

Compal Electronics, Inc.

2015 Annual Report

Notice to readers

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



Taiwan Stock Exchange Market Observation Post System:

<http://newmops.twse.com.tw>

Company Annual Report is available at: <http://www.compal.com>

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I. Spokesperson

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Deputy Spokesperson: Jack Wang / Director of Accounting Dept.

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Headquarters

Address: No.581, Ruiguang Rd., Neihu District, Taipei, Taiwan

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III. Share Administration Agency

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Auditors: Kuo, Kuan Ying and Lo, Jui Lan

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V. Overseas Securities Exchange

Luxembourg Stock Exchange: <http://www.bourse.lu>

London Stock Exchange <http://www.londonstockexchange.com>

VI. Corporate Website

<http://www.compal.com>

Table of Contents

3	I. Letter to Shareholders
II. Company Profile	
6	2.1 Date of Incorporation
6	2.2 Company History
III. Corporate Governance Report	
8	3.1 Organization
10	3.2 Directors, Supervisors and Management Team
33	3.3 Implementation of Corporate Governance
61	3.4 Information Regarding the Company’s Audit Fee and Independence
62	3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders
64	3.6 Relationship among the Top Ten Shareholders
66	3.7 Ownership of shares in Affiliated Enterprises
IV. Capital Overview	
68	4.1 Capital and Shares
73	4.2 Bonds
73	4.3 Global Depository Receipts
74	4.4 Employee Warrants
74	4.5 Subscription of New Shares by Employees and Restricted Shares
76	4.6 New Share Issuance in Connection with Mergers and Acquisitions
76	4.7 Financing Plans and Implementation
V. Operational Highlights	
77	5.1 Business Activities
81	5.2 Market and Sales Overview
84	5.3 Human Resources
84	5.4 Environmental Protection Expenditure
85	5.5 Labor Relations
88	5.6 Important Contracts
VI. Financial Information	
89	6.1 Five-Year Financial Summary
97	6.2 Five-Year Financial Analysis
101	6.3 Audit Committee’s Report in the Most Recent Year
102	6.4 Consolidated Financial Statements and Independent Auditors’ Report
102	6.5 Parent-Company-Only Financial Statements and Independent Auditors’ Report

	VII. Review of Financial Position, Operating Results, and Risk Management
103	7.1 Analysis of Financial Status
104	7.2 Analysis of Operation Results
105	7.3 Analysis of Cash Flow
106	7.4 Major Capital Expenditures
106	7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year
108	7.6 Analysis of Risk Management

	VIII. Special Disclosure
112	8.1 Summary of Affiliated Companies
113	8.2 Private Placement of Securities in the Most Recent Year
113	8.3 Subsidiaries' Holding of the Company's Shares in the Most Recent Year
113	8.4 Events with Significant Impacts

I. Letter to Shareholders

Dear Shareholders:

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.

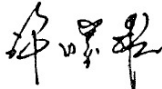

Business Outlook

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,

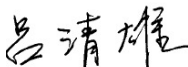

Chairman: *Sheng-Hsiun Hsu (Rock Hsu)*

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

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

II. Company Profile

2.1 Date of Incorporation: June 1, 1984

2.2 Company History

Company history in the past two years:

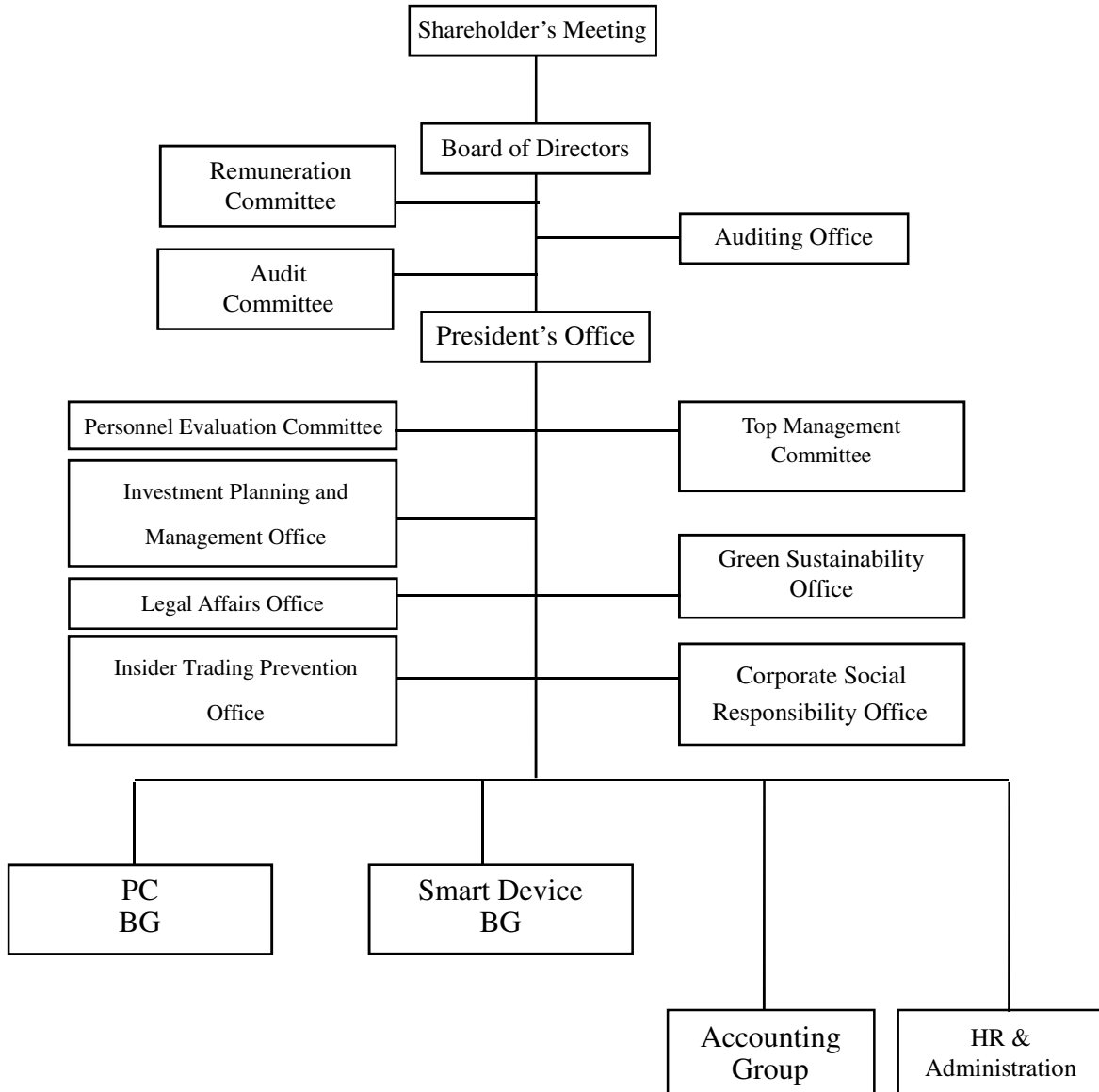
Year	Milestones
2014	<ul style="list-style-type: none"> • Compal Communication Inc. was officially merged into Compal Electronics Inc. on February 27. • The Company won 11 awards during the 2014 “iF Design Awards,” which made Compal and ASUS the two Taiwanese companies with the highest number of awards. • Compal ranked 22nd in the world for the number of iF awards won in the last 3 years. • Ranked 1492nd in Forbes’ The World’s Biggest Public Companies 2014. • Ranked 6th in Commonwealth Magazine’s “Top-2000 Manufacturers” and 46th in the “Cross-strait Top-1000 Survey.” • The Company was awarded a Bronze award by Taiwan Institute for Sustainable Energy during its “Taiwan Corporate Sustainability Report Award.” • The Company was ranked 36th by CSR Asia Summit during the 2014 “Channel News Asia Sustainability Ranking.” • The Company’s share capital reached NTD 44.2 billion by the end of 2014. • The Company earned NTD 845.7 billion in consolidated revenues in 2014.
2015	<ul style="list-style-type: none"> • Won 6 awards of 2015 “iF design” and ranked 18th on Global Innovation. • Ranked 423rd on the Fortune Global 500. • Ranked 1412nd on the Fobes Global 2000. • Ranked 6th in Commonwealth Magazine’s “Top-2000 Manufacturers” and 44th in the “Cross-strait Top-1000 Survey.” • Top 5% TWSE –listed companies of the “First Round of Corporate Governance Evaluation” conducted by TWSE. • Ranked 16th on Commonwealth magazine’s Top 50 CSR in Corporate Citizen Awards. • Ranked 34th on The 100 most sustainable companies in Asia by CSR Asia Summit. • 4th National Industrial Innovation Award of Ministry of Economic Affairs, R.O.C for Innovative Trailblazer Award. • Received Taiwan Corporate Sustainability Report Awards in “2015 Taiwan Corporate Sustainability Awards.” IT & IC Manufacturing - The Bronze Medal. • Adopt Taipei Neihu Zhouzi Park No.2 and received 2015 Excellence in Sponsorship of Clean Air Zones in Taipei. • First-time being included in the 2015 Climate Disclosure Leadership Index (CDLI) by Carbon Disclosure Project CDP (CDP). • First-time completion of the inspections and verifications of the emissions produced by staff business flights of GHG Protocol Scope 3.

	<ul style="list-style-type: none"> • The Company's share capital reached NTD 44.7 billion by the end of 2015. • The Company earned NTD 847.3 billion in consolidated revenues in 2015.
2016	<ul style="list-style-type: none"> • Won 10 awards of 2016 "iF design" and ranked 15th on Global Innovation. • Top 6%-20% TWSE-listed companies of the "Second Round of Corporate Governance Evaluation" by TWSE. • Ranked 4th in Commonwealth Magazine's "Top-2000 Manufacturers."

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart (As of Mar 1, 2016)



3.1.2 Major Corporate Functions

Department	Functions
President's Office	Responsible for the Company's operation
Investment Planning and Management Office	Responsible for investment-related activities, operational analyses, policy making, resource allocation, and budgeting for the entire company
Auditing Office	Conducts internal audits
Legal Affairs Office	Handles the Company's legal affairs
Green Sustainability Office	Executes "Green Life" projects
Insider Trading Prevention Office	Implements preventive measures against insider trading
Corporate Social Responsibility Office	Promotes and executes CSR-related affairs
PC BG	Responsible for the R&D, production, quality control and sale of PC products
Smart Device BG	Responsible for the R&D, production, quality control and sale of smart devices
Accounting Group	Handles accounting, share administration, and funding affairs
HR & Administration Group	Responsible for human resource, training, education, employee relations, procurement and building management

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

April 26, 2016

Title	Name/Nationality (Note 1)	Elected Date	Term	First Elected Date (Note 3)	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other company/itions	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Chairman	Sheng-Hsiun Hsu	2015.6.26	3 year (s)	1984.04.16	17,775,401	0.40%	17,775,401	0.40%	30,107,025	0.67%	0	0.00%	Honorary Doctorate, National Taiwan Normal University Chairman of Kinpo and Compal Electronics Inc.	(Note 4)	Director Director	Sheng-Chieh Hsu Shyh-Yong Shen	Brothers Father and son in law
Director	Jui-Tsung Chen	2015.6.26	3 year (s)	1992.04.30	50,782,587	1.14%	50,782,587	1.14%	2,092,405	0.05%	0	0.00%	Department of Electrical Engineering, National Cheng Kung University Chairman of Compal Communication Inc. & Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A
Director	Wen-Being Hsu	2015.6.26	3 year (s)	1984.04.16	4,000,000	0.09%	4,000,000	0.09%	0	0.00%	(Note 3)	(Note 3)	National Tao-Yuan Sr. Vocational Agricultural & Industrial School Director of BAOTEK, Inc.	(Note 4)	N/A	N/A	N/A
Director	Kinpo Electronics Inc. Representative: Shyh-Yong Shen	2015.6.26	3 year (s)	1990.06.22	151,628,692	3.39%	151,628,692	3.39%	-	-	0	0.00%	M.B.A., University of Southern California; PhD, Whittier Law School/MBA WHITTIER Director and President of Kinpo Electronics Inc.	(Note 4)	Chairman	Sheng-Hsiun Hsu	Father and son in law
				2012.03.14	0	0.00%	0	0.00%	0	0.00%	0	0.00%					
Director	Chang-Chyi Ko (Note 2)	2015.6.26	3 year (s)	1984.04.16	7,896,867	0.18%	7,896,867	0.18%	10,645	0.00%	0	0.00%	National Taiwan University College of Management Chairman and President of Taiwan Biotech Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Sheng-Chieh Hsu (Note 2)	2015.6.26	3 year (s)	1997.05.29	9,119,297	0.20%	9,119,297	0.20%	8,834,928	0.20%	(Note 3)	(Note 3)	Department of Architecture, Tam-Kang University Managing Director of Kinpo Electronics Inc.	(Note 4)	Chairman	Sheng-Hsiun Hsu	Brothers
Director	Yen-Chia Chou (Note 2)	2015.6.26	3 year (s)	1987.06.13	8,022,874	0.18%	8,022,874	0.18%	2,502,768	0.06%	0	0.00%	Department of Geosciences, National Taiwan University Supervisor of Kinpo Electronics Inc.	(Note 4)	N/A	N/A	N/A
Director	Wen-Chung Shen	2015.6.26	3 year (s)	1988.04.08	11,935,968	0.27%	11,935,968	0.27%	101,931	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University Director of Arcadyan Technology Corp.	(Note 4)	N/A	N/A	N/A

Title	Name/Nationality (Note 1)	Elected Date	Term	First Elected Date (Note 3)	Shareholding as of elected date		Current shareholding		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other company/itions	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or department heads		
					Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Director	Yung-Ching Chang	2015.6.26	3 year (s)	2000.03.30	3,898,587	0.09%	3,727,587	0.08%	7,259	0.00%	0	0.00%	Master's Degree in Graduate school of Management, Yuan Ze University Chairman of Allied Circuit Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Chung-Pin Wong	2015.6.26	3 year (s)	2007.06.15	4,833,618	0.11%	4,833,618	0.11%	1,398	0.00%	0	0.00%	Graduate Institute of Management Science, National Chiao Tung University Chairman of Rayonnant Technology Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Chiung-Chi Hsu	2015.6.26	3 year (s)	1994.04.23	2,000,731	0.04%	2,000,731	0.04%	30,000	0.00%	0	0.00%	Master's Degree, Golden Gate University, San Francisco, USA Director of Eb-Bow-Bearing Co., Ltd.	(Note 4)	N/A	N/A	N/A
Director	Chao-Cheng Chen	2015.6.26	1 year (s)	2014.6.20	4,850,000	0.11%	3,000,000	0.07%	1,428	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University President of Compal Communication Inc.	(Note 4)	N/A	N/A	N/A
Independent Director	Min Chih Hsuan	2015.6.26	3 year (s)	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Honorary Doctorate, National Chiao Tung University Chairman of United Microelectronics Corp. & Faraday Technology Corp.	(Note 4)	N/A	N/A	N/A
Independent Director	Duei Tsai	2015.6.26	3 year (s)	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD, Graduate Institute of Electrical Engineering, National Taiwan University Minister of Transportation and Communications R.O.C.	(Note 4)	N/A	N/A	N/A
Independent Director	Duh Kung Tsai	2015.6.26	3 year (s)	2012.6.22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Industrial Engineering, National Taipei Institute of Technology Chairman of Powertech Technology Inc.	(Note 4)	N/A	N/A	N/A

Note: 1. All directors are Republic of China nationals.

2. The previous supervisors: Chang-Chyi Ko, Sheng-Chieh Hsu, and Yen-Chia Chou resigned as of June 26, 2015, and were elected as directors in 2015 shareholders meeting. The directors Medica, John Kevin, and Sean Martin Maloney were resigned as of June 26, 2015. The terms of service of Supervisor Sheng-Chieh Hsu was temporarily discontinued between June 22, 1990 and April 22, 1994.

3. Director Wen-Being Hsu held 5,000,000 shares (0.11%) through proxies, while Supervisor Sheng-Chieh Hsu held 3,500,000 shares (0.08%) through proxies.

4. Selected Current Positions as below:

Title	Name	Selected Current Positions
Chairman	Sheng-Hsiun Hsu	<p>Chairman: Kinpo Electronics Inc., AcBel Polytech Inc., Cal-Comp Electronics (Thailand) Public Company Limited, Cal-Comp Electronics And communications Co., Ltd., Teleport Access Services, Inc., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information Research & Development (Nanjing) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (Chongqing) Co., Ltd., Compal Electronics (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Kinpo Electronics (China) Co., Ltd., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Zhaopal Investment Co., Ltd., Yongpal Investment Co., Ltd., Kaipal Investment Co., Ltd., Jipo Investment Inc., Kinpo Group Management Consultant Company, Breeze Integrated Development Co., Ltd. and China Productivity Center</p> <p>Vice Chairman: Straits Exchange Foundation and SINOCON Industrial Standards Foundation</p> <p>Managing Director: Baotek Industrial Materials Ltd., Taiwan Biotech Co., Ltd. and Taiwan Design Center</p> <p>Director: Compal System Trading (Kunshan) Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., Crownpo Technology Inc., Cdib & Partners Investment Holding Corp., Acbel Polytech Holdings Inc. ∙ Acbel Polytech (Singapore) Pte. Ltd. ∙ Ascendant Private Equity Investment Ltd. ∙ Billion Sea Holdings Limited ∙ Big Chance International Co., Ltd. ∙ Center Mind International Co., Ltd. ∙ Compal Display Holding (HK) Limited ∙ Compal Electronics (Holding) Ltd. ∙ Compal Electronics International Ltd. ∙ Compal International Ltd ∙ Compal International Holding (HK) Limited. ∙ Compal International Holding Co., Ltd. ∙ Compal Rayonnant Holding Ltd. ∙ Core Profit Holdings Limited ∙ Flight Global Holding Inc. ∙ Forward International Ltd. ∙ Fortune Way Technology Corp. ∙ Global Strategic Investment Inc. ∙ Goal Reach Enterprises Ltd. ∙ HengHao Holding A Co., Ltd. ∙ HengHao Holding B Co., Ltd. ∙ HengHao Trading Co., Ltd. ∙ High Shine Industrial Corp. ∙ Intelligent Universal Enterprise Ltd. ∙ Jenpal International Ltd. ∙ Just International Ltd. ∙ Kingbolt International (Singapore) Pte. Ltd. ∙ Kinpo International Ltd. ∙ Lipo Holding Co., Ltd. ∙ Prospect Fortune Group Ltd. ∙ Prisco International Co., Ltd. ∙ Ranashe International Ltd. ∙ Smart International Trading Ltd. and Management Institute in Taipei</p> <p>Honorary Chairman: Importers and Exporters Association of Taipei</p> <p>Chairman: Chinese National Federation of Industries (CNFI)</p> <p>Policy Advisers: Taiwan Electrical and Electronic Manufacturers' Association (TEEMA)</p> <p>President: Kinpo Group Management Consultant Company</p>
Director	Jui-Tsung Chen	<p>Chairman: Arcadyan Technology Corp., Ripal Optoelectronics Co., Ltd., Henghao Technology Co., Ltd., Infinno Technology Corp., Huang Feng Communication Co., Ltd., Mactech Co., Ltd., Unicom Globak, Inc., Compal System Trading (Kunshan) Co., Ltd., General life Biotechnology Co., Ltd., Amexcom Electronics, Inc.</p> <p>Director: Kinpo Electronics Inc., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Information Research & Development (Nanjing) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (Chongqing) Co., Ltd., Compal Electronics (China) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal Networking (Kunshan) Co., Ltd., Compal (Vietnam) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Compal Development & Management (Vietnam) Co., Ltd., Gempal Technology Corp., Panpal Technology Corp., Compal Broadband Networks, Inc., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Zhaopal Investment Co., Ltd., Yongpal Investment Co., Ltd., Kaipal Investment Co., Ltd., Kinpo Group Management Consultant Company, Ascendant Private Equity Investment Ltd., Arcadyan Technology N.A. Corporation, Arcadyan Holding (BVI) Corp., Arch Holding (BVI) Corp., Billion Sea Holdings Limited, Big Chance International Co., Ltd., Bizcom Electronics, Inc., Center Mind International Co., Ltd., Compal Display Holding (HK) Limited, Compal Electronics International Ltd., Compal Electronics (Holding) Ltd., Compal Electronics Europe Sp. z o.o., Compal International Ltd., Compal International Holding Co., Ltd., Compal International Holding (HK) Limited, Compal Rayonnant Holding Ltd., Compalead Electronics B.V., Core Profit Holdings Limited, Etrade Management Co., Ltd., Flight Global Holding Inc., Forever Young Technology Inc., Fortune Way Technology Corp., Giant Rank Trading Ltd., Goal Reach Enterprises Ltd., HengHao Holding A Co., Ltd., HengHao Holding B Co., Ltd., HengHao Trading Co., Ltd., High Shine Industrial Corp., Intelligent Universal Enterprise Ltd., Jenpal International Ltd., Just International Ltd., Prospect Fortune Group Ltd., Prisco International Co., Ltd., Smart International Trading Ltd., Sinoprime Global Inc., Wah Yuen Technology Holding Ltd. and Webtek Technology Co., Ltd.</p> <p>President: Compal Electronics Inc., Gempal Technology Corp., Panpal Technology Corp., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Zhaopal Investment Co., Ltd., Yongpal Investment Co., Ltd., Kaipal Investment Co., Ltd.</p>
Director	Wen-Being Hsu	Director: Baotek Industrial Materials Ltd.x`

