial reports of Compal Electronics, Inc. are prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting standards (2013), International Accounting Standards (2013), IFRIC Interpretations (2013) and SIC Interpretations (not including International Accounting Standards No. 9) endorsed by the Financial Supervisory Commission R.O.C., and retrospectively adjusted of the annual parent company only financial reports for the year ended December 31, 2014. The adjustment did not have any significant impact to the annual parent company only financial reports.

KPMG

Taipei, Taiwan (the Republic of China)

March 30, 2016

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with 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.

Independent Auditors' Report

To Compal Electronics, Inc.:

We have audited the accompanying consolidated balance sheets of Compal Electronics, Inc. and subsidiaries as of December 31, 2015, and 2014 (retrospectively adjusted), the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014 (retrospectively adjusted), and changes in stockholders' equity and cash flows for the years ended December 31, 2015 and 2014 (retrospectively adjusted). These consolidated financial statements 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" and the generally accepted auditing standards in the Republic of China. 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 the 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 consolidated financial position of Compal Electronics, Inc. as of December 31, 2015 and 2014 (retrospectively adjusted), 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 in the Republic of China.

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

As stated in note (3)(a) of the consolidated financial reports, effective January 1, 2015, the consolidated financial reports of Compal Electronics, Inc. and its subsidiaries are prepared in conformity with International Financial Reporting standards (2013), International Accounting Standards (2013), IFRIC Interpretations (2013) and SIC Interpretations (not including International Financial Reporting standards 9) endorsed by the Financial Supervisory Commissions R.O.C., are retrospectively adjusted accordingly the consolidated financial statements for the year ended December 31, 2014. The adjustment did not have any significant impact to the consolidated financial reports.

Compal Electronics Inc. has prepared the annual parent company only financial reports as of and for the years ended December 31, 2015 and 2014, on which we have issued a modified unqualified opinion.

KPMG

Taipei, Taiwan (the Republic of China)
March 30, 2016

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with 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.

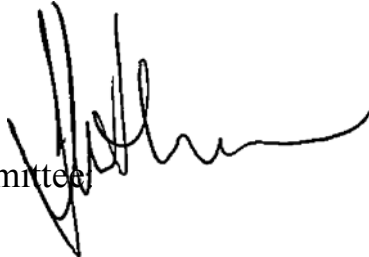
Attachment 5

Audit Committee's Review Report

The Company's 2015 financial statements have been approved by the Audit Committee and by the Board of Directors. Kuan-Ying Kuo and Jui-Lan Lo, certified public accountants from KPMG, have completed the audit of the financial statements and issued an audit report relating thereto. In addition, the Board of Directors has prepared and submitted to us the Company's 2015 business report and proposal for distribution of earnings. We, the Audit Committee members, have duly examined and determined such business report and proposal for distribution of earnings to be in line with the requirements under the Company Law and relevant laws and regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report.

Compal Electronics, Inc.

Chairman of the Audit Committee



May 11, 2016

Attachment 6

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC.

Balance Sheets

December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2015		December 31, 2014 (retrospectively adjusted)		Liabilities and equity	December 31, 2015		December 31, 2014 (retrospectively adjusted)	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 30,797,312	10.4	43,095,497	12.5	Short-term borrowings	\$ 22,087,200	7.5	28,667,700	8.3
Current financial assets at fair value through profit or loss	-	-	114,111	-	Notes and accounts payable	63,996,915	21.6	101,637,875	29.6
Current available-for-sale financial assets	29,738	-	44,538	-	Notes and accounts payable to related parties	62,361,931	21.1	74,153,547	21.6
Current bond investment without active market	350,000	0.1	350,000	0.1	Other payables	8,957,625	3.0	8,133,574	2.4
Notes and accounts receivable, net	148,844,537	50.2	166,442,177	48.5	Current tax liabilities	2,200,353	0.7	583,444	0.2
Notes and accounts receivable due from related parties, net	973,946	0.3	3,085,099	0.9	Current provisions	2,034,677	0.7	1,676,185	0.5
Other receivables	553,185	0.3	427,096	0.1	Other current liabilities	428,602	0.1	645,522	0.2
Inventories	25,344,975	8.6	41,528,853	12.1	Unearned revenue	1,747,574	0.6	2,293,685	0.6
Other current assets	<u>603,115</u>	<u>0.2</u>	<u>522,183</u>	<u>0.2</u>	Long-term borrowings, current portion	<u>13,850,000</u>	<u>4.7</u>	<u>3,000,000</u>	<u>0.9</u>
	<u>207,496,808</u>	<u>70.1</u>	<u>255,609,554</u>	<u>74.4</u>		<u>177,664,877</u>	<u>60.0</u>	<u>220,791,532</u>	<u>64.3</u>
Non-current assets:					Non-current liabilities:				
Investments accounted for using equity method	78,006,762	26.3	73,585,998	21.4	Long-term borrowings	13,740,000	4.6	19,660,000	5.7
Non-current available-for-sale financial assets	5,970,903	2.0	8,735,528	2.6	Deferred tax liabilities	448,762	0.2	1,117,063	0.3
Non-current financial assets at cost	6,588	-	6,588	-	Net defined benefit liabilities	469,846	0.2	399,130	0.1
Non-current bond investment without active market	1,050,000	0.4	1,400,000	0.4	Other non-current liabilities	<u>139,759</u>	<u>-</u>	<u>76,467</u>	<u>-</u>
Property, plant and equipment	2,181,737	0.7	2,230,023	0.7		<u>14,798,367</u>	<u>5.0</u>	<u>21,252,660</u>	<u>6.1</u>
Intangible assets	378,454	0.1	412,185	0.1	Total liabilities	<u>192,463,244</u>	<u>65.0</u>	<u>242,044,192</u>	<u>70.4</u>
Deferred tax assets	1,042,365	0.4	1,336,919	0.4					
Other non-current assets	<u>105,422</u>	<u>-</u>	<u>114,320</u>	<u>-</u>	Equity attributable to owners of parent:				
	<u>88,742,231</u>	<u>29.9</u>	<u>87,821,561</u>	<u>25.6</u>	Ordinary shares	44,711,266	15.1	44,232,366	12.9
Total assets	\$ <u>296,239,039</u>	<u>100.0</u>	<u>343,431,115</u>	<u>100.0</u>	Capital surplus	12,838,638	4.3	14,296,445	4.2
					Retained earnings	51,877,511	17.5	47,721,872	13.9
					Other equity interest	(3,926,881)	(1.3)	(3,139,021)	(0.9)
					Treasury shares	<u>(1,724,739)</u>	<u>(0.6)</u>	<u>(1,724,739)</u>	<u>(0.5)</u>
					Total equity	<u>103,775,795</u>	<u>35.0</u>	<u>101,386,923</u>	<u>29.6</u>
					Total liabilities and equity	\$ <u>296,239,039</u>	<u>100.0</u>	<u>343,431,115</u>	<u>100.0</u>

See accompanying notes to the parent company only financial reports.