Title	Name	Selected Current Positions
Director	Kinpo Electronics Inc. Representative: Shyh-Yong Shen	<p>Chairman: Cal-Comp biotech Co., Ltd., Castlenet Technology Incorporation, XYZPrinting, Inc., Tung-WAN Kai-Bao Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., Cal-Comp Precision (Wujiang) Co., Ltd., Cal-Comp Precision (Dongguan) Co., Ltd., Avaplas Precision Plastics (Shanghai) Co., Ltd., XYZprinting (Suzhou), Co., Ltd., Cal Comp (Malaysia) SDN. BHD., Cal-Comp Technology (Philippines), INC., Cal-Comp Electronics de Mexico Co. SA de CV, Cal-Comp Precision (Singapore) Ltd., Kinpo Electronics (Philippines) Inc., XYZprinting Japan, Inc.</p> <p>Vice Chairman: Cal-Comp Electronics (Thailand) Public Company Limited and PChome (Thailand) Co., Ltd.</p> <p>Director: Kinpo Electronics Inc., AcBel Polytech Inc., Cal-Comp Electronics And communications Co., Ltd, Kinpo Electronics (China) Co., Ltd., Dawning Leading Technology Inc., Jipo Investment Inc., Kinpo Group Management Consultant Company, Ascendant Private Equity Investment Ltd., Cal-Comp Precision (Malaysia) Sdn. Bhd., Cal-Comp Precision (Thailand) Ltd. , Cal-Comp Electronics (USA) Co., Ltd. \ Cal-Comp Holding (Brasil) S.A., Cal-Comp Industria De Semicondutores S.A. , Cal-Comp USA (San Diego) Co., Ltd., Kinbolt International (Singapore) Pte. Ltd., Kinpo International Ltd., Power Station Holdings Ltd., XYZprinting, Inc. (U.S.A), XYZprinting, Inc. (Samoa) and XYZprinting (Thailand) Co. Ltd.</p> <p>Ascendant Private Equity Investment Ltd., Cal-Comp Precision (Malaysia) Sdn. Bhd., Cal-Comp Precision (Thailand) Ltd., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp Holding (Brasil) S.A., Cal-Comp Industria De Semicondutores S.A., Cal-Comp USA (San Diego) Co., Ltd., Kinbolt International (Singapore) Pte. Ltd., Kinpo International Ltd., Power Station Holdings Ltd., XYZprinting, Inc. (U.S.A) , XYZprinting, Inc. (Samoa) , XYZprinting (Thailand) Co. Ltd.</p> <p>President: Kinpo Electronics Inc., Cal-Comp Electronics And communications Co., Ltd, Kinpo Electronics (China) Co., Ltd., Cal-Comp Optical Electronics (Suzhou) Co., Ltd., Cal-Comp Technology (Suzhou) Co., Ltd., Cal-Comp Electronics and Communications (Suzhou) Co., Ltd., Avaplas Precision Plastics (Shanghai) Co., Ltd., XYZprinting (Suzhou), Co., Ltd., Cal-Comp Electronics (USA) Co., Ltd., Cal-Comp USA (Indiana) Co., Ltd., Cal-Comp USA (San Diego) Co., Ltd., XYZprinting, Inc. (U.S.A)</p>
Director	Chang-Chyi Ko	<p>Chairman: Baotek Industrial Materials Ltd., Taiwan Biotech Co., Ltd., Chang Yao Technology Inc., Evergene Biotech Industrial Co., Ltd., Wecktech Biotech Co., Ltd., Global Biopharma, Inc., Genhealth Pharma Co., Ltd., Taiwan Veterans Pharmaceutical Co., Ltd., Twin Luck Global Co., Ltd., Young & Health Care Resorts Inc., Yu Yuen Co., Ltd., Taiwan Venture Capital Co., Ltd., Taiwan Venture Capital Co., Ltd., Siltek International Ltd., Taiwan Chariston Amc Co., Ltd. and Twin Luck Global Co., Ltd.</p> <p>Director: All Information Co., Ltd., Sintong Animal Pharmaceutical Co., Ltd., Omnihealth Group, Inc., AIM Co., Ltd., Chipgene International Enterprise Co., Ltd., Minsheng Asset Management Co., Ltd., Missioncare Co., Ltd., Global Strategic Investment Inc. (Samoa), Gold Precision Ltd., KKXC Intergrated Management Holding (CYPRUS) Ltd., Medinox Inc., Optics Lab Inc. and Syn Pharm Inc.</p> <p>Supervisor: Kinpo Electronics Inc., Teleport Access Services, Inc., Cal-Comp Electronics & Communications Company Limited, Gempal Technology Corp., Panpal Technology Corp., Formosan Union Chemical Corporation, Sunny Special Dyeing & Finishing Co., Ltd., Kenly Precision Industrial Co., Ltd., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Zhaopal Investment Co., Ltd., Yongpal Investment Co., Ltd., Kaipal Investment Co., Ltd., Jipo Investment Inc., Commonwealth Magazine Co., Ltd.</p> <p>President: Baotek Industrial Materials Ltd., Taiwan Biotech Co., Ltd., Siltek International Ltd.</p>
Director	Sheng-Chieh Hsu	<p>Chairman: Integrate Investment Corp.</p> <p>Director: Kinpo Electronics, Inc., Cal-Comp Electronics(Thailand) Public Company Limited, Cal-Comp Electronics And communications Co., Ltd., Cal-Comp Electronics (Suzhou) Co., Ltd., Kinpo Electronics (China) Co., Ltd., Tung-WAN Kai-Bao Co., Ltd., Jipo Investment Inc., Kinpo International Ltd.</p>
Director	Yen-Chia Chou	<p>Chairman: Sceptre Industry Co., Ltd.</p> <p>Director: Micro Metal Electronics Co., Ltd.</p> <p>Supervisor: Kinpo Electronics, Inc., Full Power Investment Co., Ltd</p> <p>President: Sceptre Industry Co.,Ltd.</p>
Director	Wen-Chung Shen	<p>Director: Arcadyan Technology Corp., Henghao Technology Co., Ltd., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Arcadyan Technology (Shanghai) Corp., Gempal Technology Corp., Panpal Technology Corp., Zhibao Technology Co., Ltd., Maxima Ventures I, Inc., Hong Ji Capital Co., Ltd., Hong Jin Investment Co., Ltd., Zhaopal Investment Co., Ltd., Yongpal Investment Co., Ltd., Kaipal Investment Co., Ltd., Amexcom Electronics, Inc., Bizcom Electronics, Inc., Compal Electronics Europe Sp. z o.o., Compalead Electronics B.V., CENA Electromex S.A. de C.V., LC Future Center Ltd., Mexcom Electronics, LLC Mexcom Technologies, LLC</p> <p>Executive Vice President: Compal Electronics Inc.</p>
Director	Yung-Ching Chang	<p>Chairman: Allied Circuit Co., Ltd., Kunshan Botai Electronic Services Co., Ltd.</p> <p>Director: Mactech Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (Chongqing) Co., Ltd., Compal Electronics (China) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd., Kunshan Allied Circuit Trading Co., Ltd., Utmost Power Holding Inc., Ubrty Capital Management Corp., Amexcom Electronics, Inc., LC Future Center Ltd.</p>

Title	Name	Selected Current Positions
		President: Compal Electronics Technology (Kunshan) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics (Chongqing) Co., Ltd., Compal Display Electronics (Kunshan) Co., Ltd., Compal System Trading (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co., Ltd., Kunshan Botai Electronics Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Management (Chengdu) Co., Ltd. Executive Vice President: Compal Electronics Inc.
Director	Chung-Pin Wong	Chairman: Rayonnant Technology Co., Ltd., Auscom Engineering Inc., Wah Yuen Technology Holding Ltd. Director: Arcadyan Technology Corp., Allied Circuit Co., Ltd., Henghao Technology Co., Ltd., Lead-Honor Optronics Co., Ltd., Mactech Co., Ltd., Unicom Globak, Inc., ShengBao Precision Electronics (Taicang) Ltd., Compal Electronic Technology (Chongqing) Co., Ltd., Ripal Optoelectronics Co., Ltd., General life Biotechnology Co., Ltd., Allied Power Holding Corp., Bizcom Electronics, Inc., Compal Connector Manufacture Ltd., Compal Europe (Poland) Sp. z o.o., Motion Computing, Inc., Primetek Enterprises Ltd., Sirqul Inc. Supervisor: Hong Ya Technology Corporation, Kunshan Botai Electronic Services Co., Ltd. Executive Vice President: Compal Electronics Inc.
Director	Chiung-Chi Hsu	Chairman: Fubao Investment Co., Ltd. Director: Plank Optoelectronics Inc., I PAO Bearing Co., Ltd.
Director	Chao-Cheng Chen	Chairman: Compal Broadband Networks Inc., Keppel Communication Pte Ltd (Nanjing) Co., Ltd., Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communication (Nanjing) Inc. Director: Ripal Optoelectronics Co., Ltd., Huang Feng Communication Co., Ltd., Mactech Co., Ltd., General life Biotechnology Co., Ltd., Kinpo Group Management Consultant Company, Speedlink Tradings Ltd. Executive Vice President: Compal Electronics Inc.
Independent Director	Min Chih Hsuan	Chairman: D-LINK Corporation, Taiwan Memory Corporation, Meridigen Biotech Co., Ltd., Maxima Ventures I, Inc., Maxima Ventures II, Inc. Director: General Biologicals Corporation, SIPP Technology Corporation, Clientron Corp., Pacgen Biopharmaceuticals Corporation (Canada) Independent Director: Wistron Corporation, Siliconware Precision Industries Co., Ltd. Remunerate Committee members: Compal Electronics, Inc., Wistron Corporation, Siliconware Precision Industries Co., Ltd. Audit Committee members: Compal Electronics, Inc., Wistron Corporation
Independent Director	Duei Tsai	Independent Director: TaiwanTaxi Corp. Remunerate Committee members: Compal Electronics, Inc., Getac Technology Corporation, National Aerospace Fasteners Corp., TaiwanTaxi Corp. Audit Committee members: Compal Electronics, Inc.
Independent Director	Duh Kung Tsai	Chairman: Powertech Technology Inc., Greatek Electronics Inc. Director: Powertech Technology (Suzhou) Ltd., Powertech Holding (B.V.I) Inc., Powertech Technology (Singapore) Pte., PTI Technology (Singapore) Pte. Ltd. Independent Director: Wistron Corporation, Chicony Power Technology Co., Ltd. Remunerate Committee members: Compal Electronics, Inc., Wistron Corporation, Chicony Power Technology Co., Ltd. Audit Committee member: Compal Electronics, Inc., Wistron Corporation

Major shareholders of the Company's corporate shareholders

Name of corporate shareholder	Major shareholders of the corporate shareholder (Note)
Kinpo Electronics, Inc.	Compal Electronics, Inc. (8.51%), Jipo Investment Inc. (3.17%), Nan Shan Life Insurance Company Ltd. (2.89%), Li-Chu Tsai (2.86%), Lai-Chun Shen Tsai (2.84%), Kun-Chao Shen (2.07%), Sheng-Hsiun Hsu (1.86%), Panpal Technology Corporation (1.59%), Hebao Investment Co., Ltd. (1.52%), KGI Capital Asia, Standard Chartered in custody of CITIC Hong Kong accounts (1.44%)

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

Major shareholders of the Company's major corporate shareholders

Name of corporate shareholder	Major shareholders of corporate shareholders
Jipo Investment Inc.	Kinpo Electronics Inc. (100%)
Nan Shan Life Insurance Company Ltd.	First Commercial Bank in its Capacity as Trustee of Ruen Chen Investment Holding (76.46%), Ruen Chen Investment Holding (14.16%), Yong-Zong Tu (3.25%), Ruen Hua Dyeing & Weaving Co., Ltd. (0.28%), Ruentex Leasing Co., Ltd. (0.15%), Jipin Investment Co., Ltd. (0.11%), Wen-De Kuo (0.11%), Taishin Bank in its Capacity as Trustee of Nanshan Life Insurance - Equity Trust Account (0.06%), Bao Chi Investment Co., Ltd.(0.05%), Bao Yi Investment Co., Ltd. (0.05%), Bao Hui Investment Co., Ltd. (0.05%), Bao Huang Investment Co., Ltd. (0.05%)
Panpal Technology Corporation	Compal Electronics Inc. (100%)
Hebao Investment Co., Ltd.	Chieh-Li Hsu (41.52%), Li-Chu Tsai (27.83%), Yong-Hsu Hsu (12.50%), Chun-Chi Hsu (12.50%), Huang-Hsin Hsu (2.83%), Yue-Hsia Huang Hsu (1.41%), Yue-Chen Hsu (1.41%)

Professional qualifications and independence analysis of directors and supervisors

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

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

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its

parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

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

3.2.2 Management Team

April 26, 2016

Title	Name/Nationality (Note 1)	Date elected/appointed	Shares held		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other company/itions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
President	Jui-Tsung Chen	1989.06.01	50,782,587	1.14%	2,092,405	0.05%	0	0.00%	Department of Electrical Engineering, National Cheng Kung University Chairman of Compal Communication Inc. & Arcadyan Technology Corp.	Refer to Page 12-14	Vice President	Bo-Tang Wang	Relative by affinity
Executive Vice President	Wen-Chung Shen	2002.01.01	11,935,968	0.27%	101,931	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University Director of Arcadyan Technology Corp.	Refer to Page 12-14	N/A	N/A	N/A
Executive Vice President	Yung-Ching Chang	2003.01.01	3,727,587	0.08%	7,259	0.00%	0	0.00%	Master's Degree in Graduate school of Management, Yuan Ze University Director and President of Toppoly Optoelectronics Corp.	Refer to Page 12-14	N/A	N/A	N/A
Executive Vice President	Chung-Pin Wong	2007.04.01	4,833,618	0.11%	1,398	0.00%	0	0.00%	Graduate Institute of Management Science, National Chiao Tung University Chairman of Rayonnant Technology Co., Ltd.	Refer to Page 12-14	N/A	N/A	N/A
Executive Vice President	Chen-Chang Hsu	2011.08.31	0	0.00%	0	0.00%	0	0.00%	National Chiao Tung University EMBA Executive Vice President of WINTEK Corporation	(Note 3)	N/A	N/A	N/A
Executive Vice President	Chao-Cheng Chen	2014.02.27	3,000,000	0.07%	1,428	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University President of Compal Communication Inc.	Refer to Page 12-14	N/A	N/A	N/A
Senior Vice President	Chun-De Shen	2007.01.01	2,218,700	0.05%	900,000	0.02%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Director of Kinpo Electronics Inc.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Kuo-Chuan Chen	2007.01.01	955,823	0.02%	82,924	0.00%	0	0.00%	Department of Physics, Chung Yuan Christian University Senior Vice President of Compal Communication Inc.	N/A	N/A	N/A	N/A
Senior Vice President	Pei-Yuan Chen	2009.10.06	4,487,698	0.10%	1,045,585	0.02%	0	0.00%	Department of International Trade, Hsingwu College Director of Kinpo Electronics Inc.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Chiu-Rui Wei	2010.03.18	113,764	0.00%	142,966	0.00%	0	0.00%	Master of Business Administration, University of Washington, USA Senior Vice President of Toppoly Optoelectronics Corp.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Ying Chang	2011.2.24	0	0.00%	0	0.00%	0	0.00%	MBA, University Of Georgia President of Swenc Technology Co., Ltd.	N/A	N/A	N/A	N/A

Title	Name/Nationality (Note 1)	Date elected/appointed	Shares held		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other company/positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Senior Vice President	Ming-Hsing Hsu	2011.8.01	558,392	0.01%	0	0.00%	0	0.00%	Department of Engineering, Chung Yuan Christian University President of Compal Information (Kunshan) Co., Ltd.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Sheng-Hua Peng	2014.02.27	100,000	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Senior Vice President of Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Wen-Da Hsu	2014.02.27	773,000	0.02%	0	0.00%	0	0.00%	Department of Media Administration, Shih Hsin University Senior Vice President of Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Senior Vice President	Wei-Cheng Chen	2004.04.01	390,656	0.01%	0	0.00%	0	0.00%	Department of Electronic Engineering, Taipei College of Maritime Technology Vice President of Cheong Tat Technology	N/A	N/A	N/A	N/A
Senior Vice President	Ming-Chih Chang	2016.02.24	1,919,489	0.04%	0	0.00%	0	0.00%	Department of Electrical Engineering, Ming Chi University of Technology LCFC (Hong Kong) Co., Ltd. President	N/A	N/A	N/A	N/A
Vice President	Chih-Chuan Cheng	2003.01.01	1,683,786	0.04%	51,194	0.00%	0	0.00%	Department of Electronic Engineering, Lughwa University of Science and Technology Deputy Manager of Research and Development, Top Information Technologies Co., Ltd.	N/A	N/A	N/A	N/A
Vice President and head of finance	Ching-Hsiung Lu	2003.01.01	8,642,007	0.19%	0	0.00%	0	0.00%	Department of Accounting, Feng Chia University Director Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Vice President	Shih-Tung Wang	2003.01.01	10,197	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, San Jose State University Vice President of KC Technology Inc.	N/A	N/A	N/A	N/A
Vice President	Bo-Hsiung Chang	2006.02.21	0	0.00%	270	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei Institute of Technology	(Note 3)	N/A	N/A	N/A
Vice President	Tian-Yuan Tsai	2006.06.28	712,715	0.02%	0	0.00%	0	0.00%	Graduate Institute of Public Finance, National Chengchi University Accountant of KPMG	(Note 3)	N/A	N/A	N/A
Vice President	Bo-Tang Wang	2007.07.10	239,548	0.01%	486	0.00%	0	0.00%	Department of Computer Science and Information Engineering, National Taiwan University President of Vibo Telecom Inc.	N/A	President	Jui-Tsung Chen	Relative by affinity

Title	Name/Nationality (Note 1)	Date elected/appointed	Shares held		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other company/positions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Vice President	Hsi-Kuan Chen	2009.05.01	0	0.00%	0	0.00%	0	0.00%	Master of Industrial Design, Cranbrook Academy of Art Director of Design and Customer Affairs, Philips (Hong Kong)	(Note 3)	N/A	N/A	N/A
Vice President	Zong-Ming Wang	2009.07.16	148,184	0.00%	0	0.00%	0	0.00%	National Taipei Institute of Technology Head of Research and Development, CLEVO Company	N/A	N/A	N/A	N/A
Vice President	Fu-Chuan Chang	2009.07.16	134,662	0.00%	0	0.00%	0	0.00%	National Chin-Yi University of Technology Production Manager, ADI Corp	(Note 3)	N/A	N/A	N/A
Vice President	Chi-Hsiang Ma	2011.01.01	52,624	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Fu Jen Catholic University Product Manager, MiTAC International Corporation	N/A	N/A	N/A	N/A
Vice President	Yung-Nan Chang	2011.01.01	0	0.00%	0	0.00%	0	0.00%	MBA, Pacific Western University Factory Manager, Delta Electronics Inc.	N/A	N/A	N/A	N/A
Vice President	Sheng-Hung Li	2011.07.01	84,574	0.00%	0	0.00%	0	0.00%	Department of Electronics, National Taipei University of Science & Technology	N/A	N/A	N/A	N/A
Vice President	Yung-He Su	2011.07.01	120,401	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei Institute of Technology Vice President of Arima Photovoltaic & Optical Corp.	N/A	N/A	N/A	N/A
Vice President	Ming-Hsiang Kan	2011.08.31	0	0.00%	0	0.00%	0	0.00%	University of Leicester (U.K.) MBA Vice President of NB R&D, Flextronics International (Taiwan) Ltd.	N/A	N/A	N/A	N/A
Vice President	Chih-Hsien Liang	2011.10.31	0	0.00%	0	0.00%	0	0.00%	University of Colorado Postgraduate Institute of Digital Communication/Vice President of Wireless Communication, Altek Corporation	N/A	N/A	N/A	N/A
Vice President	Lung-Hua Shen	2012.08.29	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, Tamkang University Vice President of Procurement, ASUS Ltd.	N/A	N/A	N/A	N/A
Vice President	Ming-Dong Weng	2013.01.31	63,786	0.00%	0	0.00%	0	0.00%	Master of Business Administration, University of Washington, USA Deputy Manager of Sales, Kapok Computer Company	N/A	N/A	N/A	N/A
Vice President	Yue-Chun Li	2014.02.17	0	0.00%	0	0.00%	0	0.00%	Department of Electronic Engineering, Lee-Ming Institute of Technology	N/A	N/A	N/A	N/A

Title	Name/Nationality (Note 1)	Date elected/appointed	Shares held		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other companyitions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
									Chairman's Special Assistant, Mag Technology Co., Ltd.				
Vice President	Chiao-Lieh Huang	2014.02.27	23,992	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Vice President of Compal Communication Inc.	(Note 3)	N/A	N/A	N/A
Vice President	Chung-Hsing Tan	2014.02.27	120,529	0.00%	5,320	0.00%	0	0.00%	Department of Electrical Engineering, Tatung University Vice President of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Yi-Yun Chang	2014.08.13	110,246	0.00%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, National Taiwan University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Hsin-Kung Mao	2014.11.13	714	0.00%	0	0.00%	0	0.00%	Master of Business Administration, University of Lincoln Head of Business, Display BU	(Note 3)	N/A	N/A	N/A
Vice President	Ling-Sheng Wu	2015.1.22	265,000	0.01%	0	0.00%	0	0.00%	Graduate Institute of Electrical Engineering, University of Southern California; Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Hsin-Hsiung Huang	2015.1.22	139,001	0.00%	0	0.00%	0	0.00%	Department of Electronics, Chung Yuan Christian University Senior Manager of Compal Communication Inc.	N/A	N/A	N/A	N/A
Vice President	Shih-Hung Huang	2016.02.24	0	0.00%	0	0.00%	0	0.00%	Master in Control Engineering, National Chiao Tung University Director - Coretronic Corporation	N/A	N/A	N/A	N/A
Vice President	Yi-Chiang Chiu	2016.02.24	0	0.00%	0	0.00%	0	0.00%	Master in Erath Sciences, National Central University	N/A	N/A	N/A	N/A
Vice President	Ching-Fa Li	2016.02.24	40,690	0.00%	0	0.00%	0	0.00%	Information Engineering Ph.D., National Tsing Hua University Vice President – Eten Technology Inc.	N/A	N/A	N/A	N/A
Vice President	Bo-Heng Chen	2016.02.24	10	0.00%	0	0.00%	0	0.00%	COLUMBIA UNIVERSITY Master of Industrial Engineering and Operations Management	N/A	N/A	N/A	N/A
Vice President	Jui-Chun Hsu	2016.5.11	0	0.00%	0	0.00%	0	0.00%	PhD, Graduate Institute of Electrical Engineering, National Taiwan University Photonics Industries International, Inc. President	N/A	N/A	N/A	N/A

Title	Name/Nationality (Note 1)	Date elected/appointed	Shares held		Shares held by spouse and underage children		Shares held by proxy		Major career (academic) achievements	Selected Current Positions held concurrently in the company and/or any other companyitions	Spouse or relatives of second degree or closer acting as managers		
			Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)	Shares	Shareholding Percentage (%)			Title	Name	Relationship
Head of Audit	Bo-Wen Hsieh	2010.10.27	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, National Taiwan University Audit Manager, KGT Telecom	N/A	N/A	N/A	N/A

Note: 1. All managers are ROC nationals.

2. Senior Advisor Medica, John Kevin, and Vice Presidents, Ming-Sung Lin, and Meng-Hsiung Nieh resigned in 2015. Chin-Wen Liao, Vice President resigned in 2016.

3. Concurrent positions in other companies

Title	Name	Concurrent duties in the company and in other companies
Executive Vice President	Chen-Chang Hsu	Chairman: Henghao Technology (Kunshan) Co., Ltd., Lucom Display Technology (Kunshan) Ltd. Vice Chairman: Henghao Technology Co., Ltd., Chenfeng Optronics Corporation Director: Mactech Co., Ltd. Vice Chairman: Henghao Technology Co., Ltd., Henghao Technology (Kunshan) Co., Ltd., Lucom Display Technology (Kunshan) Ltd.
Senior Vice President	Chun-De Shen	Director: Kinpo Electronics Inc., Arcadyan Technology Corp., Allied Circuit Co., Ltd., Compal Information Research & Development (Nanjing) Co., Ltd., Changchun Jing Yu Electronic Technology Co., Ltd., Auscom Engineering Inc. President: Compal Information Research & Development (Nanjing) Co., Ltd.
Senior Vice President	Pei-Yuan Chen	Director: Kinpo Electronics Inc., Infinno Technology Corporation, Fubao Investment Co., Ltd.
Senior Vice President	Chiu-Rui Wei	Director: Chipbond Technology Corporation, Taiwan Star Telecom Corporation Limited, Rayonnant Technology (HK) Holdings Limited, Zhengying Electronics (Chongqing) Co., Ltd., Suyin Optronics Corp., Compal Precision Module (Jiangsu) Co., Maxima Ventures I, INC., HWA VI Venture Capital Corp., Hwa Chi Venture Capital Corp., LC Future Center Ltd Supervisor: Henghao Technology Co., Ltd., Infinno Technology Corporation, Rayonnant Technology Co., Ltd., Ripal Optoelectronics Co., Ltd., Mactech Co., Ltd., Unicom Globak, Inc., Rayonnant Technology (Taicang) Co., Ltd., General life Biotechnology Co., Ltd, Remunerate Committee member: Synergy Scientech Corp.
Senior Vice President	Ming-Hsing Hsu	Director: Kunshan Botai Electronic Services Co., Ltd. President: Compal Information (Kunshan) Co., Ltd., Kunshan Botai Electronic Services Co., Ltd.
Senior Vice President	Sheng-Hua Peng	Director: Huang Feng Communication Co., Ltd., Keppel Communication Pte Ltd (Nanjing), Compal Digital Communications (Nanjing) Co., Ltd., HANHELT Communications (Nanjing) Co., Ltd., Compal Communication (Nanjing) Inc.
Senior Vice President	Wen-Da Hsu	Director: HANHELT Communications (Nanjing) Co., Ltd.
Vice President and head of finance	Ching-Hsiung Lu	Director: Zhibao Technology Co., Ltd., Arcadyan Technology (Shanghai) Corp., Keppel Communication Pte Ltd (Nanjing), Compal Digital Communications (Nanjing) Co., Ltd., Compal Communication (Nanjing) Co., Ltd., Kunshan Botai Electronic Services Co., Ltd., Great Arch Group Ltd., Leading Images Limited Supervisor: Compal Broadband Networks Inc., Accesstek Inc., Compal Electronics Technology (Kunshan) Co., Ltd., Compal Information (Kunshan) Co., Ltd., Compal Information Technology (Kunshan) Co. Ltd., Compal Electronics (China) Co., Ltd., Compal Digital Technology (Kunshan) Co., Ltd., Compal Electronics (Chengdu) Co., Ltd., Compal Electronics, (Chongqing) Co., Ltd., Compal Optoelectronics (Kunshan) Co., Ltd., Compal Display Electronics (Kunshan) Co. Ltd., Compal Networking (Kunshan) Co., Ltd., Kunshan Botai Electronic Services Co., Ltd., Compal Investment (Sichuan) Co., Ltd., Compal Investment (Jiangsu) Co., Ltd., Compal Business Management (Chengdu) Co., Ltd.

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

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

Remuneration of Directors

Unit: NTD thousand; thousand shares; %

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee										The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit		Remuneration from invested businesses other than the subsidiaries (J)		
		Remuneration (A)		Pension (B)		Remuneration from earnings appropriation (C)		Fees for services rendered (D)		The Company	All companies included in the financial statements	Salaries, bonuses, special allowances etc (E)		Pension (F)		Share of profit as an employee (G)				Total shares exercisable through employee warrants (H)		Number of new restricted shares acquired as an employee (I)			The Company	All companies included in the financial statements
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements			The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements					
																Cash	Stock	Cash	Stock	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements			
Chairman	Sheng-Hsiun Hsu																									
Director	Jui-Tsung Chen																									
Director	Wen-Being Hsu																									
Director	Representative of Kinpo Electronics Inc.: Shyh-Yong Shen	4,320	4,320	0	0	50,234	50,234	2,699	3,359	0.66%	0.67%	154,474	155,006	651	651	19,902	0	19,902	0	0	0	7,650	7,650	2.67%	2.69%	66,785
Director	Charng-Chyi Ko																									
Director	Sheng-Chieh Hsu																									
Director	Yen-Chia Chou																									
Director	Wen-Chung Shen																									
Director	Yung-Ching Chang																									
Director	Chung-Pin Wong																									
Director	Chiung-Chi Hsu																									
Director	Chao-Cheng Chen																									
Independent Director	Min Chih Hsuan																									
Independent Director	Duei Tsai																									

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit		Remuneration as an employee								The sum of A, B, C, D, E, F, and G as a percentage of after-tax profit		Remuneration from invested businesses other than the subsidiaries (J)				
		Remuneration (A)		Pension (B)		Remuneration from earnings appropriation (C)		Fees for services rendered (D)		Salaries, bonuses, special allowances etc (E)		Pension (F)		Share of profit as an employee (G)				Total shares exercisable through employee warrants (H)		Number of new restricted shares acquired as an employee (I)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements		The Company	All companies included in the financial statements		
														Cash	Stock	Cash	Stock									
Independent Director	Duh Kung Tsai																									
Vice Chairman	Medica, John Kevin																									
Director	Sean Martin Maloney																									

- Note: 1. The previous supervisors, Chang-Chyi Ko, Sheng-Chieh Hsu, and Yen-Chia Chou resigned as of June 26, 2015 and were elected as directors in 2015 shareholders meeting. The directors, Medica, John Kevin and Sean Martin Maloney were resigned as of June 26, 2015.
2. In 2015, the Company made pension contributions totaling NTD 651,000 (including NTD 216,000 under the new system and NTD 435,000 under the old system) for directors who also assumed managerial roles as employees; meanwhile, all companies reported in the financial statements had made pension contributions totaling NTD 651,000 (including NTD 216,000 under the new system and NTD 435,000 under the old system) for directors who also assumed managerial roles as employees.
3. Directors' compensation refers to the estimated directors' compensation approved by Board of Directors meeting on March 30, 2016.

Range of Remuneration	Number of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G+J)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	6 (Note 1)	6 (Note 4)	6 (Note 7)	5 (Note 12)
NT\$2,000,000 ~ NT\$5,000,000	8 (Note 2)	8 (Note 5)	4 (Note 8)	2 (Note 13)
NT\$5,000,000 ~ NT\$10,000,000	4 (Note 3)	4 (Note 6)	3 (Note 9)	4 (Note 14)
NT\$10,000,000 ~ NT\$15,000,000				
NT\$15,000,000 ~ NT\$30,000,000			1 (Note 10)	1 (Note 15)
NT\$30,000,000~ NT\$50,000,000			4 (Note 11)	5 (Note 16)
NT\$50,000,000 ~ NT\$100,000,000				1 (Note 17)
Over NT\$100,000,000				
Total	18	18	18	18

- Note: 1. Min Chih Hsuan, Duei Tsai, Duh Kung Tsai, Shyh-Yong Shen, Medica, John Kevin, Sean Martin Maloney
2. Sheng-Chieh Hsu, Yen-Chia Chou, Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chiung-Chi Hsu, Chao-Cheng Chen, Kinpo Electronics Inc.
3. Sheng-Hsiun Hsu, Jui-Tsung Chen, Wen-Being Hsu, Chang-Chyi Ko
4. Min Chih Hsuan, Duei Tsai, Duh Kung Tsai, Shyh-Yong Shen, Medica, John Kevin, Sean Martin Maloney
5. Sheng-Chieh Hsu, Yen-Chia Chou, Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chiung-Chi Hsu, Chao-Cheng Chen, Kinpo Electronics Inc.

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

Remuneration of Supervisors

Unit: NTD thousand; thousand shares; %

Title	Name	Supervisors' remuneration						Sum of A, B and C as a percentage of after-tax profit (%)		Remuneration from invested businesses other than the subsidiaries (D)
		Remuneration (A)		Share of profit (B)		Fees for services rendered (C)		The Company	All companies included in the financial statements	
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements			
Supervisor	Charng-Chyi Ko	0	0	0	0	238	238	0.00%	0.00%	0
Supervisor	Yen-Chia Chou									
Supervisor	Sheng-Chieh Hsu									

Note: 1. The Company elected three independent directors and replace supervisors with an Audit Committee during 2015 shareholders' meeting. The previous supervisors, Charng-Chyi Ko, Sheng-Chieh Hsu, and Yen-Chia Chou resigned as of June 26, 2015.

2. There was no retirement pension paid or appropriated to supervisors in 2015.

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

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

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

Remuneration of the President and Vice Presidents

Unit: NTD thousand; thousand shares; %

Title	Name	Salary (A)		Pension (B)		special allowances (C)		Share of profit as an employee (D)				Sum of A, B, C and D as a percentage of after-tax profit (%)		Employee warrants received		Number of new restricted shares acquired as an employee		Remuneration from invested businesses other than the subsidiaries (E)
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	
								Cash	Stock	Cash	Stock							
49 employees including President Jui-Tsung Chen (Note 1)		115,722	119,992	5,510	5,510	443,964	444,389	76,125	0	76,125	0	7.38%	7.44%	0	0	26,500	26,500	4,871

Note: 1. Managers' titles and names

- President: Jui-Tsung Chen - 1 position
 - Executive Vice Presidents: Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chen-Chang Hsu, Chao-Cheng Chen - 5 position
 - Senior Vice Presidents: Chun-De Shen, Pei-Yuan Chen, Chiu-Rui Wei, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu, Wei-Cheng Chen, Ming-Chih Chang - 10 positions
 - Vice Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Shih-Tung Wang, Bo-Hsiung Chang, Tian-Yuan Tsai, Bo-Tang Wang, Hsi-Kuan Chen, Zong-Ming Wang, Fu-Chuan Chang, Chi-Hsiang Ma, Yung-Nan Chang, Sheng-Hung Li, Yung-He Su, Ming-Hsiang Kan, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Weng, Yue-Chun Li, Chiao-Lieh Huang, Chung-Hsing Tan, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, Hsin-Hsiung Huang, Shih-Hung Huang, Yi-Chiang Chiu, Ching-Fa Li, Bo-Heng Chen, Jui-Chun Hsu, Ming-Sung Lin, Meng-Hsiung Nieh, Chin-Wen Liao - 32 positions
 - Senior Advisor: Medica, John Kevin - 1 position
2. Senior Advisor, Medica, John Kevin, and Vice Presidents Ming-Sung Lin, Meng-Hsiung Nieh had resigned in 2015. In 2016, Ming-Chih Chang, Senior Vice President, Shih-Hung Huang, Vice President, Yi-Chiang Chiu, Vice President, Ching-Fa Li, Vice President, and Bo-Heng Chen, Vice President were either transferred back or promoted. Jui-Chun Hsu, Vice President, took office; while Chin-Wen Liao, Vice President resigned.
3. No pension benefit was paid in 2015. In the meantime, the Company made pension contributions totaling NTD 5,510,000 (including NTD 3,843,000 under the new system and NTD 1,667,000 under the old system), while all companies reported in the financial statements made pension contributions totaling NTD 5,510,000 (including NTD 3,843,000 under the new system and NTD 1,667,000 under the old system).
4. Employees' compensation appropriation was approved by Board of Directors on meeting on March 30, 2016. The compensations of aforementioned managers were not yet final and will be reviewed based on the list of the date of distribution.

Range of Remuneration	Number of President and Vice Presidents	
	Total of (A+B+C+D)	Total of (A+B+C+D+E)
	The Company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	3 (Note 1)	3 (Note 7)
NT\$2,000,000 ~ NT\$5,000,000	10 (Note 2)	7 (Note 8)
NT\$5,000,000 ~ NT\$10,000,000	7 (Note 3)	7 (Note 9)
NT\$10,000,000 ~ NT\$15,000,000	18 (Note 4)	20 (Note 10)
NT\$15,000,000 ~ NT\$30,000,000	7 (Note 5)	8 (Note 11)
NT\$30,000,000 ~ NT\$50,000,000	4 (Note 6)	4 (Note 12)
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	49	49

Note: 1. Ming-Chih Chang, Jui-Chun Hsu, Medica, John Kevin - 3 positions

2. Pei-Yuan Chen, Tian-Yuan Tsai, Fu-Chuan Chang, Chi-Hsiang Ma, Shih-Hung Huang, Yi-Chiang Chiu, Ching-Fa Li, Bo-Heng Chen, Ming-Sung Lin, Meng-Hsiung Nieh - 10 positions

3. Shih-Tung Wang, Yung-Nan Chang, Sheng-Hung Li, Ming-Hsiang Kan, Chih-Hsien Liang, Ling-Sheng Wu, Hsin-Hsiung Huang - 7 positions

4. Wen-Chung Shen, Chiu-Rui Wei, Ming-Hsing Hsu, Wei-Cheng Chen, Chih-Chuan Cheng, Gary Lu, Bo-Hsiung Chang, Bo-Tang Wang, Hsi-Kuan Chen, Zong-Ming Wang, Yung-He Su, Lung-Hua Shen, Ming-Dong Weng, Yue-Chun Li, Chiao-Lieh Huang, Yi-Yun Chang, Hsin-Kung Mao, Chin-Wen Liao - 18 positions

5. Chen-Chang Hsu, Chun-De Shen, Ying Chang, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu, Chung-Hsing Tan - 7 positions

6. Jui-Tsung Chen, Yung-Ching Chang, Chung-Pin Wong, Chao-Cheng Chen - 4 positions

7. Ming-Chih Chang, Jui-Chun Hsu, Midica, John Kevin - 3 positions

8. Chi-Hsiang Ma, Shih-Hung Huang, Yi-Chiang Chiu, Ching-Fa Li, Bo-Heng Chen, Ming-Sung Lin, Meng-Hsiung Nieh - 7 positions

9. Pei-Yuan Chen, Shih-Tung Wang, Tian-Yuan Tsai, Fu-Chuan Chang, Sheng-Hung Li, Ming-Hsiang Kan, Chih-Hsien Liang - 7 positions

10. Wen-Chung Shen, Chiu-Rui Wei, Wei-Cheng Chen, Chih-Chuan Cheng, Ching-Hsiung Lu, Bo-Hsiung Chang, Bo-Tang Wang, Hsi-Kuan Chen, Zong-Ming Wang, Yung-Nan Chang, Yung-He Su, Lung-Hua Shen, Ming-Dong Weng, Yue-Chun Li, Chiao-Lieh Huang, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, Hsin-Hsiung Huang, Chin-Wen Liao - 20 positions

11. Chen-Chang Hsu, Chun-De Shen, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu, Chung-Hsing Tan - 8 positions

12. Jui-Tsung Chen, Yung-Ching Chang, Chung-Pin Wong, Chao-Cheng Chen - 4 positions

Employee profit sharing granted to the management team

Unit: NTD thousand

Title	Name	Stock dividends	Cash dividends	Total	Total as a percentage to after-tax profit (%)
46 employees including President Jui-Tsung Chen (Note 1)		0	76,237	76,237	0.88%

Note: 1. Managers' titles and names

- President: Jui-Tsung Chen - 1 position
 - Executive Vice Presidents: Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chen-Chang Hsu, Chao-Cheng Chen - 5 positions
 - Senior Vice Presidents: Chun-De Shen, Pei-Yuan Chen, Chiu-Rui Wei, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu, Wei-Cheng Chen, Ming-Chih Chang - 10 positions
 - Vice Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Shih-Tung Wang, Bo-Hsiung Chang, Tian-Yuan Tsai, Bo-Tang Wang, Hsi-Kuan Chen, Zong-Ming Wang, Fu-Chuan Chang, Chi-Hsiang Ma, Yung-Nan Chang, Sheng-Hung Li, Yung-He Su, Ming-Hsiang Kan, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Weng, Yue-Chun Li, Chiao-Lieh Huang, Chung-Hsing Tan, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, Hsin-Hsiung Huang, Shih-Hung Huang, Yi-Chiang Chiu, Ching-Fa Li, Bo-Heng Chen, Jui-Chun Hsu - 29 positions
 - Head of Audit: Bo-Wen Hsieh - 1 position
2. Medica, John Kevin, Senior Advisor, Ming-Sung Lin, Vice Presidents, Meng-Hsiung Nieh, Vice President had resigned in 2015. In 2016, the following five: Ming-Chih Chang, Senior Vice President, Shih-Hung Huang, Vice President, Yi-Chiang Chiu, Vice President, Ching-Fa Li, Vice President and Bo-Heng Chen, Vice President were either transferred back or promoted. Jui-Chun Hsu, Vice President took office while Chin-Wen Liao, Vice President resigned.
3. Employees' compensation appropriation was approved by the Board of Directors at the March 30, 2016 meeting. The compensations of the aforementioned managers were not finalized and will be reviewed based on the list upon the date of distribution.