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC.

Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2015		2014 (retrospectively adjusted)	
	Amount	%	Amount	%
Net sales revenue	\$ 802,994,930	100.0	803,504,061	100.0
Cost of sales	<u>780,260,207</u>	<u>97.2</u>	<u>782,209,491</u>	<u>97.4</u>
Gross profit	22,734,723	2.8	21,294,570	2.6
Less: Unrealized profit from sales	<u>(2,867)</u>	<u>-</u>	<u>5,657</u>	<u>-</u>
Gross profit	<u>22,737,590</u>	<u>2.8</u>	<u>21,288,913</u>	<u>2.6</u>
Operating expenses:				
Selling expenses	3,798,280	0.5	2,260,919	0.3
Administrative expenses	2,581,758	0.3	2,563,289	0.3
Research and development expenses	<u>9,052,274</u>	<u>1.1</u>	<u>9,172,949</u>	<u>1.1</u>
	<u>15,432,312</u>	<u>1.9</u>	<u>13,997,157</u>	<u>1.7</u>
Net operating income	<u>7,305,278</u>	<u>0.9</u>	<u>7,291,756</u>	<u>0.9</u>
Non-operating income and expenses:				
Other gains and losses	293,589	-	951,688	0.1
Finance costs	(604,735)	-	(515,563)	(0.1)
Other income	786,958	0.1	751,602	0.1
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	2,413,800	0.3	790,247	0.1
Impairment loss	<u>(32,000)</u>	<u>-</u>	<u>(1,691,121)</u>	<u>(0.2)</u>
Total non-operating income and expenses	<u>2,857,612</u>	<u>0.4</u>	<u>286,853</u>	<u>-</u>
Profit before tax	10,162,890	1.3	7,578,609	0.9
Less: tax expense	<u>1,478,280</u>	<u>0.2</u>	<u>554,148</u>	<u>-</u>
Profit	<u>8,684,610</u>	<u>1.1</u>	<u>7,024,461</u>	<u>0.9</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, remeasurement of defined benefit obligation	(79,571)	-	(43,607)	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that may not be reclassified subsequently to profit or loss	(4,988)	-	(289)	-
Less: income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(13,527)</u>	<u>-</u>	<u>(6,268)</u>	<u>-</u>
	<u>(71,032)</u>	<u>-</u>	<u>(37,628)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	2,011,139	0.2	2,903,749	0.3
Other comprehensive income, before tax, available-for-sale financial assets	(1,695,723)	(0.2)	1,391,202	0.2
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss	(357,582)	-	269,533	-
Less: income tax relating to items that may be reclassified subsequently to profit or loss	<u>18,486</u>	<u>-</u>	<u>2,837</u>	<u>-</u>
Other comprehensive income, net	<u>(131,684)</u>	<u>-</u>	<u>4,524,019</u>	<u>0.5</u>
Comprehensive income	<u>\$ 8,552,926</u>	<u>1.1</u>	<u>11,548,480</u>	<u>1.4</u>
Earnings per share:				
Basic net income per share	<u>\$ 2.01</u>		<u>1.63</u>	
Diluted net income per share	<u>\$ 1.97</u>		<u>1.61</u>	

See accompanying notes to the parent company only financial reports.

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC.

Statements of Changes in Equity
For the years ended December 31, 2015 and 2014
(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	Unearned employee benefit and others	Total other equity interest	Treasury shares	
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
The effect of retroactively adjusted and retrospectively application	-	-	-	-	229,144	229,144	-	-	-	-	-	229,145
Balance on January 1, 2014 (retrospectively adjusted)	<u>44,134,467</u>	<u>16,193,087</u>	<u>15,621,182</u>	<u>8,818,725</u>	<u>20,050,071</u>	<u>44,489,978</u>	<u>(1,846,674)</u>	<u>(5,860,844)</u>	<u>-</u>	<u>(7,707,518)</u>	<u>(2,007,725)</u>	<u>95,102,289</u>
Profit for the year ended December 31, 2014 (retrospectively adjusted)	-	-	-	-	7,024,461	7,024,461	-	-	-	-	-	7,024,461
Other comprehensive income	-	-	-	-	(37,628)	(37,628)	3,018,218	1,543,429	-	4,516,647	-	4,524,019
Comprehensive income (retrospectively adjusted)	-	-	-	-	6,986,833	6,986,833	3,018,218	1,543,429	-	4,516,647	-	11,548,480
Appropriation and distribution of retained earnings (note 1):												
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
Issuance of shares for employee share options exercised	97,899	97,818	-	-	-	-	-	-	-	-	-	195,717
Share-based payment transaction	-	109,389	-	-	-	-	-	-	-	-	282,986	392,375
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	49,991	-	-	-	-	-	-	-	-	-	49,991
Balance on December 31, 2014 (retrospectively adjusted)	<u>44,232,366</u>	<u>14,296,445</u>	<u>15,867,903</u>	<u>7,707,518</u>	<u>24,146,451</u>	<u>47,721,872</u>	<u>1,178,307</u>	<u>(4,317,328)</u>	<u>-</u>	<u>(3,139,021)</u>	<u>(1,724,739)</u>	<u>101,386,923</u>
Profit for the year ended December 31, 2015	-	-	-	-	8,684,610	8,684,610	-	-	-	-	-	8,684,610
Other comprehensive income	-	-	-	-	(71,032)	(71,032)	1,624,754	(1,693,104)	7,698	(60,652)	-	(131,684)
Comprehensive income	-	-	-	-	8,613,578	8,613,578	1,624,754	(1,693,104)	7,698	(60,652)	-	8,552,926
Appropriation and distribution of retained earnings (note 2):												
Legal reserve appropriated	-	-	703,408	-	(703,408)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,568,497)	4,568,497	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,428,781)	(4,428,781)	-	-	-	-	-	(4,428,781)
Cash dividends from capital surplus	-	(2,214,390)	-	-	-	-	-	-	-	-	-	(2,214,390)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	258	-	-	-	-	-	-	-	-	-	258
Changes in ownership interests in subsidiaries	-	28,275	-	-	(14,572)	(14,572)	-	-	-	-	-	13,703
Changes in equity of associates and joint ventures accounted for using equity method	-	5,824	-	-	(15,956)	(15,956)	-	-	-	-	-	(10,132)
Share-based payment transaction	478,900	647,200	-	-	1,370	1,370	-	-	(727,208)	(727,208)	-	400,262
Adjustments of capital surplus for the Company's cash dividends received by subsidiaries	-	75,026	-	-	-	-	-	-	-	-	-	75,026
Balance on December 31, 2015	<u>\$ 44,711,266</u>	<u>12,838,638</u>	<u>16,571,311</u>	<u>3,139,021</u>	<u>32,167,179</u>	<u>51,877,511</u>	<u>2,803,061</u>	<u>(6,010,432)</u>	<u>(719,510)</u>	<u>(3,926,881)</u>	<u>(1,724,739)</u>	<u>103,775,795</u>

Note 1: Directors' and supervisors' remuneration amounting to \$21,761 and employee bonuses amounting to \$314,199 were recognized in the 2013 statement of comprehensive income.