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

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

Unit: NT\$ thousands

Item	2015		2014 (Note)		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Directors	704,167	8.11%	595,919	8.48%	108,248	18.16%
Supervisors						
Presidents and Vice Presidents						
Net Income	8,684,610		7,024,461		1,660,149	

(Note): After retroactive adjustments

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

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

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

- Previous directors term: June 22, 2012 to June 26, 2015.
- Current directors term: June 26, 2015 to June 25, 2018.
- There were seven Board meetings during 2015 (A). Director’s attendance records are as shown below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Chairman	Sheng-Hsiun Hsu	7	0	100%	Re-elected on June 26, 2015
Director	Jui-Tsung Chen	5	2	71%	Re-elected on June 26, 2015
Director	Wen-Being Hsu	7	0	100%	Re-elected on June 26, 2015
Director	Kinpo Electronics, Inc. Representative: Shyh-Yong Shen	3	4	43%	Re-elected on June 26, 2015
Director	Charng-Chyi Ko	3	0	100%	Inaugurated June 26, 2015
Director	Sheng-Chieh Hsu	3	0	100%	Inaugurated June 26, 2015
Director	Yen-Chia Chou	3	0	100%	Inaugurated June 26, 2015
Director	Wen-Chung Shen	7	0	100%	Re-elected on June 26, 2015
Director	Yung-Ching Chang	5	2	71%	Re-elected on June 26, 2015
Director	Chung-Pin Wong	7	0	100%	Re-elected on June 26, 2015
Director	Chiung-Chi Hsu	7	0	100%	Re-elected on June 26, 2015
Director	Chao-Cheng Chen	5	2	71%	Re-elected on June 26, 2015
Independent Director	Min Chih Hsuan	6	1	86%	Re-elected on June 26, 2015
Independent Director	Duei Tsai	6	0	86%	Re-elected on June 26, 2015
Independent Director	Duh Kung Tsai	3	4	43%	Re-elected on June 26, 2015
Vice Chairman	Medica, John Kevin	2	0	50%	Resigned June 26, 2015
Director	Sean Martin Maloney	0	0	0%	Resigned June 26, 2015

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

A. Enhance the valuation regarding the target achievement and execution by the Board of Directors in the current and most recent year:

The Company established a “Remuneration Committee” since 2011. During the election of the 11th Board of Directors and Supervisors in 2012 shareholders’ meeting, 3 independent directors were elected and appointed to be the committee members of the Remuneration Committee. Supervisors were replaced with the Audit committee after the 12th Board of Directors was chosen in 2015 shareholders’ meeting.

B. Other notes:

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

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

A. Audit Committee:

- The Company's Audit Committee has three members.
- The term of the committee members is from June 26, 2015 to June 25, 2018.
- There were three Audit Committee meetings during 2015 (A). The attendance records of the Independent Directors are as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) [B/A]	Remarks
Independent Director	Min Chih Hsuan	3	100%	Inaugurated June 26, 2015
Independent Director	Duei Tsai	3	100%	Inaugurated June 26, 2015
Independent Director	Duh Kung Tsai	1	33%	Inaugurated June 26, 2015

Other notes:

1. The matter as listed in Article 14 of 5 the Security Act and other matters which were not approved by the Audit Committee, but had the consent of more than two-thirds of all directors. The Company should record the date of the Board of Directors' meeting, the term, the discussion content, the result of the Audit Committee decision and the actions the Company took in response to decisions made by the Audit Committee: None.
2. The actions of the independent directors with respect to the avoidance of conflict of interest should be disclosed including the name of the independent director, the matter, the reasons for the avoidance and the voting and attendance status: None.
3. Communication between the independent directors, internal audit supervisors and CPA.
 - After the internal audit supervisor has submitted an audit report and follow-up report, he/she should provide the completion of audit items to the independent directors for their review by the end of the following month. If the independent directors need clarification of the audit and follow-up, they should contact the internal audit supervisor at any time. The internal auditor shall report audit results to the Audit Committee on a regular basis and discuss matters in person. The Company's Audit Committee has a clear channel of communication with the internal audit supervisor.
 - The Audit Committee must communicate with the CPA on a regular basis regarding audit results and the financial statement and any other requirements of the regulations. The Audit Committee shall also evaluate the selection, the independence, and suitability of the CPA engaged by the Company.

B. Attendance of Supervisors at Board Meetings

- The Company has three supervisors.
- The term of the supervisors is from June 22, 2012, to June 26, 2015.
- There were four meetings of the Board of Directors during the first half of 2015. The attendance records are as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) [B/A]	Remarks
Supervisor	Charng-Chyi Ko	4	100%	Resigned on June 26, 2015.
Supervisor	Yen-Chia Chou	4	100%	Resigned on June 26, 2015.
Supervisor	Sheng-Chieh Hsu	4	100%	Resigned on June 26, 2015.

Note: The Company elected three independent directors and replaced supervisors with an Audit Committee as resolved in a 2015 shareholders' meeting. The previous supervisors: Charng-Chyi Ko, Sheng-Chieh Hsu and Yen-Chia Chou resigned as of June 26, 2015.

Other notes:

1. Composition and responsibilities of supervisors:

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

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

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

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

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

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

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

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Has the company established and disclosed its corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?”	Yes		The Company’s corporate governance principles were approved by the Board of Directors on August 11, 2015, and have been disclosed on its official website and MOPS.	No deviations were found
II. Shareholding structure and shareholders’ interests				
1. Has the company implemented a set of internal procedures to handle shareholders’ suggestions, queries, disputes and litigations?	Yes		The Company has a spokesperson and acting spokesperson who represents the interest of the shareholders and a unit that specializes in addressing shareholders’ suggestions, queries, disputes and litigation.	No deviations were found
2. Is the company constantly informed of the identities of its major shareholders and the ultimate controller?	Yes		The Company keeps track of the identity of its ultimate controller by monitoring insider shareholding positions (including that of directors, supervisors, managers, and shareholders with more than 10% ownership interest) the shareholder registry is held by the share administration agency.	No deviations were found
3. Has the company established and implemented risk management practices and firewalls for companies it is affiliated with?	Yes		The Company has established “Internal Control Policy - Non-trade Activities - Supervision and Management of Subsidiaries”, “Internal Control Policy - Trade Activities – Investment Management,” and “Guidelines on Financial and Business Dealings Between Affiliated Enterprises” to set up and execute firewalls and risk controls over related parties.	No deviations were found
4. Has the company established internal policies that prevent insiders from trading securities against non-public	Yes		To prevent insider trading, the “CO10 Insider Trading Prevention Management” and “Insider Trading Prevention Procedures” have been included as part of internal control of the company and details are published on the intranet and linked to the TWSE website to which employees have access. Both policies have been included as part of the compulsory	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
information?			e-Learning courses for departmental heads, and eCSA questionnaires are issued on a yearly basis to facilitate self-assessment. Insiders such as directors, supervisors and managers are given a copy of the TWSE “Insider Share Trading Manual” when they come aboard to make them aware of the company insider rules.	
III. Assembly and obligations of the board of directors				
1. Has the board devised and implemented policies to ensure diversity of its members?	Yes		The Company board is comprised of members from many different professional backgrounds and work experience. They possess the collective knowledge, skill and character needed to accomplish responsible board duties.	No deviations were found
2. Apart from the Remuneration Committee and Audit Committee, has the company assembled other functional committees at its own discretion?		No	Besides the Remuneration and Audit Committees, the Company also has a CSR Committee. Wen-Chung Shen, executive VP, is the Chairman and he reports to the Board of Directors regarding the operating status and results on a regular basis.	No deviations were found
3. Has the company established a set of policies and assessment tools to evaluate the board’s performance? Is performance evaluated regularly at least on an annual basis?		No	At present, the Company does not have policies or assessment tools in place to evaluate performance of the Board.	Such policies and tools will be created after careful consideration.
4. Are external auditors’ independence assessed on a regular basis?	Yes		THE CPA issue an “Independent Auditor’s Report” on an annual basis and should avert the engagement when they may have involved in any direct or material indirect interests. The Company evaluates the independence and suitability of the CPA at (least once a year), in accordance with Article 47 of the CPA Law and Bulletin 10 of the Norm of Ethics for Certified Public Accountants. The CPA cannot be a director supervisor, or shareholder of the company and may not be on the payroll. It must be confirmed that the CPA is not a related party. The Company then submits the “CPA independence and suitability evaluation form” along with the “Independent auditor’s report” to the Audit Committee for review, and before it is submitted for examination and discussion by the Board of Directors. The same	No deviations were found

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

Assessment criteria	Actual governance			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of company directors and supervisors)?			<ul style="list-style-type: none"> • Directors and Managers code of conduct; Employee code of conduct • Investor relations • Supplier relations and execution of customer policy • Stakeholders' interests • Risk management execution and framework; risk analysis and evaluation • Insuring against liabilities of company directors and supervisors • Directors', supervisors' and managers' ongoing education • Qualification of personnel involved in financial transparency 	
VIII. Has the company prepared a corporate governance self-assessment report or commissioned a professional organization to compile a corporate governance assessment report? (If so, please state the board of directors' opinions, the result of the self/external assessment, any major weaknesses or suggestions raised, and improvements made.)	Yes		<ul style="list-style-type: none"> • In 2015, the Company had completed its second round corporate governance self-assessment within the timeframe specified by TWSE. The assessment results were published on April 12, 2016, in which the Company was ranked among the top 6%~20%. • Details regarding the Company's corporate governance practices are also accessible from the Company's website. 	No deviations were found

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

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

Note 1: Please fill in director, independent director, or other in the identification.

Note 2: Please check “✓” in the box for a member, who during the two years before being elected or during the term of office, any of the following applied:

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.)
- (3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.
- (4) Not a spouse, relative within a second degree of kinship, or lineal relative within the third degree of kinship, or a person in compliance with any of the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking within the top five in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- (7) Not a professional individual who, as an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or the spouse thereof.
- (8) No matters as noted in Article 30 of Company Law.

Note 3: If the member is also a director, please describe whether he or she also meets the regulation requirement set in accordance with Article 6-5 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter”.

B. Attendance of Members at Remuneration Committee Meetings

- The Company elected three members of the Remuneration Committee.
- Prior committee member term: June 22, 2012 to June 26, 2015.
- Current committee member term: July 9, 2015 to June 25, 2018.
- There were six Remuneration Committee meetings during 2015 (A) and the committee member qualifications and attendance records are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A]	Remarks
Convener	Min Chih Hsuan	5	1	83%	Re-elected on July 9, 2015
Committee Member	Duei Tsai	5	0	83%	Re-elected on July 9, 2015
Committee Member	Duh Kung Tsai	3	3	50%	Re-elected on July 9, 2015

Other notes:

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

3.3.5 Corporate Social Responsibility

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Sound corporate governance				
1. Does the company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis?	Yes		The Company's corporate social responsibility policy was passed by the Board of Directors. CSR progress is reported to and reviewed by the board on a regular basis.	No deviations were found
2. Does the company organize social responsibility training on a regular basis?	Yes		The Company organizes annual CSR training courses in accordance with its Employee Code of Conduct and CSR-related policies. These training courses cover a broad variety of topics including corporate policies, HR system, employee code of conduct, personal information protection act and other areas as the law may require. All training courses are accessible online and have been made as requisites for new employees. Existing employees may complete courses online at their own discretion at any time. In 2015, 12,675 employees had completed their training for a total of 23,543 hours.	No deviations were found
3. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?	Yes		The Company has a CSR Office that specializes in CSR-related matters. The Board of Directors has authorized its senior management to perform CSR-related tasks and to update the board on the overall progress.	No deviations were found
4. Has the company implemented a reasonable remuneration system that associates employees' performance appraisals with CSR? Is the remuneration system supported by an effective	Yes		Employees' salary levels are set based upon those of similar responsibilities, with adjustments made based on individual work performance. Different salary levels may be granted depending on education, experience, job grade and the assigned duties, but are higher than the statutory minimum in any case. Furthermore, employees are entitled to a portion of share of the Company's current year profits. The Company has set clear guidelines to reward and penalize employees' conducts and performance. Rewards and penalties are decided to depend on the severity and impact of the event involved.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
reward/discipline system?				
II. Fostering a sustainable environment				
1. Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	Yes		The R&D and production teams are well aware of how the design and production of more environmentally friendly, green, low-carbon products contribute to mitigating climate changes and impacts. They respond quickly to customers' needs in terms of certifications such as Energy Star, US EPEAT, US & WW EPEAT, China CECP & CEC and Taiwan Green Mark.	No deviations were found
2. Has the company developed an appropriate environmental management system, given its distinctive characteristics?	Yes		The Company began its implementation of ISO 14001 Environment Management System in April 1997; quality and environmental safety policies were created in 2005 to guide the Company's efforts on employee workplace safety and corporate responsibilities. Operating procedures and environmental/safety/health management systems have been established based on government regulations and international standards such as ISO, OHSAS etc. The Company adopts proper communication channels to convey its environmental and safety policies and goals to employees, suppliers, contractors, surrounding neighbors and interest groups.	No deviations were found
3. Is the company aware of how climate changes affect its business activities? Are there any actions taken to measure and reduce greenhouse gas emission and energy use?	Yes		The Company began greenhouse surveys (scopes 1 and 2) and carbon footprint assessments as early as 2010. The scope of greenhouse gas survey has been progressively expanded to (scope 3) by 2014. In 2015, Compal was included in the CDP Climate Disclosure Leadership Index (CDLI) for the first time. The Company actively participates in the Carbon Disclosure Project (CDP) as a means to improve its response to climate changes. The CDP achieves its purpose by assessing a company's carbon emission, reduction progress, compliance risks, and exposure to physical risks such as supply disruption, shortage of resources, extreme weather, rising sea levels and diseases etc. Once identified, risks can then be mitigated or even turned into opportunities to ensure a company's sustainability.	No deviations were found
III. Enforcement of public welfare				
1. Has the company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	Yes		The Company places great emphasis on equal opportunities and business ethics. It has policies and systems in place to ensure compliance with international conventions. The Company and all its subsidiaries throughout the world have established employment guidelines according to international human rights conventions and local labor regulations. All employment terms have been assured to conform with the laws of the local country or region. Out of respect	No deviation was found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			towards labor rights, the Company changes its policies and rules in line with the latest regulations, and announces them to the understanding of all its employees. For the purpose of maintaining harmonic employer-employee relations, a communication platform has been created to enable exchange of opinions and information between the Company and its employees.	
2. Does the company have means through which employees may raise complaints? Are employee complaints being handled properly?	Yes		The Company has set up email contacts through which employees may express their opinions and offer suggestions. These opinions and suggestions are referred to appropriate units within the Company; progress and outcomes are reported back to employees as they become available.	No deviations were found
3. Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	Yes		The Company is well-aware of how significantly “workplace safety and health” affects a company, its employees and stakeholders. This was the reason why the Company has enhanced its environmental, safety and quality policies and obtained OHSAS 18001 certification since 2005, which requires all departments to implement proper safety and health practices as well as regular training on matters such as fire safety equipment, utility plans, waste disposal, emergency response procedures etc. The Company organizes health and safety training for employees on a regular basis as a means to prevent occupational hazards and ensure workplace safety. In 2015, 2,921 employees had completed their training for a total of 6,348 hours.	No deviations were found
4. Does the company have means to communicate with employees on a regular basis, and inform them of operational changes that may be of significant impact?	Yes		The Company is committed to creating communication platforms where employees may exchange opinions and information. “Employee opinion boxes” have been made available at the headquarter and at various plant sites to receive employees’ complaints; “Sunshine Group” and hotlines have been set up in all plant sites and are run by compassionate people who promptly respond to employees’ opinions so that the Company can rectify its flaws and help solve employees’ problems immediately. Townhall Meetings are organized regularly at the turn of the year. During which, the CEO will personally address employees on the Company’s new business developments. Key points of this meeting are also summarized and delivered to all employees via email.	No deviations were found
5. Has the company implemented an effective training program that helps employees develop skills over their career?	Yes		Annual training programs are tailored to suit the needs of different employees, based on the Company’s business strategies, policy guidelines, and career roadmaps. The Company constantly aims to establish itself as a learning organization and coaching management.	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
6. Has the company implemented consumer protection and grievance policies with regards to its research, development, procurement, production, operating and service activities?	Yes		The Company is an OEM/ODM manufacturer, manufacturing TV sets, notebooks, cell phones and electronics for top brands. There is a dedicated unit responsible for every step in the production process such as product development and design, shippings, and maintenance and service. Once customers have launched their products, the Company will continue to support them with services and parts until the product no longer requires after-sale responsibilities. Customers are given the option to visit Compal's website, click on Stakeholder Communication Area and leave messages using an exclusive link; these messages will then be handled by the appropriate departments.	No deviations were found
7. Has the company complied with laws and international standards with regards to the marketing and labeling of products and services?	Yes		The Company is an OEM/ODM. It manufactures TV sets, notebooks, cell phones and electronics for the world's top brands. All products are printed with customers' trademarks, names, and labeling that conform with relevant laws and international guidelines; however, the Company does not print its own logos or names on the products it produces.	No deviations were found
8. Does the company evaluate suppliers' environmental and social conducts before commencing business relationships?	Yes		The Company requests all its suppliers to fulfill their responsibilities with respect to the environment, labor, management, and ethics. Furthermore, the Company also demands its suppliers to sign and comply with EICC [®] (Electronics Industry Supply Chain Code of Conduct) and evaluates suppliers' performance by their contribution to corporate social responsibilities.	No deviations were found
9. Is the company entitled to terminate supply agreement at any time with a major supplier, if the supplier is found to have violated its corporate social responsibilities and caused significant impacts against the environment or the society?	Yes		The Company requires all major suppliers to comply with local regulations and fulfill their duties to the environment and the society. They are demanded to immediately rectify any violations found to ensure the business relationship with the Company. The Company's standard procurement contract specifically requires suppliers to comply with EICC [®] (Electronics Industry Supply Chain Code of Conduct) and environmental protection laws. The contract empowers the Company to terminate procurement relationship with any supplier that is found to have violated the above rules.	No deviations were found
IV. Enhanced information disclosure				
1. Has the company disclosed relevant and reliable CSR	Yes		A "CSR" section is created on the Company's website to disclose information in different categories. A "News" section is also available on the home page where stakeholders are given access to the latest	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
information on its website and at the Market Observation Post System?			information. The Company prepares CSR reports on an annual basis to disclose how it has fulfilled its social responsibilities. This report may be downloaded from the Company's website and from Market Observation Post System (MOPS).	

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

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

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

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

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

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

The Company adopts the green concept right from the design and development stage for all products it manufactures. In addition to making sure that all manufactured products conform with compulsory regulations and voluntary certifications in countries where they are distributed, the Company also takes the initiative in developing talents and technologies in relation to energy-saving issues and thereby keeping up with world's latest trends and challenges. Apart from knowing the latest news in environmental regulations and certifications, Compal also possesses adequate R&D and execution capacity to quickly respond to customers' needs for certification such as IECQ QC 080000, Energy Star, US & EPEAT, US & WW EPEAT, China CECP & CEC, Taiwan Green Mark and Indoor Air Quality Testing & Certification.

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

The Company has been preparing annual CSR reports and disclosing them to stakeholders on its website since 2010. The CSR report was first certified by an external institution in 2012, and later in 2015, the Company adopted Global Reporting Initiative's G4 guidelines (GRI G4, published in 2013) to prepare its CSR report. The 2014 report was compiled based on stakeholders' concerned issues and the Company's key objectives. To ensure the credibility of reported contents, the Company commissioned the SGS to provide independent assurance based on the criteria specified in AA 1000 AS and GRI G4. After their assurance, the report was certified to meet AA1000 AS Assurance Standard Type 2, mid-level accountability, and GRI G4 application core requirements. The Company was awarded a Bronze Award by Taiwan Institute for Sustainable Energy in two consecutive years during its "Taiwan Corporate Sustainability Report Award."

3.3.6 Ethical Corporate Management

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
I. Establishment of integrity policies and solutions				
1. Has the company stated in its Memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	Yes		The Company has clearly outlined the procedures for ethical management and guidelines for conduct in its HR policies, social responsibility policies, the integrity principles and code of conduct for directors, supervisors, managers, and the general code of conduct. The Board of Directors and the management have committed themselves to business integrity. The Company’s “Board of Directors Meeting Guidelines” contain a conflicting interest clause that requires directors to disassociate from all discussion and voting of any agenda that poses a conflict of interest between the Company and themselves or the entities they represent.	No deviations were found
2. Does the company have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?	Yes		The Company has established the “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behaviors” (hereinafter, “Procedures and Behaviors”) as an incentive to insiders and outsiders to report unethical or unseemly conduct. Any insider who makes a false report or a malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned have substance. This Company has appointed a contact person, and has established a hotline and mailbox that can be used either through the Intranet of the company website. Any person involved in unethical conduct will be referred to an authorized department and processed according to the “Business Integrity Procedures and Behaviors”.	No deviations were found
3. Has the company taken steps to prevent occurrences listed in Article 7, Paragraph 2 of “Ethical Corporate Management Best Practice	Yes		The Company’s “Business Integrity Procedures and Behaviors” govern the following <ul style="list-style-type: none"> • Prohibition against offering and acceptance of improper gains • Prohibition against lobbying • Prohibition against illegal political donations • Prohibition against improper donations or sponsorships • Prohibition against inappropriate gifts, treatments and illegitimate benefits 	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
Principles for TWSE/TPEX-Listed Companies” or business conducts that are prone to integrity risks?			<ul style="list-style-type: none"> • Prohibition against unfair competition • Prohibition against leakage of commercial secrets and infringement of intellectual property rights • Prohibition against insider trading and rules of confidentiality Furthermore, the “Information Security Policy” has introduced measures to prevent violation of commercial secrets.	
II. Integrity actions				
1. Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	Yes		The Company requires all suppliers to sign commitments to EICC [®] (Electronic Industry Citizenship Coalition), which binds them to local regulations on workers’, environment, safety, health, management, and moral conducts, and prevents them against corruptive and unethical behaviors.	No deviations were found
2. Does the company have a unit that specializes (or is involved) in business integrity? Does this unit report its progress to the board of directors on a regular basis?	Yes		The Company has assigned Human Resources, Administrative management, the Business Investment Management and Legal Groups as authorities to handle Company ethical matters. They set the guidelines together and the audit group monitors and reports to the Board of Directors on a regular basis.	No deviations were found
3. Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	Yes		The Company has established the “Ethical Corporate Management Best Practice Principles” and “Business Integrity Procedures and Behaviors” (hereinafter, “Procedures and Behaviors”); a Company director, officer or other stakeholder attending, or present at a board meeting, or a juristic representative whose presence infers a likelihood that company interests might be prejudiced, may not participate in a discussion or vote on that proposal, shall recuse themselves from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in any inappropriate manner. If, in the course of conducting company business, an employee of this Corporation discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents,	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
			<p>children, or a person with whom they have a relationship of interest is likely to obtain improper benefit, the matter shall be reported to their immediate supervisor and the responsible unit, and the supervisor shall provide the employee with the proper instructions.</p> <p>No employee of this Corporation may use company resources for commercial activities other than those of this Corporation, nor may his or her job performance be affected by involvement in commercial activities other than those of this Corporation.</p> <p>The Company's HR policy and employee code of conduct have introduced rules to identify, supervise and manage conflicts of interest for business activities that are more highly prone to dishonest behaviors. There are channels in place for directors, supervisors, managers, stakeholders, and board meeting participants to state their conflicting interests with the Company.</p> <p>To prevent leakage of material non-public information, the Company has established "CO10 Insider Trading Prevention Management" as part of its internal control and demanded strict compliance from directors, supervisors, managers, employees, and any party that gains knowledge to the Company's material non-public information whether because of their identity, job responsibility or controlling relationships.</p>	
4. Has the company implemented effective accounting and internal control systems for the purpose of maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?	Yes		<p>The Company has set "Ethical Corporate Management Best Practice Principles" and focuses on creating an effective accounting system and internal control system to avoid high-risk or unethical business activities and the use of external or secret accounts. Self-evaluation is done on a regular basis to make sure the design and execution of the system is effective.</p> <p>The Company's internal audit unit oversees compliance of the system and prepares routine audit reports for the Board of Directors.</p>	No deviations were found
5. Does the company organize internal or external training on a regular basis to maintain business integrity?	Yes		<p>The Company organizes training courses in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the board-approved "Insider Trading Prevention Principles." Insider training prevention courses are organized for vice president-grade employees and above, while general employees are subjected to training on ethical behaviors on a yearly basis.</p>	No deviations were found

Assessment criteria	Actual governance			Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary description	
III. Implementation of whistleblowing system				
1. Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?	Yes		The Company has mailboxes in place to receive malpractice reports from within or outside the Company. Once a report has been sent to the mailbox, it will be referred to the appropriate department and personnel depending on the nature of the underlying issue. The identity of the informer and details of the report will be kept confidential, and may involve internal auditors if the situation requires it.	No deviations were found
2. Has the company implemented any standard procedures or confidentiality measures for handling reported malpractices?	Yes		The Company has specifically instructed case handlers to strictly follow procedures when building, assigning and investigating cases, and to exercise discretion during the investigation process.	No deviations were found
3. Does the company assure malpractice reporters that they will not be mistreated for making such reports?	Yes		The Company has confidentiality procedures built into its management policies and employee code of conduct to protect informers and investigators from improper treatments or retaliation.	No deviations were found
IV Enhanced information disclosure				
1. Has the company disclosed its integrity principles and progress onto its website and MOPS?	Yes		The Company has disclosed corporate governance and business integrity matters and updated the progress of such efforts in its annual reports, CSR reports and “Investor Relations-corporate governance” and “CSR” sections of its website.	No deviations were found
V	If the company has established business integrity policies in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies,” please describe its current practices and any deviations from the Best Practice Principles: The Company’s “Business Integrity Principles” and “Business Integrity Procedures and Behaviors” have been passed by the Board of Directors and disclosed at the Company’s website and MOPS. A specialized unit will be empowered to enforce these policies and ensure employees’ compliance.			

Assessment criteria	Actual governance		Summary description	Deviation and causes of deviation from Integrity Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
VI. Other information relevant to understanding the company's business integrity (e.g. reviews over business integrity principles): Courses have been introduced to the e-Learning system so that employees are made aware of the Company's "Business Integrity Principles" and "Business Integrity Procedures and Behaviors."				

3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company's website.

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

- Articles of Incorporation
- Rules of Procedure for Shareholders' Meetings
- Regulations for Election of Directors
- Board of Directors Meeting Guidelines
- Audit Committee Procedures
- Remuneration Committee Procedures
- Corporate Governance Best-Practice Principles
- The Responsibilities and Rules for Independent Directors
- Code of Conduct for Directors and Managers
- Code of Conduct for Employee
- Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises
- Ethical Corporate Management Best Practice Principles
- Business Integrity Procedures and Behaviors
- Insider Trading Prevention Procedures
- Corporate Social Responsibility Best Practice Principles
- Guidelines for Handling Acquisition and Disposal of Assets
- Derivative Trading Procedures
- Third Party Lending Procedures
- Endorsement and Guarantee Procedures

3.3.8 Other Important Information Regarding Corporate Governance

Please refer to the Company's website.

www.compall.com → CSR

- Corporate Sustainability and Social Responsibility
- Environmental Protection
- Public Welfare and Feedback
- Labor Rights
- Corporate Sustainability and Social Responsibility Report
- Vision and mission as a member of the "Electronics Industry Citizenship Coalition"
- Compal values the leverage benefit with our core partners stakeholders and suppliers

www.compall.com → Stakeholder Communication Area

- Issues of Concern
- Employee Relations
- Customer Relations
- Supplier Relations
- Investor Relations
- Other Affiliates

3.3.9 Internal Control Systems

Compal Electronics, Inc.
Statement of the Internal Control System

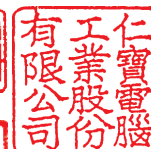
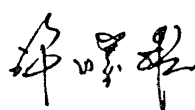
Date: February 24 2016

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system for the year of 2015:

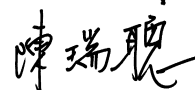
1. The Company is fully aware that the establishment, operation, and maintenance of an internal control system is the responsibility of the Board of Directors and management. The Company has established such a system. It is aimed at providing reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations (including profitability, performance, and the safeguard of assets); Reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with all the applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, it can only provide some reasonable assurance of the accomplishment of the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of the Company contains self-monitoring mechanisms, and corrective action is taken whenever a deficiency is identified.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control System by Public Companies” (herein below, the “Regulations”). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that, on December 31 2015, its internal control system (including the supervision and management of subsidiaries), as well as internal controls to monitor the effectiveness of its own objectives concerning operational effectiveness and efficiency, reliability, timeliness, transparency, and regulatory compliance in reporting, and compliance with applicable laws and regulations, were effective in design and operation, and provided reasonable assurance that the above-stated objectives would be achieved.
6. This Statement will be an integral part of the Company’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality of content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors at a meeting held on February 24, 2016, with 0 of the 15 attending directors expressing dissenting opinions, the remainder all affirmed the content of this Statement.

Compal Electronics, Inc.

Chairman:



President:



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

3.3.11 Major Resolutions Made in Shareholders' Meeting and Board Meetings

1. Shareholders' meeting

■ Time: 9 am, June 26, 2015 (Friday)

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

■ Major resolutions:

- (1) Ratified the Financial Statement for the year 2014.
- (2) Ratified the Distribution of Earnings for the year 2014.
- (3) Approved the proposal of cash distribution from capital surplus.
- (4) Approved amendments to the Company's Articles of Incorporation.
- (5) Approved the proposal to partially amend the Election of Directors and Supervisors.
- (6) Election of 12th Board of Directors.
 - Elected directors include 12 members as follows: Sheng-Hsiun Hsu, Jui-Tsung Chen, Wen-Being Hsu, Kinpo Electronics Inc., Charng-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, Wen-Chung Shen, Yung-Ching Chang, Chung-Pin Wong, Chiung-Chi Hsu, and Chao-Cheng Chen.
 - Elected independent directors include three members as follows: Min Chih Hsuan, Duei Tsai and Duh Kung Tsai.
- (7) Resolved to remove non-competition for directors.
- (8) Approved the proposal to partially amend the Guidelines for Handling Acquisition and Disposal of Assets.
- (9) Approved the proposal to partially amend the "Procedures for the Handling of Derivatives Trading".
- (10) Approved the proposal to partially amend the "Endorsement and Guarantee Procedures".
- (11) Approved the proposal to partially amend the "Third Party Lending Procedures".

■ Post-meeting execution:

- (1) The Articles of Incorporation and election of 12th Board of Directors were approved and registered on file by the Ministry of Economic Affairs on July 17, 2015.
 - (2) The 2015 distribution of cash dividend and capital reserve are summarized as followed:
 - The adjustment of the dividend ratio and the ratio of cash distributed from capital reserve results from cancellation of new restricted employee shares because the criteria were not met by the intended employees and the impact on outstanding shares is as follows:
 - Cash dividend: Initial 1 per share, adjusted to \$1.00002258 per share.
 - Cash distributed from capital reserve: Original \$0.5/share, adjusted to \$0.50001129/share.
- Ex-dividend date: August 12, 2015.
Declaration date: September 3, 2015.

2. Board meetings

Date	Major resolutions
2015.1.22	<ol style="list-style-type: none"> 1. Approve of management changes. 2. Approved new share issue through the employee warrant. 3. Approved the issuance of new shares of the first 2014 restricted employee shares. 4. Approved the financing of Compal subsidiaries through the issue of a Company Letter of Support. 5. Approved of the Company's financing authorization from the financial institute.
2015.2.26	<ol style="list-style-type: none"> 1. Resolved to amend 2014 appropriation rate and amount of director and supervisor compensation. 2. Approved to the distribution of the first 2015 mid-year bonus (Dragon Boat Festival). 3. Approved of 2015 compensation adjustments. 4. Approved of 2014 consolidated and individual financial statements. 5. Approved of 2014 operation report. 6. Approved of 2015 operation plan. 7. Approved for 2014 distribution of earnings. 8. Approved of cash distributed from capital reserve. 9. Approved of the evaluation of the independence and suitability of the Company's CPA. 10. Approved of 2014 Statement of Internal Control System. 11. Approved of the call of 2015 shareholders' meeting. 12. Approved Company financial authorization from the financial institute.
2015.4.7	<ol style="list-style-type: none"> 1. Approved of the election of 12th Board of Directors. 2. Approved of the nomination of the 12th Board of Directors candidates and their qualifications. 3. Approved for the loan to Henghao Technology Co., Ltd. 4. Approved the financing of Compal subsidiaries through the issue of a Company Letter of Support. 5. Approved of the Company's financing authorization from the financial institute.
2015.5.11	<ol style="list-style-type: none"> 1. Approved of the proposal to partially amend the Articles of Incorporation. 2. Approved the proposal to partially amend the Guidelines for Handling Acquisition and Disposal of Assets. 3. Approved the proposal to partially amend the Procedures for the Handling of Derivatives Trading. 4. Approved of the proposal to partially amend the Endorsement and Guarantee Procedures. 5. Approved of the proposal to partially amend the Third Party Lending Procedures. 6. Approved the proposal to partially amend the Election of Directors and Supervisors. 7. Approved of the qualifications of the candidates of the 12th Board of Directors. 8. Resolved to remove the non-competition on directors and managers. 9. Resolved to establish CSR policy. 10. Resolved to establish Procedures for Business Integrity Procedures and Behavior. 11. Resolved to appropriate 2015 employee bonus ratio and directors and supervisors compensation. 12. Investment in Rayonnant Technology Co Ltd. 13. Approved the Guidance of the second "2014 restricted employee warrant shares". 14. Approved of the Company's financing authorization from the financial institute.
2015.7.9	<ol style="list-style-type: none"> 1. Approved the appointment of the general manager. 2. Approved the change of managers. 3. Approved the appointment of members of the Remuneration Committee. 4. Approved the proposal to partially amend the Audit Committee Procedures. 5. Approved the proposal to partially amend the Remuneration Committee Procedures. 6. Approved the proposal to partially amend the Board of Directors Meeting Guidelines. 7. Approved the proposal of the 2015 audit plan. 8. Approved the distribution of 2015 cash dividend and capital reserve in cash to shareholders. 9. Approved the financing of re-investment companies through the issue of a Company Letter of Support. 10. Approved the increase of the intermediate term loan limit from the financial institute. 11. Approved the Company's financing authorization from the financial institute.
2015.8.11	<ol style="list-style-type: none"> 1. Approved the appointment of the Chief Accountant.

Date	Major resolutions
	<ol style="list-style-type: none"> 2. Approved the appointment of the Audit Manager. 3. Approved 2014 director and supervisor compensation. 4. Approved the distribution of the second 2014 mid-year bonus (Mid-Autumn Festival). 5. Approved the cancellation of restricted warrant shares to employees who had not met the required conditions. 6. Approved the loan to Henghao Technology Co., Ltd. 7. Approved the proposal to partially amend the Procedures for the Handling of Derivatives Trading. 8. Approved the proposal to partially amend the Internal Control System. 9. Approved the proposal to partially amend the Procedures for the Internal Control Self-Evaluation System. 10. Approved the proposal to partially amend Guidance for the Internal Audit. 11. Approved the proposal to partially amend the Corporate Governance Best-Practice Principles. 12. Approved the proposal to partially amend the Code of Conduct for Directors, Supervisors and Officers. 13. Approved the proposal to partially amend the Code of Conduct. 14. Approved the proposal to partially amend the Ethical Corporate Management Best Practice Principles. 15. Approved the proposal to partially amend the Business Integrity Procedures and Behaviors. 16. Approved the financing of the re-investment company through the issue of a Company Letter of Support. 17. Approved the Company financing authorization from the financial institute.
2015.11.12	<ol style="list-style-type: none"> 1. Approve of management changes. 2. Approved the 2014 employee bonus. 3. Approved the 2015 year-end bonus (estimated). 4. Approved the cancellation of restricted employee warrant shares where conditions had not been met by the intended employee. 5. Approved the proposal to partially amend the Board of Directors Meeting Guidelines. 6. Approved the proposal to partially amend the Procedures of Application to Suspend and Resume Trading. 7. Approved the proposal of the 2016 audit plan. 8. Approved for the financing of re-investment company through the issuance of the Company's Letter of Support. 9. Approved the Company financing authorization from the financial institute.
2016.2.24	<ol style="list-style-type: none"> 1. Approve of management changes. 2. Approved the proposal to partially amend the Articles of Incorporation. 3. Approved the proposal to partially amend the 2015 Statement of the Internal Control System. 4. Approved the cancellation of restricted employee warrant shares where conditions had not been met by the intended employee. 5. Approved Company financing authorization from the financial institute.
2016.3.30	<ol style="list-style-type: none"> 1. Approved the 2015 employee, director, and supervisor compensation. 2. Approved the distribution of the first 2016 mid-year bonus (Dragon Boat Festival). 3. Approved salary adjustment. 4. Approved the 2015 consolidated and individual financial statements. 5. Approved the evaluation of the independence and suitability of the Company CPA. 6. Approved the call for the 2016 shareholder's meeting. 7. Approved the 2016 CSR goal. 8. Approved Company financing authorization from the financial institute.
2016.5.11	<ol style="list-style-type: none"> 1. Approved the appointment of the manager. 2. Approved the change of CPA. 3. Approved the evaluation of the independence and suitability of the Company CPA. 4. Approved the 2015 operation report. 5. Approved the 2016 operation plan.

Date	Major resolutions
	6. Approved the 2015 distribution of earnings. 7. Approved capital surplus to shareholders. 8. Approved the proposal to partially amend the Articles of Incorporation. 9. Resolved to remove non-competition for directors and managers. 10. Approved the 2016 appropriation of directors and employees compensation ratio. 11. Approved the cancellation of restricted employee warrant shares where conditions had not been met by the intended employee. 12. Approved and authorized the re-investment company to name after Compal. 13. Approved Company financing authorization from the financial institute.