Note 2: Directors' and supervisors' remuneration amounting to \$49,379 and employee bonuses amounting to \$895,790 were recognized in the 2014 statement of comprehensive income.

See accompanying notes to the parent company only financial reports.

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC.

Statements of Cash Flows

For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	2015	2014 (retrospectively adjusted)
Cash flows from (used in) operating activities:		
Profit before tax	\$ 10,162,890	7,578,609
Adjustments:		
Depreciation and amortization	698,496	855,418
Increase in allowances for uncollectible accounts	27,627	7,381
Finance costs	604,735	515,563
Interest income	(153,268)	(158,627)
Dividends income	(170,537)	(147,794)
Compensation cost of employee share options	400,262	110,250
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(2,413,800)	(790,247)
Loss (gain) on disposal of investments	(405,885)	46,381
Impairment loss on financial assets	32,000	1,691,121
Adjustments to reconcile profit	(1,380,370)	2,129,446
Changes in operating assets and liabilities:		
Changes in operating assets:		
Changes in financial assets at fair value through profit or loss	114,111	(40,193)
Decrease (increase) in notes and accounts receivable	19,681,148	10,794,135
Decrease (increase) in inventories	16,183,878	(11,096,332)
Decrease (increase) in other current assets	(80,932)	(124,932)
Decrease (increase) in other receivable	(150,363)	506,306
Total changes in operating assets	35,747,842	38,984
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	(49,432,576)	23,378,885
Increase (decrease) in other payable	807,475	(926,097)
Increase (decrease) in provisions	358,492	271,965
Increase (decrease) in unearned revenue	(546,111)	410,956
Increase (decrease) in other current liabilities	(216,920)	231,895
Other	(26,483)	48,003
Total changes in operating liabilities	(49,056,123)	23,415,607
Total changes in operating assets and liabilities	(13,308,281)	23,454,591
Total adjustments	(14,688,651)	25,584,037
Cash flows from (used in) operations	(4,525,761)	33,162,646
Interest received	160,900	168,543
Dividends received	900,359	750,407
Interest paid	(588,159)	(489,520)
Income taxes paid	(240,077)	(184,371)
Net cash flows from (used in) operating activities	(4,292,738)	33,407,705
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	(1,023,451)	(1,421,025)
Proceeds from disposal of investments accounted for using equity method and available-for sale financing assets	1,489,852	195,597
Redemption from bond investment without active market	350,000	-
Net cash outflows resulted from business combination	-	(534,954)
Proceeds from capital reduction and liquidation of investments	51,520	65,776
Acquisition of property, plant and equipment	(153,958)	(110,730)
Decrease (increase) in other receivable due from related parties	27,733	373,037
Acquisition of intangible assets	(470,768)	(307,808)
Other	17,144	16,407
Net cash flows from (used in) investing activities	288,072	(1,723,700)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(6,580,500)	(4,736,756)
Proceeds from long-term borrowings	12,770,000	10,100,000
Repayments of long-term borrowings	(7,840,000)	(240,000)
Cash dividends paid	(6,643,171)	(4,355,336)
Exercise of employee share options	-	195,717
Treasury shares convert to employee	-	282,125
Other	152	3
Net cash flows from (used in) financing activities	(8,293,519)	1,245,753
Net increase(decrease) in cash and cash equivalents	(12,298,185)	32,929,758
Cash and cash equivalents at beginning of period	43,095,497	10,165,739
Cash and cash equivalents at end of period	\$ 30,797,312	43,095,497

See accompanying notes to the parent company financial reports.