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

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

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
KPMG	Kuo, Kuan Ying	Lo, Jui Lan	2015.01.01~2015.12.31	

Unit: NT\$ thousands

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000				
2	NT\$2,000,000 ~ NT\$4,000,000			3,735	3,735
3	NT\$4,000,000 ~ NT\$6,000,000				
4	NT\$6,000,000 ~ NT\$8,000,000				
5	NT\$8,000,000 ~ NT\$10,000,000				
6	Over NT\$100,000,000		11,780		11,780

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

Unit: NT\$ thousands

Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	Kuo, Kuan Ying	11,780	-	233	-	3,502	3,735	2015.01.01~2015.12.31	
	Lo, Jui Lan								

Note: Other non-audit fees: Transfer pricing report of \$525,000, tax consultation of \$2,815,000, and Review of the application of the new restricted employee warrant shares of \$162,000.

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

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

3.4.2 Replacement of CPA: None.

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

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

Unit: shares

Title	Name	2015		Up till April 26, 2016	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Chairman	Sheng-Hsiun Hsu	0	0	0	0
Director and President	Jui-Tsung Chen	0	0	0	0
Director	Wen-Being Hsu	0	0	0	0
Director	Kinpo Electronics, Inc.	0	0	0	0
Director	Representative: Shyh-Yong Shen	0	0	0	0
	Charng-Chyi Ko	0	0	0	0
Director	Sheng-Chieh Hsu	0	650,000	0	0
Director	Yen-Chia Chou	0	2,224,000	0	0
Director and Executive Vice President	Wen-Chung Shen	(800,000)	0	0	0
Director and Executive Vice President	Yung-Ching Chang	(540,000)	0	(99,000)	0
Director and Executive Vice President	Chung-Pin Wong	0	0	0	0
Director	Chiung-Chi Hsu	0	0	0	0
Director and Executive Vice President	Chao-Cheng Chen	(3,000,000)	0	0	0
Independent Director	Min Chih Hsuan	0	0	0	0
Independent Director	Duei Tsai	0	0	0	0
Independent Director	Duh Kung Tsai	0	0	0	0
Vice Chairman and Senior Advisor	Medica, John Kevin	(1,530,000)	0	-	-
Director	Sean Martin Maloney	0	0	-	-
Executive Vice President	Chen-Chang Hsu	0	0	0	0
Senior Vice President	Chun-De Shen	0	0	0	0
Senior Vice President	Kuo-Chuan Chen	0	0	0	0
Senior Vice President	Pei-Yuan Chen	0	0	0	0
Senior Vice President	Chiu-Rui Wei	(220,000)	0	(20,000)	0
Senior Vice President	Ying Chang	0	0	0	0
Senior Vice President	Ming-Hsing Hsu	0	0	0	0
Senior Vice President	Sheng-Hua Peng	0	0	0	0
Senior Vice President	Wen-Da Hsu	(27,000)	0	0	0
Senior Vice President	Wei-Cheng Chen	(10,000)	0	0	0
Senior Vice President	Ming-Chih Chang	-	-	1,900,000	0
Vice President	Chih-Chuan Cheng	0	0	0	0
Vice President and head of finance	Ching-Hsiung Lu	(19,000)	0	0	0
Vice President	Shih-Tung Wang	0	0	0	0
Vice President	Bo-Hsiung Chang	0	0	0	0
Vice President	Tian-Yuan Tsai	0	0	0	0

Title	Name	2015		Up till April 26, 2016	
		Shares held Increase (Decrease)	Shares pledged Increase (Decrease)	Shares held Increase (Decrease)	Shares pledged Increase (Decrease)
Vice President	Bo-Tang Wang	0	0	0	0
Vice President	Hsi-Kuan Chen	0	0	0	0
Vice President	Zong-Ming Wang	(20,000)	0	(10,000)	0
Vice President	Fu-Chuan Chang	(10,000)	0	0	0
Vice President	Chi-Hsiang Ma	(20,000)	0	(30,000)	0
Vice President	Yung-Nan Chang	0	0	0	0
Vice President	Sheng-Hung Li	(36,000)	0	0	0
Vice President	Yung-He Su	0	0	0	0
Vice President	Ming-Hsiang Kan	0	0	0	0
Vice President	Chih-Hsien Liang	0	0	0	0
Vice President	Lung-Hua Shen	0	0	0	0
Vice President	Ming-Dong Weng	0	0	0	0
Vice President	Yue-Chun Li	0	0	0	0
Vice President	Chiao-Lieh Huang	(380,000)	0	0	0
Vice President	Chung-Hsing Tan	(280,000)	0	0	0
Vice President	Yi-Yun Chang	(190,000)	0	0	0
Vice President	Hsin-Kung Mao	0	0	0	0
Vice President	Ling-Sheng Wu	(15,000)	0	0	0
Vice President	Hsin-Hsiung Huang	0	0	0	0
Senior Vice President	Shih-Hung Huang	-	-	0	0
Senior Vice President	Yi-Chiang Chiu	-	-	0	0
Vice President	Ching-Fa Li	-	-	0	0
Vice President	Bo-Heng Chen	-	-	0	0
Vice President	Jui-Chun Hsu	-	-	-	-
Head of Audit	Bo-Wen Hsieh	0	0	0	0
Vice President	Ming-Sung Lin	0	0	-	-
Vice President	Meng-Hsiung Nieh	0	0	-	-
Vice President	Chin-Wen Liao	0	0	0	0

Note: 1. The Company elected three independent directors and replaced the supervisors with an Audit Committee after the 2015 shareholders' meeting resolution. The original supervisors: Chang-Chyi Ko, Sheng-Chieh Hsu, Yen-Chia Chou, and directors Medica, John Kevin, and Sean Martin Maloney resigned in June 26, 2015.

2. In 2015, the following three persons Medica, John Kevin, Senior Advisor, Ming-Sung Lin, Vice President and Meng-Hsiung Nieh, Vice President, left the Company. In 2016, the following five, Ming-Chih Chang, Senior Vice President; Shih-Hung Huang, Vice President; Yi-Chiang Chiu, Vice President; Ching-Fa Li, Vice President and Bo-Heng Chen, Vice President, were called back or promoted. Jui-Chun Hsu, Vice President took office and Chin-Wen Liao, Vice President resigned.

3.5.1 Shares Trading with Related Parties: None

3.5.2 Shares Pledge with Related Parties: None

3.6 Relationship among the Top Ten Shareholders

April 26, 2016

Unit: shares

Name	Self Shares held		Shareholdings of spouse and underage children		Total shares held in the names of others Shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders.	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship
Kinpo Electronics Inc.	151,628,692	3.39%	-	-	0	0%	N/A	N/A
Representative: Sheng-Hsiun Hsu	17,775,401	0.40%	30,107,025	0.67%	0	0%		
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency	101,054,000	2.26%	-	-	0	0%	N/A	N/A
Deutsch Bank N.A. Taipei Branch in custody for First Japan Bank and Trust for EastSpring Investments Asia-Pacific High Dividend Yield Parent Fund	84,327,000	1.89%	-	-	0	0%	N/A	N/A
Standard Chartered in custody for America GMO Emerging Markets Fund	76,430,111	1.71%	-	-	0	0%	N/A	N/A
Standard Chartered in custody for Fidelity Puritan Fund: Fidelity Low-Priced Stock Fund	72,000,000	1.61%	-	-	0	0%	N/A	N/A
Citi (Taiwan) Commercial Bank in custody for Dimensional Emerging Markets Value Fund	69,793,333	1.56%	-	-	0	0%	N/A	N/A
Citi (Taiwan) Commercial Bank in custody for Government of Singapore	69,657,548	1.56%	-	-	0	0%	N/A	N/A

Name	Self Shares held		Shareholdings of spouse and underage children		Total shares held in the names of others Shares held		Spouse, relative of second degree or closer, and relationships among top 10 shareholders.	
	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Shares	Shareholding Percentage	Name	Relationship
Standard Chartered in custody for Vanguard Stock Index Fund	67,174,629	1.50%	-	-	0	0%	N/A	N/A
FuBon Insurance	64,200,991	1.44%	-	-	0	0%	N/A	N/A
Representative: Ben-Yuan Zhang	0	0%	0	0%	0	0%		
HSBC in custody for Puxin insurance Co.	61,109,000	1.37%	-	-	0	0%	N/A	N/A

3.7 Ownership of Shares in Affiliated Enterprises

December 31, 2015

Unit: shares; %

Investees (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Arcadyan Technology Corp.	41,304,504	21.84	27,260,648	14.41	68,565,152	36.25
Panpal Technology Corp.	500,000,000	100.00	-	-	500,000,000	100.00
Henghao Technology Co., Ltd.	317,310,462	96.98	-	-	317,310,462	96.98
Zhaopal Investment Co., Ltd.	200,100,000	100.00	-	-	200,100,000	100.00
Yongpal Investment Co., Ltd.	175,100,000	100.00	-	-	175,100,000	100.00
Hong Ji Capital Co., Ltd.	100,000,000	100.00	-	-	100,000,000	100.00
Gempal Technology Corp.	90,000,000	100.00	-	-	90,000,000	100.00
Kaipal Investment Co., Ltd.	75,100,000	100.00	-	-	75,100,000	100.00
Hong Jin Investment Co., Ltd.	29,500,000	100.00	-	-	29,500,000	100.00
Rayonnant Technology Holdings Limited	29,500,000	100.00	-	-	29,500,000	100.00
Compal Broadband Networks, Inc.	16,953,810	51.37	15,649,670	47.42	32,603,810	98.79
Crownpo Technology Inc.	3,738,668	33.23	6,243,790	55.49	9,982,458	88.72
Kinpo Group Management Consultant Company	300,000	37.50	300,000	37.50	600,000	75.00
Allied Circuit Co., Ltd.	10,157,730	20.42	8,197,152	16.47	18,354,882	36.89
Infinno Technology Corp.	10,983,719	41.03	-	-	10,983,719	41.03
Lead-Honor Optronics Co., Ltd.	2,772,000	42.00	-	-	2,772,000	42.00
Accesstek Inc.	899,160	27.78	319,707	9.88	1,218,867	37.66
Maxima Ventures I, Inc.	126,000	22.55	1,080	0.46	127,080	23.01
Ripal Optoelectronics Co., Ltd.	6,000,000	100.00	-	-	6,000,000	100.00
Core Profit Holdings Ltd.	147,000,000	100.00	-	-	147,000,000	100.00
Flight Global Holding Inc.	89,755,495	100.00	-	-	89,755,495	100.00
Just International Ltd.	48,010,000	100.00	-	-	48,010,000	100.00
High Shine Industrial Corp.	42,700,000	100.00	-	-	42,700,000	100.00
Compal International Holding Co., Ltd.	46,901,000	100.00	-	-	46,901,000	100.00
Big Chance International Co., Ltd.	90,820,000	100.00	-	-	90,820,000	100.00
Compal Rayonnant Holdings Limited	12,500,000	100.00	-	-	12,500,000	100.00
Auscom Engineering Inc.	3,000,000	100.00	-	-	3,000,000	100.00
Lipo Holding Co., Ltd.	98,000	49.00	102,000	51.00	200,000	100.00

Investees (Note 1)	Invested by the Company		Held by directors, supervisors, managers, and directly/indirectly controlled entities		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Compal Europe (Poland) Sp. z o.o.	136,080	100.00	-	-	136,080	100.00
Bizcom Electronics, Inc.	100,000	100.00	-	-	100,000	100.00
Compal Electronics (Holding) Ltd.	1,000	100.00	-	-	1,000	100.00
Ascendant Private Equity Investment Ltd.	31,253,125	34.72	37,250,000	41.39	68,503,125	76.11
Gallery Management Ltd.	3,828,577	41.12	-	-	3,828,577	41.12
Compalead Electronics B.V.	6,426,516	100.00	-	-	5,030,000	100.00
Etrade Management Co., Ltd.	46,900,000	100.00	-	-	46,900,000	100.00
Webtek Technology Co., Ltd.	100,000	100.00	-	-	100,000	100.00
Forever Young Technology Inc.	50,000	100.00	-	-	50,000	100.00
Unicom Global, Inc.	10,000,000	100.00	-	-	10,000,000	100.00
Huang Feng Communication Co., Ltd.	10,000,000	100.00	-	-	10,000,000	100.00
Avalue Technology Inc.	14,560,070	21.31	701,000	1.03	15,261,070	22.34
Mactech Co., Ltd.	21,756,192	52.88	274,954	0.67	22,031,146	53.55
General life Biotechnology Co., Ltd.	15,000,000	50.00	-	-	15,000,000	50.00

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

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

May 11, 2016

Year	Month	Issuance Price	Authorized capital		Paid-up capital		Remarks		
			Shares	Amount (NTD)	Shares	Amount (NTD)	Source of capital	Paid in properties other than cash	Others
2013	9	10	6,000,000,000	60,000,000,000	4,412,791,725	44,127,917,250	Exercise of employee warrants totaling NTD 1,391,000	N/A	Change of capital approved by the Ministry of Economic Affairs on October 21, 2013
2013	11	10	6,000,000,000	60,000,000,000	4,413,154,825	44,131,548,250	Exercise of employee warrants totaling NTD 3,631,000	N/A	Change of capital approved by the Ministry of Economic Affairs on December 17, 2013
2014	2	10	6,000,000,000	60,000,000,000	4,413,624,425	44,136,244,250	Exercise of employee warrants totaling NTD 4,696,000	N/A	Change of capital approved by the Ministry of Economic Affairs on March 5, 2014
2014	5	10	6,000,000,000	60,000,000,000	4,413,851,825	44,138,518,250	Exercise of employee warrants totaling NTD 2,274,000	N/A	Change of capital approved by the Ministry of Economic Affairs on May 26, 2014
2014	8	10	6,000,000,000	60,000,000,000	4,416,128,625	44,161,286,250	Exercise of employee warrants totaling NTD 22,768,000	N/A	Change of capital approved by the Ministry of Economic Affairs on August 29, 2014
2014	11	10	6,000,000,000	60,000,000,000	4,421,210,025	44,212,100,250	Exercise of employee warrants totaling NTD 50,814,000	N/A	Change of capital approved by the Ministry of Economic Affairs on December 8, 2014
2015	1	10	6,000,000,000	60,000,000,000	4,423,236,625	44,232,366,250	Exercise of employee warrants totaling NTD 20,266,000	N/A	Change of capital approved by the Ministry of Economic Affairs on February 10, 2015
2015	2	10	6,000,000,000	60,000,000,000	4,472,596,625	44,725,966,250	Issuance of employees' restricted shares NTD493,600,000	N/A	Change of capital approved by the Ministry of Economic Affairs on March 23, 2015
2015	8	10	6,000,000,000	60,000,000,000	4,472,196,625	44,721,966,250	Cancellation of Restricted Employee Shares of \$4,000,000	N/A	Change of capital approved by the Ministry of Economic Affairs on September 2, 2015
2015	9	10	6,000,000,000	60,000,000,000	4,471,126,625	44,711,266,250	Cancellation of Restricted Employee Shares of \$10,700,000	N/A	Change of capital approved by the Ministry of Economic Affairs on December 11, 2015
105	2	10	6,000,000,000	60,000,000,000	4,470,636,625	44,706,366,250	Cancellation of Restricted Employee Shares of \$4,900,000	N/A	Change of capital approved by the Ministry of Economic Affairs on March 14, 2016

Share Type	Authorized capital			Remarks
	Outstanding shares (public listed)	Unissued shares	Total	
Ordinary shares	4,470,636,625(Note)	1,529,363,375	6,000,000,000	Approved to include 100,000,000 shares of employees shares and corporate bonds with warrant in capital.

Note: Unconcealed restricted employee shares (RSA) are 150, 000 shares.

■ Shelf registration system information: None

4.1.2 Status of Shareholders

As of 4/26/2016

Item	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury stocks	Total
Number of Shareholders	3	52	251	1,003	162,408	1	163,718
Shareholding (shares)	8	302,805,115	350,914,612	2,356,919,232	1,416,031,658	43,966,000	4,470,636,625
Percentage	0.00%	6.77%	7.85%	52.73%	31.67%	0.98%	100.00%

4.1.3 Share Ownership Distribution

As of 4/26/2016

Range of Shareholding (Unit: Shares)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	51,812	10,239,882	0.23%
1,000 ~ 5,000	72,495	165,127,083	3.69%
5,001 ~ 10,000	19,442	139,601,274	3.12%
10,001 ~ 15,000	6,894	82,684,054	1.85%
15,001 ~ 20,000	3,492	62,704,249	1.40%
20,001 ~ 30,000	3,384	83,427,922	1.87%
30,001 ~ 40,000	1,543	54,172,077	1.21%
40,001 ~ 50,000	940	42,989,105	0.96%
50,001 ~ 100,000	1,778	124,592,375	2.79%
100,001 ~ 200,000	854	118,701,365	2.66%
200,001 ~ 400,000	407	113,883,268	2.55%
400,001 ~ 600,000	156	76,766,032	1.72%
600,001 ~ 800,000	88	61,783,918	1.38%
800,001 ~ 1,000,000	55	49,188,160	1.10%
1,000,001 and over	378	3,284,775,861	73.47%
Total	163,718	4,470,636,625	100.00%

4.1.4 List of Major Shareholders

As of 4/26/2016

Shareholder's name	Shares	Number	Percentage (%)
Kinpo Electronics Inc.		151,628,692	3.39%
JPMorgan Chase Bank N.A. Taipei Branch in custody for Saudi Arabian Monetary Agency		101,054,000	2.26%
Deutsch Bank N.A. Taipei Branch in custody for First Japan Bank and Trust for EastSpring Investments Asia-Pacific High Dividend Yield Parent Fund		84,327,000	1.89%
Standard Chartered in custody for America GMO Emerging Markets Fund		76,430,111	1.71%
Standard Chartered in custody for Fidelity Puritan Fund: Fidelity Low-Priced Stock Fund		72,000,000	1.61%
Citi (Taiwan) Commercial Bank in custody for Dimensional Emerging Markets Value Fund		69,793,333	1.56%
Citi (Taiwan) Commercial Bank in custody for Government of Singapore		69,657,548	1.56%
Standard Chartered in custody for Vanguard Stock Index Fund		67,174,629	1.50%
FuBon Insurance		64,200,991	1.44%
HSBC in custody for Puxin insurance Co.		61,109,000	1.37%

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

Measurement		Year		2014	2015	Year-to-date March 31, 2016
Per-share market price	High			30.00	29.30	21.50
	Low			19.40	15.10	16.55
	Average			23.03	22.23	19.21
Per-share net worth (Note 2)	Before dividend			23.42	23.71	23.92
	After dividend			21.88	22.49	-
Earnings per share	Before adjustment	Weighted average outstanding shares		4,312,853,801	4,329,403,194	4,329,403,194
		Earnings per share		1.63	2.01	0.37
	After adjustment	Weighted average outstanding shares		4,312,853,801	4,329,403,194	-
		Earnings per share		1.63	2.01	-
Per-share dividend	Cash dividends			1.50	1.20	-
	Stock dividends	From earnings		-	-	-
		From capital reserves		-	-	-
	Cumulative unpaid dividends			-	-	-
Analysis of investment returns	P/E ratio			14.13	11.06	-
	Price to dividends ratio			15.35	18.53	-
	Cash dividend yield			6.51%	5.40%	-

Note: 1. The 2015 distribution of earning was resolved at the May 11, 2016, Board of Directors' meeting and will be submitted to the 2016 shareholders' meeting for final approval.

2. Starting January 1, 2015, the Company adopted the 2013 version of the International Financial Reporting Standards endorsed by the Financial Supervisory Commission of the ROC. The consolidated financial statement is presented with retrospective adjustments effective as of January 1, 2014.

4.1.6 Dividend Policy and Implementation Status

(1) Dividend Policy

When the Company makes a profit during the year, 10% of annual net income after appropriating income tax expense, offsetting any prior deficit, is to be set aside as legal reserve and a special reserve is set aside or reserved in accordance with the laws and regulations, and an amount less than 2% of the balance is appropriated as remuneration for the directors and supervisors, and more than 2% as an employee bonus. The balance of earning available for distribution is composed of the remainder of the said profit and the retained earnings from prior years. The earnings appropriation, distribution of dividends and bonuses shall be proposed by the Board of Directors and approved at a Shareholders' Meeting. The rest of the unappropriated retained earning shall be reserved.

The company is in a growth period of its life cycle. Therefore, for the consideration of future capital needs and to meet cash flow needs of its shareholders, the Company's distribution of cash dividend, after closing and has distribution of earning, shall not be less than 10% of the total of cash and stock dividends.

Although a dividend ratio has not been set in the Company articles of incorporation, the Company shall not appropriate less than 30% of its income after tax for dividends, after taking into account factors such as the Company capital needs, the capital budget, long term financial plans, domestic and international competition and the interests of the shareholders. The board of directors proposed the distribution of earnings and submitted them to the shareholders' meeting for approval.

As amended by Company Law in May 2015, the employee bonus and directors compensation are no longer part of the distribution of earnings items. The Company will amend the articles of incorporation prior to the deadline as set down by the regulations.

(2) Proposed Distribution of Dividend

- The proposed 2015 distribution of earning of shareholders' dividend in the amount of NTD \$4,426,670,625 will be discussed at the 2016 shareholders' meeting. The aforementioned amount is set to be distributed as an all cash dividend of \$1 per share and incurred capital surplus generated from the excess of the issuance price over the par value of the capital stock in the amount of NTD \$885,334,125, or NTD \$0.2 per share. The total cash distribution amounts to NTD \$5,312,004,750.
- Should the Company decide to buy back/recover outstanding shares, transfer treasury stock to employees, reduce share capital or in any other way alter the number of outstanding shares sometime later, the Board of Directors shall be authorized to adjust the payment rate of cash dividends and cash capital surplus as deemed necessary at its discretion.

(3) Impact to 2015 Business Performance and EPS resulting from Stock Dividend Distribution:
Not Applicable

4.1.7 Employees' and Directors' Compensation

(1) Employees' directors' compensation policies as stated in the Articles of Incorporation

The Company has approved the amendment to "Article of Incorporation" by Borad of Directors, and will submit to discuss in 2016 shareholders' meeting. According to 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. In the event that the Company has accumulated losses, the Company shall reserve an amount to offset accumulated losses. The compensation to employees as mentioned above may be distributed in the form of stock or cash. Employees entitled to receive the said stock or cash may include the employees of the Company's subordinate companies pursuant to the Company Act.

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

- Compensation to directors and employees, as denoted in the Articles of Incorporations, shall be estimated based on income before tax prior to the subtraction of directors and employees compensation during the current year and multiplied by the ratio as denoted in the Article of Incorporation (shall not be more than 2% or less than 2% of the remainder, respectively.)
- If the compensation approved for distribution to employees is to be in the form of common shares, the number of shares is determined by dividing the amount of the compensation by the closing price of the shares on the day preceding the Board of Directors' meeting.
- If the actual amounts differ from the amounts estimated, the differences are recorded as gains/losses in the subsequent year as a change in accounting estimate.

(3) 2015 employees compensation proposal passed by the board of directors

- Accrued directors and employees compensation amount to NTD \$50,233,972 and NTD \$949,980,218, respectively.
- If the estimated distribution amount differs from the amounts estimated in accrued expense, the variance, reason and resolution should be disclosed: No variance.
- The proposed distribution of employee stock compensation, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the individual financial reports for the current period and total employee compensation: Not applicable (no employee stock compensation).

(4) Actual distribution of 2014 employee bonus and directors'/supervisors' remuneration:

- The directors and supervisors compensation is NTD \$49,379,245 and the employee bonus is NTD \$895,790,158.
- The 2014 actual distribution of employee bonus and directors and supervisors compensation was approved at the 2015 shareholders' meeting and remained as proposed by the board of directors.

4.1.8 Buyback of Treasury Stock

May 11, 2016

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

Note:

1. The Company will continue buying back shares even if the share price falls below the specified minimum.
2. Calculations were based on share capital registered with the Ministry of Economic Affairs as at May 11, 2016.

4.2 Bonds: None

4.3 Global Depository Receipts

Details	Date of issue:	
	November 9, 1999	May 21, 2001
Issuance and trading location	Luxembourg	Luxembourg
Total sum issued	USD 122,160,000	USD 174,816,000
Issuance price per unit	USD 15.27	USD 6.07
Number of units issued	8,000,000 units	28,800,000 units
Source of represented securities	Participating shareholder(s): Kinpo Electronics, Inc.	1. Participating shareholder(s): 44,000,000 shares contributed by (1) Kinpo Electronics, Inc. (2) Panpal Technology Corporation (3) Gempal Technology Corporation 2. New cash issue of Compal shares: 1,000,000,000 shares
Quantity of represented securities	40,000,000 ordinary shares of Compal Electronics	144,000,000 ordinary shares of Compal Electronics
GDR holders' rights and obligations	1. Voting rights: According to the terms of the depository agreement and the laws of the Republic of China, the beneficiary certificate holder is entitled to the voting rights of shares represented under the beneficiary certificate. 2. Rights to dividend distribution, share subscription and other rights: Unless otherwise specified in the agreement, the GDR carries identical rights as do ordinary shares	
Trustee	N/A	N/A
Depository bank	The Bank of New York	The Bank of New York
Custodian	Mega International Commercial Bank	Mega International Commercial Bank
Unredeemed balance	3,753,553 units (May 11, 2016)	

Details		Date of issue:	
		November 9, 1999	May 21, 2001
Allocation of expenses incurred at issuance and over the duration		Borne by participating shareholder(s)	
Key terms of the depository and custodian agreements		See descriptions below	
Per Unit Market Price	2015	High	USD \$4.63
		Low	USD \$2.33
		Average	USD \$3.52
	Year-to-date May 11, 2016	High	USD \$3.27
		Low	USD \$2.53
		Average	USD \$2.92

4.4 Employee Warrants: None

4.5 Subscription of New Shares by Employees and Restricted Shares

4.5.1 Issuance of Restricted Employee Shares

May 11, 2016

Type of restricted employee shares	2014 1 st issue New restricted employee shares
Effective date of application	October 30, 2014
Date of issue:	February 25, 2015
Number of new restricted employee shares issued	49,360,000 shares
Issue price	NTD 0 (issued without subscription)
New restricted shares issued as a percentage to total outstanding shares	1.10% (Note)
Criteria of entitlement to restricted employee shares	<ol style="list-style-type: none"> Employees may receive the following percentages of the restricted shares they have been allocated, if they remain employed by the Company after the duration specified below and satisfy their target performance appraisals (i.e. a performance grade of B or higher in the latest year before the duration is due). However, the actual percentage of shares entitled to employees will be subject to the Company's performance criteria, as calculated in Subparagraph 2 of this Paragraph. <ul style="list-style-type: none"> After 2 years: 40% After 3 years: 30% After 4 years: 30% The Company's performance criteria is calculated based on the weighted score of net income and ROE taken from the latest full-year consolidated financial statements before the duration is due. The following performance criteria applies: <ol style="list-style-type: none"> A. Net Income: increase by 10% or more compared to the Company's 3-year average B. Return on equity (ROE): surpass the Company's 3-year average Net income is defined as: "current net profit attributable to parent company shareholders" as shown in audited financial statements; whereas ROE is defined as: "current net profit attributable to parent company shareholders" divided by "equity attributable to parent company shareholders" as shown in audited financial statements. To align the interests of employees who have participated in this program and the interests of shareholders, the two performance indicators above are each assigned a 50% weight. If indicators A and B are both achieved, employees will be entitled to receive the full percentage mentioned in Subparagraph 1 of this Paragraph. If only A or

Type of restricted employee shares	2014 1 st issue New restricted employee shares
	B is achieved, employees will be entitled to receive half the percentage mentioned in Subparagraph 1 of this Paragraph.
Restricted rights to restricted employee shares	<ol style="list-style-type: none"> 1. Employees may not sell, pledge, transfer, gift, charge or in any way dispose the restricted shares for the duration of entitlement. 2. For citizens of the Republic of China, any restricted employee shares received must be placed immediately under the custody of a custodian appointed by the Company. Employees may not request to collect restricted shares for any reason or through any means. For employees of all other nationalities, any restricted employee shares received will be placed under the custody of a custodian bank. 3. Restricted employee shares may be allocated cash and stock dividends for the duration of entitlement. Any cash or stock dividends allocated on restricted shares will be transferred from the custodian account to employees' personal accounts on the date of distribution.
Custody of restricted employee shares	Held in trust
If the criteria of entitlement is not met after employees are allocated or have subscribed to restricted shares	<ol style="list-style-type: none"> 1. Once employees have been allocated restricted shares, the Company may recover and retire restricted shares that have yet to satisfy their criteria of entitlement, or from employees who have committed severe mistakes or violations against their employment contracts or work rules, or from those who have willingly surrendered entitlement of restricted employee shares in writing. 2. The Company may recover allocated but unreceived shares from employees who resign, retire, or are dismissed, made redundant, or decrease for causes unrelated to occupational hazards within 4 years after the date of distribution. 3. The Company will recover (without compensation) allocated shares from employees who violate the terms of issuance before the criteria of entitlement is met. 4. The Company will recover (without compensation) allocated shares that fail to meet the required criteria over the duration of entitlement. In which case, the Company shall instruct the custodian institution or custodian bank to complete book-entry transfers at least 15 business days before the book closure date of any stock dividend/cash dividend/cash issue.
Number of restricted employee shares recovered	2,110,000 shares
Number of restricted shares with restrictions removed	0 shares
Number of restricted shares with restrictions intact	47,250,000 shares
Number of restricted shares with restrictions remaining as a percentage to total outstanding shares (%)	1.06% (Note)
Impacts on shareholders' equity	<p>Possible expenses: A total of 49,360,000 restricted shares have been issued; the issuance price per share is NTD 0. The fair value of shares is measured on the day they are distributed; expenses shall be recognized over the duration of entitlement. If all criteria is met, total expenses of this restricted share scheme should approximate to NTD 1,112,430,000; of which NTD 400,262,000 is recognized in 2015, NTD 411,069,000 in 2016, NTD 206,852,000 in 2017, NTD 89,546,000 in 2018, and NTD 4,701,000 in 2019.</p> <p>Dilution of EPS and other impacts on shareholders' equity: Based on the 4,470,636,625 shares outstanding as at May 11, 2016, the restricted share scheme, once expensed, should dilute earnings per share by NTD 0.09 in 2015, NTD 0.09 in 2016, NTD 0.05 in 2017, NTD 0.02 in 2018, and NTD 0.00 in 2019. This issue produced limited dilutive effects on the Company's EPS, and hence should not cause any significant impacts on shareholders' equity.</p>

Note: Calculations were based on share capital registered with the Ministry of Economic Affairs as at May 11, 2016

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

May 11, 2016

Title	Name	Number of new restricted shares acquired as an employee (shares)	New restricted shares acquired as a percentage to total outstanding shares (Note 1)	Restrictions removed				Restrictions intact			
				Number of restricted shares with restrictions removed (shares)	Issuance Price (NTD)	Issuance Amount (NTD)	Number of restricted shares with restrictions removed as a percentage of total outstanding shares (Note 1)	Number of restricted shares with restrictions intact (shares)	Issuance Price (NTD)	Issuance Amount (NTD)	Number of restricted shares with restrictions intact as a percentage of total outstanding shares (Note 1)
Managers 33 persons (Note 2)		26,500,000	0.59%	0	0	0	0	26,500,000	0	0	0.59%
Employees with top-10 holding 13 persons (Note 3)		3,400,000	0.08%	0	0	0	0	3,400,000	0	0	0.08%

Note:

- Calculations were based on share capital registered with the Ministry of Economic Affairs as at May 11, 2016.
- Managers' titles and names
 - Executive Vice Presidents: Yung-Ching Chang, Chung-Pin Wong, Chao-Cheng Chen - 3 persons
 - Senior Vice Presidents: Chun-De Shen, Chiu-Rui Wei, Ying Chang, Ming-Hsing Hsu, Kuo-Chuan Chen, Sheng-Hua Peng, Wen-Da Hsu, and Wei-Cheng Chen - 8 positions
 - Vice Presidents: Chih-Chuan Cheng, Ching-Hsiung Lu, Bo-Hsiung Chang, Bo-Tang Wang, Zong-Ming Wang, Yung-Nan Chang, Sheng-Hung Li, Yung-He Su, Chih-Hsien Liang, Lung-Hua Shen, Ming-Dong Weng, Yue-Chun Li, Chiao-Lieh Huang, Chung-Hsing Tan, Yi-Yun Chang, Hsin-Kung Mao, Ling-Sheng Wu, Hsin-Hsiung Huang, Yi-Chiang Chiu, Shih-Hung Huang, Ching-Fa Li, Bo-Heng Chen - 22 persons.
- Titles and names of employees with top-10 holding
 - Department heads: Jen-Liang Lin, Hsin-Chih Huang, Yao-Chung Tsai, Cheng-Chiang Wang, Yung-Ching Tien - 5 persons.
 - Deputy department heads: Nai-Ping Chen, Hsin-Shu Wang, Chi-Bin Li, Bo-An Lin, Ji-Nan Chou, Chang-Wen Lin, Chao-Bin Huang, De-Chih Hsia - 8 persons.

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

4.7 Financing Plans and Implementation: None

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

The development, designed, manufacture and sales of Notebook PCs, Ultrabook PCs, 2-in-1 PCs, AIO PCs, Tablet PCs, Server, AE, Smart Home, LCD TVs, LCD Monitor, Public Display, Smart Phone and other Smart Accessory and Wearable Devices.

(2) Revenue distribution

Unit: NTD thousands

Major Divisions	(%) of Total Sales in 2015
5C- related products	99.5%
Other products	0.5%
Total	100.0%

(3) New products development

The development and design of IoT Vertical Solution, EMR and hospital management system, Point of Care management and Smart Garments.

■ Notebook PCs

In terms of laptop system hardware , Compal has been using the most efficient R&D methods and has introduced the latest (sixth generation) Intel Core i3, i5 and i7 series processors, and the AMD central processor, with graphics incorporated in single silicon chip in the development of the APU, and has simultaneously launched a new generation of laptop which is compatible with the Windows 10 operating system, with Compal's specialization in R&D, system integration and manufacturing, we helped our customers rapidly deploy the newest specifications of product lines. In response to the market demand for quality affordable products and slim products, we introduced the competitive priced thin laptop to gain customers' interests. The purchase signal in high-end gaming laptop market has been relatively stable. Gaming laptops have become new ground for brand name companies to gain growth. These companies have been raising investment in the gaming notebook market, and eating up competition on the global gaming laptop market. Compal is very experienced in design and development with many years of gaming laptop OEM. In 2016, the company will follow the market trend and introduce high-end technical specifications, multi-dimensional graphics chips, the Intel sixth generation high-end H series central processor and launch a brand new gaming computer. The aim being to work with those clients who dominate the gaming laptop market. Compal has sustained sophisticated custom design capabilities to gain advantage for its client in the markets of different countries. Especially in the demand of the commercial notebook market, which is less impacted by the economic downturn. Compal also invested considerable energy in R&D, aiming to seize the opportunity in consumer laptop and commercial laptop.

■ Ultrabook PCs

Innovative technology and extensive R&D capabilities allow Compal to maintains a leading position in the industry. Compal produces an ultra-thin notebook (Ultrabook), that uses the latest generation of the Intel industry-leading 15 Watt standard voltage processor. Not only is it slim, light and hard but it has the most excellent performance and allows users to stay productive. More Windows 10 Ultrabooks equipped with standard voltage processors will be launched in 2016. Not only does Compal comply with the new generation

of Intel design specifications, but the Company has also introduced a slimmer design with a lower price to meet the market demand. It maintains the stylish and elegant body but is a more powerful high-performance computer. Compal will also continue to develop newer and more competitive technologies so not only consumers can enjoy the world of Compal's Innovation and variety products, the client can also enter this market quickly.

■2-in-1 PCs

The 2-in-1 laptop is a new concept product with a variety of patterns for Transformers. There is a standard laptop keyboard, but it also has Tablet PC touch flexibility. The screen of the PC is a touch sensing module and in addition the Microsoft Windows 10 operating system is built in. The aim being to attract both regular laptop and tablet consumers. Compal utilizes its rich experience in R&D to put forward a variety of innovative concepts. The 2-in-1 notebooks with a variety of different designs and different sizes, equipped with Compal's exclusive combination of innovative technologies, materials, and fanless design, can create new market demand and unanimous praises from customers and consumers.

■AIO PCs

AIO has been on the market for years. It is an elegant combination of screen and computer with a thin, special shape, and elegant design. The product has replaced the desktop in many households and corporations. Compal has also enhanced the design to allow the AIO to lie flat and also be portable (Portable AIO). Compal possesses the basic NB technology used in the AIO and can rapidly create AIO product lines which have been very well received by clients. We expect to create several more remarkable products following generational changes in the desktop products market.

■Tablet PCs

Compal has long cultivated Desktop PC technology for industrial, commercial and consumer users. We will start to manufacture a series of Desktops both low-priced and at high level as well as 3G/LTB enabled devices to satisfy the needs of our clients and customer support and recognition. We will also extend our product lines to eBooks and provide more competitive solutions for our name brand clients.

■Server

Cloud application has been a growing market. Partial data storage and calculation analytics have shifted to the cloud server in the back-end. In order to meet the demand from both Enterprises and Data Centers, Compal has mastered the R&D of High-density computing power and precision performance management and is able to design and manufacture a high CP value server.

■AE

Car PC consists of the in-car communication system (Telematics) and in-car AV entertainment system. The Telematics has special regulations which involve safety and communication control regulations and we have been long calibrated with car makers to make sure the process in sync. The in-car AV entertainment system framework is very similar to a computer and has been the first step into the car PC market. With years of hard work in the field, Compal has been adopted by several major car makers in the world.

■Smart Home

Smart Home has been developed for many years and has focused on media sharing application. With the era of Internet of Things (IoT), a smart home central control platform will become the key feature in all industries. Compal has entered into the R&D of Home Gateway by using our production design capacity of mobile computers and mobile devices. We've also developed new products and new business lines by cultivating on wireless technology and sensor network technology, integrating background cloud computing services, and focusing on smart energy saving, smart safety, and smart home care. In the future, Compal will also depend on various areas of the internet, using our core technical and gradually expanding the depth and breadth of products, to look for a relatively niche market and expand product coverages.

■IoT Vertical Solution

Vertical Solution has been one of the key demands in the development of the IoT. A wide range of applications, both software and hardware, coupled with customized design services based on client demand satisfy the needs of smart cities, industry 4.0, smarter buildings, smart retail and smart medicine. B2B customer demand accounts for a high proportion of current IoT and also brings Compal a more immediate profit. Compal has competitive products for the primary needs of development in many different fields, not only as a hardware manufacturer, but as a full-Service Provider.

■Smart Medical and Healthcare

The aging population, China's new two-child policy, the flourishing health care industry, and the rise of sports fashion, especially the popularity of convenience smart devices, have all contributed to smart healthcare becoming a focus of attention. It has also become a major matter of cross industry cooperation. Compal has responded to market demand and the rapid advent of the IoT era by actively cutting into the major hospitals and Point of Care (POC) market through our integration advantages and rich experience in product development through strong ICT. This is coupled with cross-industry alliance strategy for such things as long-term care centers, confinement centers... etc. The designs, which include science, technology, and humanity help caregivers to provide higher quality services and also give hope of a better quality of life and personal dignity to those who need healthcare.

■LTD TVs

As consumers change their viewing habits, the interaction experience between users of Smart TVs (or smart phones) is also redefined by seamless extension of the content on the devices, such as simplification of TV network setup. This improves user convenience to meet new expectations from such devices as smart TVs.

■LCD Monitor

The UHD products base has advanced to the HDMI 2.0 specification and now supports up to a 4K2K 60Hz input signal, which responds to the needs of the professional graphics design and the B2B business markets.

■Smartphone

Compal continues to strengthen the operational efficiency of R&D, develop core communications technologies, and continue the development of innovative technologies to maintain an industry-leading position. In 2016, we will continue to develop high-end multi-core, no frame, multi-camera image integration, and special feature cameras. We will also increase the speed for TDD-LTE / FDD-LTE carrier aggregation smart mobile devices. In addition to continuing to strengthen the competitiveness of low-priced introductory devices, we will also actively develop cost-effective, good looking, high value products to cope with the rapid growth and customer needs in emerging markets.