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2015		December 31, 2014 (retrospectively adjusted)		Liabilities and equity	December 31, 2015		December 31, 2014 (retrospectively adjusted)	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 62,751,542	19.1	74,708,130	19.7	Short-term borrowings	\$ 29,481,176	9.0	46,692,373	12.3
Current financial assets at fair value through profit or loss	25,412	-	184,093	-	Current financial liabilities at fair value through profit or loss	29,215	-	39,310	-
Current available-for-sale financial assets	29,738	-	44,538	-	Notes and accounts payable	127,152,784	38.8	170,739,133	45.1
Current derivative financial assets used for hedging	21,360	-	-	-	Notes and accounts payable to related parties	1,473,760	0.4	1,167,152	0.3
Current bond investment without active market	350,000	0.1	350,000	0.1	Other payables	18,141,188	5.5	18,216,304	4.8
Notes and accounts receivable, net	164,799,743	50.3	178,552,207	47.2	Current tax liabilities	4,196,978	1.3	2,180,985	0.6
Notes and accounts receivable due from related parties, net	62,245	-	343,030	0.1	Current provisions	2,388,710	0.7	2,066,581	0.5
Other receivables	824,160	0.3	788,334	0.2	Other current liabilities	3,929,073	1.2	3,233,431	0.9
Inventories, net	46,520,021	14.2	67,270,875	17.8	Unearned revenue	1,747,574	0.5	2,294,765	0.6
Other current assets	<u>2,399,255</u>	<u>0.7</u>	<u>2,604,042</u>	<u>0.7</u>	Long-term borrowings, current portion	<u>14,216,617</u>	<u>4.3</u>	<u>3,634,233</u>	<u>1.0</u>
	<u>277,783,476</u>	<u>84.7</u>	<u>324,845,249</u>	<u>85.8</u>		<u>202,757,075</u>	<u>61.7</u>	<u>250,264,267</u>	<u>66.1</u>
Non-current assets:					Non-current liabilities:				
Investments accounted for using equity method	11,788,042	3.6	11,694,855	3.1	Long-term borrowings	14,356,563	4.4	20,504,301	5.4
Non-current available-for-sale financial assets	9,063,101	2.8	12,402,009	3.3	Deferred tax liabilities	481,497	0.2	1,136,411	0.3
Non-current financial assets at cost	103,867	-	83,202	-	Net defined benefit liabilities	545,460	0.2	462,009	0.1
Non-current bond investment without active market	1,050,000	0.3	1,400,000	0.4	Non-current liabilities	<u>186,864</u>	<u>0.1</u>	<u>163,793</u>	<u>-</u>
Property, plant and equipment	24,308,631	7.4	24,472,732	6.4		<u>15,570,384</u>	<u>4.9</u>	<u>22,266,514</u>	<u>5.8</u>
Intangible assets	1,194,193	0.4	1,035,162	0.3	Total liabilities	<u>218,327,459</u>	<u>66.6</u>	<u>272,530,781</u>	<u>71.9</u>
Deferred tax assets	1,377,465	0.4	1,653,141	0.4					
Long-term prepaid rents	747,066	0.2	735,246	0.2	Equity attributable to owners of parent:				
Other non-current assets	<u>509,734</u>	<u>0.2</u>	<u>429,122</u>	<u>0.1</u>	Ordinary shares	44,711,266	13.6	44,232,366	11.7
	<u>50,142,099</u>	<u>15.3</u>	<u>53,905,469</u>	<u>14.2</u>	Capital surplus	12,838,638	3.9	14,296,445	3.8
					Retained earnings	51,877,511	15.8	47,721,872	12.6
					Other equity interest	(3,926,881)	(1.2)	(3,139,021)	(0.8)
					Treasury shares	<u>(1,724,739)</u>	<u>(0.5)</u>	<u>(1,724,739)</u>	<u>(0.5)</u>
						<u>103,775,795</u>	<u>31.6</u>	<u>101,386,923</u>	<u>26.8</u>
					Non-controlling interests	<u>5,822,321</u>	<u>1.8</u>	<u>4,833,014</u>	<u>1.3</u>
					Total equity	<u>109,598,116</u>	<u>33.4</u>	<u>106,219,937</u>	<u>28.1</u>
Total assets	\$ <u>327,925,575</u>	<u>100.0</u>	<u>378,750,718</u>	<u>100.0</u>	Total liabilities and equity	\$ <u>327,925,575</u>	<u>100.0</u>	<u>378,750,718</u>	<u>100.0</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

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

	2015		2014 (Retrospectively adjusted)	
	Amount	%	Amount	%
Net sales revenue	\$ 847,305,698	100.0	845,700,752	100.0
Cost of sales	<u>813,927,341</u>	<u>96.1</u>	<u>813,336,090</u>	<u>96.2</u>
Gross profit	<u>33,378,357</u>	<u>3.9</u>	<u>32,364,662</u>	<u>3.8</u>
Operating expenses :				
Selling expenses	5,011,950	0.6	3,746,315	0.4
Administrative expenses	4,804,295	0.6	4,842,391	0.6
Research and development expenses	<u>12,249,660</u>	<u>1.4</u>	<u>12,111,034</u>	<u>1.4</u>
	<u>22,065,905</u>	<u>2.6</u>	<u>20,699,740</u>	<u>2.4</u>
Net operating income	<u>11,312,452</u>	<u>1.3</u>	<u>11,664,922</u>	<u>1.4</u>
Non-operating income and expenses:				
Other gains and losses	(323,839)	-	1,119,338	0.1
Finance costs	(899,702)	(0.1)	(1,019,504)	(0.1)
Other income	1,495,156	0.2	1,800,129	0.2
Miscellaneous disbursements	(37,562)	-	(37,566)	-
Impairment loss	(121,574)	-	(4,777,920)	(0.5)
Share of gain of associates and joint ventures accounted for using equity method	<u>367,162</u>	<u>-</u>	<u>977,953</u>	<u>0.1</u>
Total non-operating income and expenses	<u>479,641</u>	<u>0.1</u>	<u>(1,937,570)</u>	<u>(0.2)</u>
Profit before tax	11,792,093	1.4	9,727,352	1.2
Less: tax expense	<u>2,784,946</u>	<u>0.3</u>	<u>2,181,971</u>	<u>0.3</u>
Profit	<u>9,007,147</u>	<u>1.1</u>	<u>7,545,381</u>	<u>0.9</u>
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, remeasurement of defined benefit obligation	(93,596)	-	(42,088)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method that may not be reclassified subsequently to profit or loss	(794)	-	(743)	-
Less: income tax relating to items that will not be reclassified Subsequently to profit or loss	<u>(15,911)</u>	<u>-</u>	<u>(6,010)</u>	<u>-</u>
	<u>(78,479)</u>	<u>-</u>	<u>(36,821)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, exchange differences on translation	1,766,330	0.2	2,882,064	0.3
Other comprehensive income, before tax, available-for-sale financial assets	(1,629,927)	(0.2)	1,667,628	0.2
Loss on effective portion of cash flow hedges	21,360	-	-	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss	(146,939)	-	81,735	-
Less: income tax relating to items that may be reclassified Subsequently to profit or loss	<u>34,315</u>	<u>-</u>	<u>39,107</u>	<u>-</u>
	<u>(23,491)</u>	<u>-</u>	<u>4,592,320</u>	<u>0.5</u>
	<u>(101,970)</u>	<u>-</u>	<u>4,555,499</u>	<u>0.5</u>
Other comprehensive income, net of tax				
Total comprehensive income	<u>\$ 8,905,177</u>	<u>1.1</u>	<u>12,100,880</u>	<u>1.4</u>
Profit, attributable to:				
Profit, attributable to owners of parent	\$ 8,684,610	1.1	7,024,461	0.8
Profit, attributable to non-controlling interests	<u>322,537</u>	<u>-</u>	<u>520,920</u>	<u>0.1</u>
	<u>\$ 9,007,147</u>	<u>1.1</u>	<u>7,545,381</u>	<u>0.9</u>
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	\$ 8,552,926	1.0	11,548,480	1.4
Comprehensive income, attributable to non-controlling interests	<u>352,251</u>	<u>-</u>	<u>552,400</u>	<u>-</u>
	<u>\$ 8,905,177</u>	<u>1.0</u>	<u>12,100,880</u>	<u>1.4</u>
Earnings per share:				
Basic net income per share		<u>\$ 2.01</u>		<u>1.63</u>
Diluted net income per share		<u>\$ 1.97</u>		<u>1.61</u>

See accompanying notes to the consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated statements of changes in equity
For the Years Ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of parent													
	Retained earnings						Other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Unearned employee benefit and others	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non controlling interests	Total equity
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
The effect of retroactively adjusted and retrospectively application	-	-	-	-	229,144	229,144	-	-	-	-	-	229,144	-	229,144
Balance on January 1, 2014 (retrospectively adjusted)	44,134,467	16,193,087	15,621,182	8,818,725	20,050,071	44,489,978	(1,846,674)	(5,860,844)	-	(7,707,518)	(2,007,725)	95,102,289	5,089,127	100,191,416
Profit for the year ended December 31, 2014 (retrospectively adjusted)	-	-	-	-	7,024,461	7,024,461	-	-	-	-	-	7,024,461	520,920	7,545,381
Other comprehensive income	-	-	-	-	(37,628)	(37,628)	3,018,218	1,543,429	-	4,561,647	-	4,524,019	31,480	4,555,499
Comprehensive income (retrospectively adjusted)	-	-	-	-	6,986,833	6,986,833	3,018,218	1,543,429	-	4,561,647	-	11,548,480	552,400	12,100,880
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 of ordinary share	-	-	-	-	(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
Issuance of shares for employee share options exercised	97,899	97,818	-	-	-	-	-	-	-	-	-	195,717	-	195,717
Share-based payment transaction	-	109,389	-	-	-	-	-	-	-	-	282,986	392,375	-	392,375
Adjustment to 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)
Balance on December 31, 2014 (retrospectively adjusted)	44,232,366	14,296,445	15,867,903	7,707,518	24,146,451	47,721,872	1,178,307	(4,317,328)	-	(3,139,021)	(1,724,739)	101,386,923	4,833,014	106,219,937
Profit for the year ended December 31, 2015	-	-	-	-	8,684,610	8,684,610	-	-	-	-	-	8,684,610	322,537	9,007,147
Other comprehensive income	-	-	-	-	(71,032)	(71,032)	1,624,754	(1,693,104)	7,698	(60,652)	-	(131,684)	29,714	(101,970)
Comprehensive income	-	-	-	-	8,613,578	8,613,578	1,624,754	(1,693,104)	7,698	(60,652)	-	8,552,926	352,251	8,905,177
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	703,408	-	(703,408)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(4,568,497)	4,568,497	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(4,428,781)	(4,428,781)	-	-	-	-	-	(4,428,781)	-	(4,428,781)
Cash dividends from capital surplus	-	(2,214,390)	-	-	-	-	-	-	-	-	-	(2,214,390)	-	(2,214,390)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	258	-	-	-	-	-	-	-	-	-	258	-	258
Changes in ownership interests in subsidiaries	-	28,275	-	-	(14,572)	(14,572)	-	-	-	-	-	13,703	-	13,703
Changes in equity of associates and joint ventures accounted for using equity method	-	5,824	-	-	(15,956)	(15,956)	-	-	-	-	-	(10,132)	-	(10,132)
Share-based payment transaction	478,900	647,200	-	-	1,370	1,370	-	-	(727,208)	(727,208)	-	400,262	-	400,262
Adjustment to capital surplus for the company's cash dividends received by subsidiaries	-	75,026	-	-	-	-	-	-	-	-	-	75,026	-	75,026
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	637,056	637,056
Balance on December 31, 2015	\$ 44,711,266	12,838,638	16,571,311	3,139,021	32,167,179	51,877,511	2,803,061	(6,010,432)	(719,510)	(3,926,881)	(1,724,739)	103,775,795	5,822,321	109,598,116

See accompanying notes to the consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
COMPAL ELECTRONICS, INC. AND SUBSIDIARIES
Consolidated statements of cash flows
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	<u>2015</u>	<u>2014</u> <i>(Retrospectively adjusted)</i>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 11,792,093	9,727,352
Adjustments:		
Depreciation and amortization	5,924,610	6,036,864
Increase (decrease) in allowances for uncollectible accounts and allowance for sales returns and discounts	64,767	(10,582)
Finance costs	899,702	1,019,504
Interest income	(599,764)	(1,023,736)
Dividends income	(237,232)	(208,983)
Compensation cost of employee share options	431,627	168,012
Share of profit of associates and joint ventures accounted for using equity method	(367,162)	(977,953)
Gain on disposal of property, plant and equipment	(3,560)	(46,226)
Loss (gain) on disposal of investments	20,718	(18,348)
Impairment loss	121,574	4,777,920
Long-term prepaid rents	15,790	16,690
Adjustments to reconcile profit	<u>6,271,070</u>	<u>9,733,162</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Changes in financial assets at fair value through profit or loss	158,681	(100,321)
Decrease (increase) in notes and accounts receivable	14,112,026	9,337,791
Decrease (increase) in other receivable	29,017	108,584
Decrease (increase) in inventories	20,977,572	(16,026,011)
Decrease (increase) in other current assets	235,139	(798,821)
Decrease (increase) in other non-current assets	(46,752)	(98,042)
Total changes in operating assets	<u>35,465,683</u>	<u>(7,576,820)</u>
Changes in operating liabilities:		
Changes in financial liabilities at fair value through profit or loss	(10,223)	27,928
Increase (decrease) in notes and accounts payable	(43,388,753)	20,156,529
Increase (decrease) in other payable	251,855	1,172,834
Increase (decrease) in provisions	313,461	390,816
Increase (decrease) in unearned revenue	(729,446)	405,746
Increase (decrease) in other current liabilities	653,199	453,269
Others	46,899	(30,487)
Total changes in operating liabilities	<u>(42,863,008)</u>	<u>22,576,635</u>
Total changes in operating assets and liabilities	<u>(7,397,325)</u>	<u>14,999,815</u>
Total adjustments	<u>(1,126,255)</u>	<u>24,732,977</u>
Cash flows from (used in) operations	10,665,838	34,460,329
Interest received	597,659	975,307
Dividend received	418,826	284,335
Interest paid	(938,675)	(946,545)
Income taxes paid	(1,209,392)	(975,202)
Net Cash flows from (used in) operating activities	<u>9,534,256</u>	<u>33,798,224</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method, available-for-sale financial assets and financial assets at cost	(187,700)	(1,285,377)
Proceeds from disposal of investments accounted for using equity method and available-for-sale financial assets	1,718,652	183,002
Redemption from bond investment without active market	350,000	-
Net cash flow from acquisition of subsidiaries	250,273	2,159,000
Proceeds from capital reduction and liquidation of investments	68,125	68,599
Acquisition of property, plant and equipment	(5,492,667)	(6,565,882)
Proceeds from disposal of property, plant and equipment	128,388	145,932
Acquisition of intangible assets	(616,124)	(396,954)
Increase in prepayments for business facilities	29,518	(15,332)
Others	(70,200)	17,809
Net cash flows from (used in) investing activities	<u>(3,821,735)</u>	<u>(5,689,203)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(17,330,697)	(5,315,160)
Proceeds from long-term borrowings	12,930,000	10,271,167
Repayments of long-term borrowings	(8,555,354)	(663,154)
Cash dividends paid	(6,568,145)	(4,305,345)
Exercise of employee share options	-	195,717
Treasury shares convert to employee	-	282,125
Acquisition of non-controlling interests	(13,518)	(2,304,824)
Disposal of ownership interests in subsidiaries (without losing control)	-	98,938
Changes in non-controlling interests	282,154	(230,546)
Others	22,998	58,941
Net cash flows from (used in) financing activities	<u>(19,232,562)</u>	<u>(1,912,141)</u>
Effect of exchange rate changes on cash and cash equivalents	1,563,453	1,545,398
Net increase (decrease) in cash and cash equivalents	(11,956,588)	27,742,278
Cash and cash equivalents at beginning of period	74,708,130	46,965,852
Cash and cash equivalents at end of period	<u>\$ 62,751,542</u>	<u>74,708,130</u>

See accompanying notes to financial statements.

Appendices

Appendix 1

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

Passed by the General Shareholders Meeting on April 8, 1998

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

7. The proceeding of the meeting shall be audio recorded or videotaped in its entirety and these tapes shall be kept for at least one year.
8. The chairman of the meeting shall call the meeting to order at the time scheduled for the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman of the meeting may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present still do not represent a majority of the total amount of issued shares, a tentative resolution may be adopted in accordance with Paragraph 1 of Article 175 of the Company Act by shareholders representing one-third of the total amount of issued shares. Before the close of the said meeting, if the shareholders present represent a majority of the total amount of issued shares, the chairman of the meeting may present the tentative resolution so adopted to the meeting for resolution in accordance with the provisions of Article 174 of the Company Act.
9. If a shareholders meeting is called by the Board of Directors, the meeting agenda shall be set by the Board of Directors, and the meeting shall be conducted in accordance with the said agenda. The agenda shall not be changed without a resolution made by the shareholders meeting. If a shareholders meeting shall be called by a person, other than the Board of Directors, entitled to convene such meeting, the preceding provisions shall apply mutatis mutandis to the said meeting. The chairman of the meeting shall not adjourn a meeting without resolution adopted by shareholders if the items (including extraordinary motions) listed in the agenda so arranged in the above two Paragraphs are not completed. After close of the said meeting, shareholders shall not elect another person to serve as chairman and continue the meeting at the same place or at any other place.
10. When a shareholder present at the meeting wishes to speak, he/she shall first fill out a slip, specifying therein the major points of his/her speech, his/her serial number as a shareholder (or number of attendance) and his/her name, and the chairman of the meeting shall determine his/her order of giving a speech. A shareholder who submits his/her slip for a speech but does not actually speak shall be considered as not having given a speech. If the contents of his/her speech shall be different from those specified on the slip, the contents of his/her speech shall prevail. When a shareholder is giving a speech, the other shareholders shall not interrupt unless they have obtained the prior consent from the chairman of the meeting as well as the said shareholder, and the chairman of the meeting may stop such interruption.

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

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

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

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

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

In order to keep the order of the meeting, shareholders shall obey directions

made by the chairman of the meeting, disciplinary personnel (or security personnel). In case any person interrupts the meeting and, after being stopped by the chairman of the meeting three times, refuses to desist his/her interruption, the chairman of the meeting may ask the disciplinary personnel (or security personnel) to escort such shareholder to leave the meeting place.

20. These Rules and Procedures shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

Appendix 2

Articles of Incorporation of Compal Electronics, Inc.

CHAPTER I GENERAL PROVISIONS

Article 1

The Company is organized under the Company Law and shall be named 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 to meet its business needs.

Article 4

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

of China by resolutions of the Board of Directors.

Article 5(Deleted)

Article 6

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

CHAPTER 2 SHARES

Article 7

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

Article 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 or sealed and setting forth the vested power in accordance with the [Regulations Governing the Use of Proxy for Attending Shareholders' Meetings of Public Companies] prescribed by the competent authority.

Article 14

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

Article 15

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

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

CHAPTER 4 DIRECTORS AND COMMITTEES**Article 18**

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

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

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

Article 19

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

Re-election of independent directors shall be governed by applicable laws and regulations.

Article 20

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

Article 21

The directors shall form a board of directors. The chairman and vice chairman of the board of directors shall be elected by and from among the directors with the

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

Article 22

The business policies and other important matters of the Company shall be performed in accordance with the resolutions of the board of directors' meetings. Except 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 or 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

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

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

Article 25

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

Article 26

Functions of the board of directors shall be as follows:

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

Article 27

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

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

CHAPTER 5 OFFICERS

Article 28

The Company shall employ managers, their appointment and discharge shall be handled in accordance with Article 29 of the Company 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 prepare the following statements/documents and present to the shareholders' meeting for ratification in accordance with the legal procedure:

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

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 (10%) of it as legal reserve and set aside or reverse a special reserve in accordance with laws and regulations, then an amount not more than two percent (2%) of the balance shall be paid to directors as remuneration and an amount no less than two percent (2%) shall be allocated as employees' bonus. The balance of earnings available for distribution is composed of the remainder of the said profit and the unappropriated retained earnings of previous years. The earnings appropriation proposal to distribute dividend and bonus shall be proposed by the Board of Directors and approved by the General Shareholders Meeting. The rest of the unappropriated retained earnings shall be reserved.

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, the Company may stop setting aside the legal reserve by shareholders' resolution.

CHAPTER 7 SUPPLEMENTAL PROVISIONS

Article 32

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

Article 33

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

Article 34 (Deleted)

Article 35

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

The 1st amendment was made on May 16, 1984;
The 2nd amendment was made on December 27, 1984;
The 3rd amendment was made on April 6, 1986;
The 4th amendment was made on July 18, 1986;
The 5th amendment was made on May 10, 1987;
The 6th amendment was made on June 13, 1987;
The 7th amendment was made on June 18, 1988;
The 8th amendment was made on May 27, 1989;
The 9th amendment was made on May 4, 1990;
The 10th amendment was made on June 23, 1990;
The 11th amendment was made on March 20, 1991;
The 12th amendment was made on April 30, 1992;
The 13th amendment was made on April 13, 1993;
The 14th amendment was made on April 23, 1994;
The 15th amendment was made on March 31, 1995;
The 16th amendment was made on March 27, 1996;
The 17th amendment was made on May 29, 1997;
The 18th amendment was made on April 8, 1998;
The 19th amendment was made on April 8, 1999;
The 20th amendment was made on March 30, 2000;
The 21st amendment was made on April 3, 2001;
The 22nd amendment was made on May 24, 2002;
The 23rd amendment was made on June 10, 2003;
The 24th amendment was made on June 10, 2005;
The 25th amendment was made on June 9, 2006;
The 26th amendment was made on June 15, 2007;
The 27th amendment was made on June 13, 2008;
The 28th amendment was made on June 19, 2009;
The 29th amendment was made on June 18, 2010;
The 30th amendment was made on June 24, 2011;
The 31st amendment was made on June 22, 2012.
The 32nd amendment was made on June 21, 2013.
The 33rd amendment was made on June 20, 2014.
The 34th amendment was made on June 26, 2015.

Appendix 3

Procedures for Financial Derivatives Transactions of Compal Electronics, Inc.

Article 1 Objective

These Procedures for Financial Derivatives Transactions (hereinafter referred to as the “Procedures”) are enacted in accordance with applicable laws and regulations to protect shareholders’ rights and interest, fulfill the requirement of public disclosure of information and establish a risk management policy governing the operation of financial derivatives transactions by the Company.

Article 2 Definition

“Financial derivative” referred herein is defined as financial instrument having all of the following characters:

1. Its value changes in response to the changes in a specific variable (sometimes called the “underlying”), such as interest rate, foreign exchange rate, financial instrument price, commodity price, credit rating, price index, rate index or other variables.
2. It requires no initial net investment or an initial net investment that is smaller than would be required for other type of contracts that would be expected to have a similar response to changes in market factors;
3. It is settled at a future date.

Article 3 Principles and Strategies

When operating financial derivatives, the Company shall follow the principles and the operating strategies as follows:

1. Principles:
The Company’s financial derivative operation is mainly to eliminate currency risk, interest rate risk, etc. arising out of operating activities and shall take steady and hedging approach.
2. Strategies:
 - (1) Asset or liability positions currently held by the Company and those required in the future will be used as hedging operations in consideration of the future market changes.
 - (2) As a result of changes in the environment, engaging in financial derivative trading operations to avoid business financial risk and minimize the Company’s losses.

Article 4 Type of Instruments

The major financial derivatives operated by the Company in the financial market are listed below: Type of Instruments trading on the spot market	Forward Contract	Option	Swap
Exchange Rate	Forward Exchange Contract	FX Option	1. Currency Swap 2. Cross Currency Swap
Interest Rate	Forward Rate Agreement	Interest Rate Option	1. Interest Rate Swap 2. Cross Currency Swap

The Company's engagement in any other financial instruments not set forth above shall be subject to special approval of the Chairman.

Article 5 Boundary / Scope

Operations of financial derivatives by the Company shall fall within the scope of the following items:

1. Sales revenue.
2. Expenses for purchasing material, product and equipment.
3. Long-term and short-term loans.
4. Other operating and non-operating transactions.

Article 6 Responsibility

To facilitate the trading operations, the respective department concerned shall complete cash budget material on time or be responsible for implementation of relevant works.

Article 7 Level of Authority

1. Total Authorized Contract Dollar Amount
 - (1) Transactions to hedge exchange rate risk: The dollar amount of total contracts outstanding shall not exceed the higher of the total import amount and the total export amount in the previous year..
 - (2) Transactions to hedge interest rate risk: The authorized dollar amount of total contracts outstanding shall not exceed the total amount of liabilities.
 - (3) Transactions to hedge project risk: The authorized dollar amount of total contracts outstanding shall not exceed total project budget.
2. Levels of authorization and delegation, contract amount limits and deputy appointment are handled in accordance with the "Authorization and Delegation Form" and applicable regulations.

Article 8 Operating Procedures

The "Operating Instructions to Engage in Financial Derivatives Transactions" shall expressly set forth the operating procedures.

Article 9 Internal Control

1. Risk Management

(1) Credit Risk Control

The corresponding banks that the Company deals with should be the financial institutions with outstanding credit rating, sizable business and capable to provide professional information.

(2) Market/Price Risk Management

Considering the fact that the fluctuation in the market price of derivative products may result in loss, after conclusion of the position, it is required to strictly conform to the established stop-loss points for hedging and non-hedging transactions.

(3) Liquidity Risk Control

- i. Liquidity of Financial Products: It is necessary to consider whether the traded products are common and universal in the market.
- ii. Liquidity of Cash Flow: It is necessary to pay attention to the Company's cash flow from time to time to ensure the successful settlement upon maturity of the various transactions.

(4) Operating Risk Control

It is necessary to strictly comply with the authorized limit, operating procedure for transactions, and entry and control related to the transaction record.

(5) Legal Risk Control

Any contract in respect of transactions shall first be reviewed by the Legal Department before being signed to avoid any risk arising therefrom.

(6) Product Risk Control

Personnel in charge of operating financial derivatives must possess complete and accurate professional knowledge to avoid loss arising from the misuse of financial derivatives.

2. Internal Control

The purposes of internal control are to prevent and detect any unauthorized transactions, transactions beyond the scope of authorization, unrecorded transactions and unrecognized loss. Requirements are including the following:

- (1) The Company shall, in the name of the Company, officially inform the corresponding banks in writing of the trader being assigned. The same shall apply where the trader is changed.
- (2) After completion of each transaction, the form about transaction shall be filled in after completion of each transaction and forwarded to the Accounting Department for entry, and bank confirmation letter shall be subsequently provided to the Accounting Department for reference.
- (3) The functions of trading, confirmation and settlement shall be performed by different personnel. Each responsible personnel must not hold a concurrent post or acting as each other's deputy.

- (4) Personnel responsible for confirmation shall check the transaction records truly and control the transaction positions.
 - (5) Accounting personnel shall check the account with the corresponding banks or ask for the statement of account periodically. .
 - (6) Audit and accounting personnel shall check whether the total transaction amount exceeds the total authorized contract amount under these Procedures from time to time.
 - (7) Audit personnel shall conduct an independent post-audit for the entire operation process of each trading.
3. Regular Evaluation
- (1) The department implementing the transactions shall require the respective corresponding bank to provide a list of pricing and price evaluation information about the undue transactions of each type of instruments.
 - (2) The department implementing the transactions will prepare an assessment report on each type of instruments based on such information accordingly.
 - (3) The assessment report shall be submitted to the high-level management authorized by the Board of Directors and the Accounting Department for review.
 - (4) The Board of Directors and the authorized high-level management authorized by the Board of Directors will handle this matter in accordance with Article 14 herein.

Article 10 Setting Stop-Loss Point

The loss ceilings of the total contracts and that of each individual contract for non-economic hedging operation are set as follows:

1. The loss ceiling of the total contracts: 5% of the total contracts dollar amount.
2. The loss ceiling of each individual contract: 5% of each individual contract dollar amount.

Article 11 Disciplinary Sanction

In case where an employee of the Company is in violation of these Procedures and other applicable laws and regulations, a proper disciplinary punishment may be imposed on such employee based on the seriousness of the case and in accordance with the Reward and Punishment Rules under the Regulations of Personnel Administration adopted by the Company.

Article 12 Public Announcement and Reporting

The reporting standard, content and deadlines for public announcement and reporting of financial derivative transactions shall be handled in accordance with regulations enacted by the competent authorities.

Article 13 Internal Audit

1. Internal audit personnel is required to evaluate the suitability of the internal

control system in connection with financial derivative transactions on a regular basis, to conduct monthly auditing on how well the related departments follow these Procedures, and to produce report accordingly. Should there be any serious violation found, a written report must be submitted to the audit committee.

2. Internal audit personnel is required to submit the foresaid report and the implementation status of the annual audit plan to the competent authorities no later than the end of February in the following year and the unusual item improvement status to competent authorities for records no later than the end of May in the following year.

Article 14 Supervision and Management

1. The supervision and management conducted by the Board of Directors shall meet the following principles:
 - (1) Appointing high-level management to monitor and control the financial derivatives transaction risk from time to time.
 - (2) Evaluating regularly whether the financial derivatives performance meet the established business and operating strategies of the Company and whether the associated risks thereof have exceed the Company's risk tolerance.
2. The high-level management authorized by the Board of Directors shall manage the financial derivative transactions according to the following principles:
 - (1) Evaluating, on a regular basis, whether the risk management measures currently adopted by the Company is appropriate and whether the risk management measures are taken in accordance with these Procedures herein.
 - (2) Monitoring transactions and the status of profit and loss, taking necessary countermeasures and reporting to the Board of Directors immediately if abnormal events are detected.
3. Personnel authorized to engage in the financial derivatives transactions in accordance with these Procedures shall report the transaction status to the most recent Board of Directors afterward.

Article 15 Implementation and Amendment

The Procedures shall be agreed by no less than half of all audit committee members and approved by the Board of Directors, and enter into force after the approval of resolution by the Shareholders Meeting. The same procedure applies to the amendment of the Procedures.

When the Procedures are submitted to the Board of Directors' Meeting for discussion in accordance with the provisions prescribed herein, the opinions of each Independent Director shall be fully taken into consideration; Independent Directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be recorded in the minutes of the Board of Directors' Meeting.

If pursuant to the applicable laws and regulations, the financial derivatives transactions should be approved by the audit committee, such transaction should be agreed by no less than half of the audit committee members, and approved by the

Board of Directors.

The independent director's opinions shall be fully taken into consideration when, pursuant to the applicable laws and regulations, any the financial derivatives transaction is submitted to the Board of Directors for discussion. If the independent director has any dissenting opinions or makes any reservation, they shall be stated in the minutes of the meeting of the Board of Directors.

If the approval by no less than half of the audit committee members is not obtained in accordance with the foregoing provisions, the approval of two-thirds of all the Directors should be obtained instead. In this case, the resolution made by the audit committee members shall be stated in the minutes of the meeting of the Board of Directors.

The calculation of the number of the above mentioned audit committee members and Directors is based on those who at the time take office.

Article 16 Enactment of Operating Instructions

Detailed operating instructions are drafted by Financial Department and then decided by the Chairman duly authorized by the Board of Directors.

Article 17 Supplementary Provisions

These Procedures were approved by the Board of Directors' Meeting and entered into force on July 25, 1996.

The 1st amendment was adopted by the Board of Directors' Meeting on March 17, 2003 and was implemented after it was approved by the General Shareholders' Meeting on June 10, 2003.

The 2nd amendment was adopted by the Board of Directors' Meeting on February 16, 2006 and was implemented after it was approved by the General Shareholders Meeting on June 9, 2006.

The 3rd amendment was adopted by the Board of Directors' Meeting on April 30, 2012 and was implemented after it was approved by the General Shareholders' Meeting on June 22, 2012.

The 4th amendment was adopted by the Board of Directors' Meeting on May 8, 2014 and was implemented after it was approved by the General Shareholders' Meeting on June 20, 2014.

The 5th amendment was adopted by the Board of Directors' Meeting on May 11, 2015 and was implemented after it was approved by the General Shareholders' Meeting on June 26, 2015.

Appendix 4

Compal Electronics, Inc. Shareholding of Directors

Book closure date: April 26, 2016

Position	Name	Shares
Chairman	Sheng-Hsiun Hsu	17,775,401
Director	Jui-Tsung Chen	50,782,587
Director	Wen Being Hsu	4,000,000
Director	Kinpo Electronics, inc.	151,628,692
Director	Charng-Chyi Ko	7,896,867
Director	Sheng-Chieh Hsu	9,119,297
Director	Yen-Chia Chou	8,022,874
Director	Wen-Chung Shen	11,935,968
Director	Yung-Ching Chang	3,727,587
Director	Chung-Pin Wong	4,833,618
Director	Chiung-Chi Hsu	2,000,731
Director	Chao-Cheng Chen	3,000,000
Independent Director	Min Chih Hsuan	0
Independent Director	Duei Tsai	0
Independent Director	Duh Kung Tsai	0
Shareholding of all Directors		274,723,622

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 107,295,279 shares;
 - The Company has established an Audit Committee; therefore, the supervisors’ shareholdings requirement is not applicable.

Appendix 5

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

This is not applicable as the Company did not publicly announce its financial forecast for 2016 in accordance with the regulations and Non-compensated Distribution of Shares is not proposed.

Appendix 6

Other

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

1. In accordance with Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a general shareholders' meeting, provided that only one matter shall be allowed in each single proposal. The number of words of a proposal to be submitted by a shareholder shall be limited to not more than three hundred (300) words (including proposal, explanatory notes and punctuation marks), and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the general shareholders' meeting where at his proposal is to be discussed and shall take part in the discussion of such proposal.
2. The proposal and nomination accepting period of 2016 Annual General Shareholders Meeting is from April 8, 2016 to April 18, 2016.
3. No proposals are raised by shareholders during the said accepting period.