■Smart Accessory and Wearable Devices

Compal has excellent wireless technology and cross-platform integration ability and can rapidly cut into the product design and manufacturing of smart accessories to cope with the explosion of the smart wearable accessories market. We have developed a range of intelligent RTOS, Android, and Android Wear system smart watches which are expected to ship in 2016. We expect to continue this trend in the development of technology throughout 2016, and hope to expand our client base and develop thinner and lighter power saving smart accessories and wearable devices.

5.1.2 Industry Overview

Please refer to page 72-79 of the Chinese annual report.

5.1.3 Research and Development

Research and Development Expenses in the past year:

Unit: NTD thousands; %

Year	R&D expenses	Operating revenues	R&D expenses as a percentage to operating revenues
2015	12,249,660	847,305,698	1.45%
2016 first quarter	2,579,300	176,649,808	1.46%

5.1.4 Long-term and Short-term Development

(1) Short-term Development

- We will adapt to market changes, follow current trends, strengthen new design concepts, maintain the focus on product difference, and launch ahead of our competitors.
- We will enhance operation efficiency, to further increase our product competitiveness and push the sales growth rate higher than the market average.
- We will improve logistics management and flexibility to shorten delivery time.
- We will elaborate different market strategies for different product markets. Bundle the new technology and modular features in the mainstream products to enhance value-added products and variety. Use a forward-looking approach, based on the uniqueness of the products, to develop the design concept of the new products and become the market focus. In low-priced products, other than pricing competitiveness, the demand of user functions is also an important consideration.
- Production bases will be diversified to spread the risk of a single production, reduce the cost of manufacturing and improve product competitiveness.
- We will pay closer attention to market trends and evolution in smart devices and develop product concepts suitable for OEM customers and the market. We will help customers create differentiated products with feasible designs.
- Product development times will be further shortened to optimize supply chain management, maintain persistent high quality, and provide customers with more competitive products.
- More effort will be made to maintain existing customer relations. Continue to increase the volume in product cooperation. In addition to maintaining a high degree of customer satisfaction. We also seek other opportunities for cooperation with new customers, aiming to have a better than the market average business growth rate in the Company's smart device products.
- We will improve product profitability to achieve the maximum utilization of capacity and enhance overall operational efficiency and profitability.
- We will tap our accumulated communications industry R&D energy resources to quickly and efficiently cut into the high-growth networking market.
- A number of different industry alliance strategies will be used for the rapid development of a diversified product line that will strengthen customer relationships in the shortest possible time.

(2) Long-term Development

- A spirit of innovation will strengthen the value-added Company products and improve long-term core competitiveness.
- Cooperation with our customers will be improved to allow better product planning, development and manufacture as well as comprehensive after-sales service.
- Horizontal and vertical integration of all parts and products of the Group's affiliates will be strengthened strategically and aligned with customers, to give them more convenient and complete services.
- We will continue to strengthen the core R & D capabilities and technical service capabilities for smart devices.
- Optimization of the quality of sophisticated products will be enhanced by new development and cost structures and strategic alliances with main parts providers in the supply chain to give customers better and more competitive products and services.
- Closer horizontal and vertical integration will be made with affiliates in the Group to create and improve the loyalty of long-term customers.
- Our ability to innovate will be further cultivated, aiming to be able to more accurately predict market trends, before the client does, and provide them with products and services and high value-added solutions to improve long-term core competitiveness.

- The Company has established a service-oriented business model and new revenue sources through careful long-term upstream and downstream integration and cooperation.
- We are strengthening the breadth of learning of our team in preparation for future new business and product development through cross-industry alliances.
- We are cultivating the ability to control key technology, strategize high-end product lines, and gain cooperation opportunities with big manufacturers around the world.

5.2 Market and Sales Overview

5.2.1 2015 Sales (Service) by Regions

Area	Percentage
Americas	37.1%
Europe	26.6%
Asia (Including Taiwan)	33.2%
Other Area	3.1%
Total	100.0%

5.2.2 Major Products and Their Main Uses

■ Notebook PCs

Analog-digital application hardware platform combined with the use of specific development software, which has many applications such as data editing processing, clerical editing, layout, graphics applications, web browsing, communication, digital audio-visual entertainment and gaming applications.

■ Ultrabook PCs

Emphasize laptop that is thin and light-weighted and take into account the performance of the battery performance to meet the consumer's needs of portable and productivity.

■ 2-in-1 PCs

The device uses the Windows 10 operating system, has an optional stylus, and satisfies the growing consumer demand for mobile computing. In addition to multiple operating modes, the laptop has a touch screen which enables it to be used as a tablet.

■ AIO PCs

Beautiful shape and suitable for household. Emphasizing the touchscreen input interface and software application with strong computing power.

■ Tablet PCs

Portable touchscreen multimedia tablet and online information application.

■ Servers

Stores and analyzes large data and is compatible with various cloud applications.

■ AE

- Touchscreen car multimedia player.
- Voice controlled natural sound navigation.
- Bluetooth wireless phone to answer calls.
- WiFi smartphone which allows two-way communications.
- Accident alarm

- Integrated peripherals safety warning systems such as wireless tire pressure and collision avoidance radar.

- Smart Home

Smart appliances control and sensor which provides users with diversified smart living services.

- IoT Vertical Solution

We provide our clients with complete solutions and services through flexible hardware design and a range of customized software applications including cloud and big data analysis.

- Smart Medical and Healthcare

The penetration of households and point-of-care areas using technology, including that of the IoT, and gradual integration with our own peripheral software products to provide comprehensive solutions, and give convenient and instant smart health care that will enhance dependence on the products as well as user brand loyalty.

- Displays

Graphics and audio display and output

- Smartphone

Personal communications and Internet use

5.2.3 Supply Status of Main Materials

Main materials include CPU/Chipset, HDD, Memory, ODD, Battery, LCD Panel, and Touch Panel Module. Regarding their supply status, please refer to page 93-94 of the Chinese annual report.

5.2.4 Major Suppliers and Clients

(1) Major Suppliers in the Last Two Calendar Years

Unit: NTD thousand

Party	2014				2015				2016 first quarter			
	Name	Amount	As a percentage to 2014 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2015 net purchases (%)	Relationship with the issuer	Name	Amount	As a percentage to 2016 first quarter net purchases (%)	Relationship with the issuer
1	Company E	196,641,921	24.18	N/A	Company E	223,294,338	27.43	N/A	Company E	52,843,154	31.24	N/A
2	Company B	94,213,359	11.58	N/A	Company B	112,207,244	13.79	N/A	Company B	24,024,222	14.20	N/A
	Others	522,480,810	64.24		Others	478,425,759	58.78		Others	92,300,386	54.56	
	Net Purchase	813,336,090	100.00		Net Purchase	813,927,341	100.00		Net Purchase	169,167,762	100.00	

(2) Major Clients in the Last Two Calendar Years

Unit: NTD thousand

Party	2014				2015				2016 first quarter			
	Name	Amount	As a percentage to 2014 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2015 net sales (%)	Relationship with the issuer	Name	Amount	As a percentage to 2016 first quarter net sales (%)	Relationship with the issuer
1	Company a	113,261,171	13.39	N/A	Company a	133,830,636	15.79	N/A	Company a	27,473,419	15.55	N/A
2	Company c	102,730,381	12.15	N/A	Company c	37,423,624	4.42	N/A	Company c	1,774,696	1.00	N/A
3	Company d	254,615,227	30.11	N/A	Company d	288,523,817	34.05	N/A	Company d	70,533,654	39.93	N/A
4	Company e	130,230,357	15.40	N/A	Company e	103,644,690	12.23	N/A	Company e	18,219,198	10.31	N/A
5	Company f	27,993,009	3.31	N/A	Company f	97,984,283	11.57	N/A	Company f	25,609,459	14.50	N/A
	Others	216,870,607	25.64		Others	185,898,648	21.94		Others	33,039,382	18.71	
	Net sales	845,700,752	100.00		Net sales	847,305,698	100.00		Net sales	176,649,808	100.00	

5.2.5 Production in the Last Two Years

Unit: devices; NTD thousands

Year Production volume/ value Main products	2014			2015		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
5C electronics	113,708,339	93,904,896	820,180,660	111,129,349	98,758,313	829,209,071

5.2.6 Shipments and Sales in the Last Two Years

Unit: devices; NTD thousands

Year Sales volume Main products	2014				2015			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
5C electronics	256,798	1,526,790	92,957,355	844,173,962	650,577	3,481,047	96,981,278	843,824,651

5.3 Human Resources

Year		December 31, 2014	December 31, 2015	March 31, 2016
Number of employees		79,639	72,796	69,035
Average age		26.66	26.63	27.22
Average years of service		1.65	1.94	1.92
Academic qualifications	Doctoral Degree	0.07%	0.07%	0.08%
	Master Degree	3.45%	3.78%	4.04%
	University	19.07%	19.75%	20.48%
	High school	56.22%	53.86%	54.04%
	Below high school/others	21.19%	22.54%	21.36%

5.4 Environmental Protection Expenditure

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

To protect the environment and fulfill our social responsibility as well as reduce carbon emissions and the impact on global warming. The Taiwan and Mainland China plants together incurred expenses of NT\$11,130 thousand on repairs (excluding regular maintenance and green R&D) in 2015. We are keeping the promises we made as an earth citizen, hoping to make substantial contribution to protection of the global environment. We will continue our commitment to efforts in this respect.

(2) Compliance with EU RoHS directives:

- All Compal products are 100% compliant with EU RoHS Directives. There have been no cases of any returns for non-compliance with RoHS standards. In addition, Compal has begun demanding that suppliers

make timely adjustments for any RoHS exclusions that are scheduled for the near future and restrict the use of substances such as DEHP, BBP, DBP and DIBP, the ban on these comes into effect in 2019.

- In order to manufacture environmentally friendly green products and meet the requirements of both international environmental laws and client demand, the Company has implemented “Management Standards for the Control of Environment-Related Substances in Parts and Materials” that covers all hazardous substances currently prohibited by law and banned by customers. We have implemented efficient and effective methods of inspection for hazardous substances using recognized component classification and risk control to establish a plant monitoring mechanism for oversight and verification. All the products manufactured by the Company comply with the validation IECQ QC 080000 Electrical and Electronic Components and Products Hazardous Substance Process Management System Requirements.

(3) Responsive strategies and possible expenses:

- In the future, the Company will continue to implement its environmental responsibilities including the boosting of staff knowledge of environmental matters, the advocacy of updated green living knowledge, Company response to government policy with respect to green consumption, and the regular priority assessment of green product content in procurement as well as continuous improvement in the energy efficiency of our plants. This includes scrutiny for all kinds of possible violations of environmental regulations in the operations management system, and the mandate to make timely response to all environmental laws.

5.5 Labor Relations

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

■ Employee welfare:

In addition to all their statutory labor rights and to help employees find a balance between work and personal life, both physical and mental, and to improve their vitality in the workplace, the Company has established an Employee Benefits Committee, a Life Committee, and other groups responsible for promoting worker welfare. The employee health benefits and activities include a fitness center, a medical facility, periodic health checks, recreational team competitions, family activities, travel, the arts, and leisure and all kinds. Group Life Insurance is covered by the Company that includes accident, medical, and cancer. The employees dependants may also join the scheme at a discounted rate, but at their own expense. We also have benefits such as scholarships for employees and their children.

The Company actively supports the government in resolving the low birth rate crisis and childcare policy in Taiwan. Since 2011, we have provided generous maternity grants for employees and their spouses and children. By the end of 2015, the Company had provided NT\$ 91.34 million in maternity allowances and bonuses. There were 53 counts of employees who took parenting leave, with the right to return, in 2015.

■ Education and training:

The Company set training credits and outlined the credit system according to the needs of each level. The Company also integrate all training records in online learning platform to further assist the competent staff in keeping abreast of the learning progress.

In 2015, a total of 1,808 training sessions (both internal and external) were organized; these courses

delivered 122,188 hours of training and 36,992 persons enrolled. The total training expenses were NT\$ 8,817 thousand. The training courses included:

Orientation: Organized new hire seminars and corporate culture experience camp to help the new hires better understand the Company's culture, the current status of the industry, and the Company strategy and visions.

Language training: Basic to advance English and Japanese courses which train the employees' ability to respond to customers and equip them with a global vision through workspace situational training.

Managerial skills Training: To establish a comprehensive blueprint of development level, strengthen the core competency at all levels in such aspects as teamwork, problem analysis, innovative thinking... and so on, and also to conduct planning for Company talent training in various stages.

Professional training: Categorized new professional knowledge lectures, courses, and experiences heritage job training to enhance employees' expertise and technology. Also to enhance the Company's core competitiveness through systematic management.

E-learning: Offers related courses in new hire requisites, IT, 6 sigma, language, management, CSR and occupational safety. The Company uses Internet learning and resource sharing to offer real-time learning, maximizing the effect with a complete learning and training mechanism that utilizes a comprehensive knowledge management system.

■ Retirement system

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

■ Employer-employee communications and enforcement of workers' rights

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

(2) Personnel management

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

(3) Work environment

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

(4) Employees' safety

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

emergency.

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

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

5.6 Important Contracts

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

VI. Financial Information

6.1 Five-Year Financial Summary

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

(1) Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2016
		2011	2012	2013	2014	2015	
Current assets			259,133,608	287,380,820	324,845,249	277,783,476	248,360,406
Property, plant, and equipment			20,772,790	21,209,228	24,472,732	24,308,631	23,449,956
Intangible assets			1,451,181	1,293,643	1,035,162	1,194,193	1,316,847
Other assets			30,431,001	26,219,123	28,397,575	24,639,275	24,962,750
Total assets			311,788,580	336,102,814	378,750,718	327,925,575	298,089,959
Current liabilities	Prior to distribution		195,000,133	220,597,261	250,264,267	202,757,075	171,251,778
	After distribution		199,333,956	224,902,606	256,832,412	(Note 2)	-
Non-current assets			1,995,177	15,314,137	22,266,514	15,570,384	16,214,659
Total liabilities	Prior to distribution		196,995,310	235,911,398	272,530,781	218,327,459	187,466,437
	After distribution		201,329,133	240,216,743	279,098,926	(Note 2)	-
Equity attributable to owners of parent		N/A	106,039,633	95,102,289	101,386,923	103,775,795	104,679,277
Ordinary shares			44,126,526	44,134,467	44,232,366	44,711,266	44,704,866
Capital surplus			16,122,810	16,193,087	14,296,445	12,838,638	12,830,309
Retained earnings	Prior to distribution		55,053,941	44,489,978	47,721,872	51,877,511	53,479,391
	After distribution		50,669,755	42,312,310	43,293,091	(Note 2)	-
Other equity interests			(8,382,397)	(7,707,518)	(3,139,021)	(3,926,881)	(4,610,550)
Treasury shares			(881,247)	(2,007,725)	(1,724,739)	(1,724,739)	(1,724,739)
Non-controlling interests			8,753,637	5,089,127	4,833,014	5,822,321	5,944,245
Total equity	Prior to distribution		114,793,270	100,191,416	106,219,937	109,598,116	110,623,522
	After distribution		110,459,447	95,886,071	99,651,792	(Note 2)	-

Note: 1. Financial information is audited and certified by the CPA every year. The financial information as of March 31, 2016, has not yet been audited by the CPA.

- 2015 annual financial statements have not been approved at a shareholders' meeting. Therefore, the amount after allocation is not listed.
- The Company has retroactively adjusted previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission of the ROC as of January 1, 2015.

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

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2016
	2011	2012	2013	2014	2015	
Net sales revenue		683,913,713	692,748,293	845,700,752	847,305,698	176,649,808
Gross profit		28,749,803	28,110,391	32,364,662	33,378,357	7,482,046
Net operating income		10,054,894	9,234,044	11,664,922	11,312,452	2,776,408
Non-operating income and expense		(631,049)	(4,873,662)	(1,937,570)	479,641	(477,627)
Net income before tax		9,423,845	4,360,382	9,727,352	11,792,093	2,298,781
Net income from continuing operations		7,240,147	2,903,732	7,545,381	9,007,147	1,746,263
Net loss from discounting operations		-	-	-	-	-
Net income (loss)		7,240,147	2,903,732	7,545,381	9,007,147	1,746,263
Other comprehensive income (loss) (net of tax)	N/A	(59,127)	711,298	4,555,499	(101,970)	(822,277)
Net income		7,181,020	3,615,030	12,100,880	8,905,177	923,986
Net income attributes to shareholders of the Parent		6,399,958	2,467,211	7,024,461	8,684,610	1,601,242
Net income attributes to non-controlling interests		840,189	436,521	520,920	322,537	145,021
Comprehensive income attributed to owners of parent		6,406,588	3,160,663	11,548,480	8,552,926	803,759
Comprehensive income attributed to non-controlling interests		774,432	454,367	552,400	352,251	120,227
Earning per share (unit: dollar)		1.47	0.57	1.63	2.01	0.37

Note: 1. Financial information is audited and certified by the CPA every year. The financial information as of March 31, 2016, has not yet been audited by the CPA.

2. The 2015 annual financial statement for the current year has not yet been approved at a shareholders' meeting

3. The Company has retroactively adjusted previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission of the ROC as of January 1, 2015.

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

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2016
		2011	2012	2013	2014	2015	
Current assets			194,403,691	210,646,593	255,609,554	207,496,808	N/A
Property, plant, and equipment			2,295,444	2,218,316	2,230,023	2,181,737	
Intangible assets			724,106	617,739	412,185	378,454	
Other assets			76,775,902	82,728,525	85,179,353	86,182,040	
Total assets			274,199,143	296,211,173	343,431,115	296,239,039	
Current liabilities	Prior to distribution		167,275,463	187,574,634	220,791,532	177,664,877	
	After distribution		171,659,649	191,929,970	227,434,703	(Note 2)	
Non-current assets			884,047	13,534,250	21,252,660	14,798,367	
Total liabilities	Prior to distribution		168,159,510	201,108,884	242,044,192	192,463,244	
	After distribution		172,543,696	205,464,220	248,687,363	(Note 2)	
Equity attributable to owners of parent		N/A	-	-	-	-	
Ordinary shares			44,126,526	44,134,467	44,232,366	44,711,266	
Capital surplus			16,122,810	16,193,087	14,296,445	12,838,638	
Retained earnings	Prior to distribution		55,053,941	44,489,978	47,721,872	51,877,511	
	After distribution		50,669,755	42,312,310	43,293,091	(Note 2)	
Other equity interests			(8,382,397)	(7,707,518)	(3,139,021)	(3,926,881)	
Treasury shares			(881,247)	(2,007,725)	(1,724,739)	(1,724,739)	
Non-controlling interests			-	-	-	-	
Total equity	Prior to distribution		106,039,633	95,102,289	101,386,923	103,775,795	
	After distribution		101,705,810	90,796,944	94,818,778	(Note 2)	

Note: 1. The financial information is audited and reviewed by the CPA every year.

2. The 2015 annual financial statements have not been approved at a shareholders' meeting. Therefore, the amount after allocation is not listed.

3. The Company retroactively adjusted previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission of the ROC as of January 1, 2015.

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

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2016
		2011	2012	2013	2014	2015	
Net sales revenue			608,702,320	632,622,772	803,504,061	802,994,930	
Gross profit			15,258,012	16,359,240	21,288,913	22,737,590	
Net operating income			4,877,292	5,505,654	7,291,756	7,305,278	
Non-operating income and expense			2,288,536	(2,503,176)	286,853	2,857,612	
Net income before tax			7,165,828	3,002,478	7,578,609	10,162,890	
Net income from continuing operations			6,399,958	2,467,211	7,024,461	8,684,610	
Net loss from discounting operations			-	-	-	-	
Net income (loss)			6,399,958	2,467,211	7,024,461	8,684,610	
Income (loss) from other comprehensive income (net after tax)		N/A	6,630	693,452	4,524,019	(131,684)	N/A
Net income			6,406,588	3,160,663	11,548,480	8,552,926	
Net income attributes to shareholders of the Parent			-	-	-	-	
Net income attributes to non-controlling interests			-	-	-	-	
Comprehensive income attributed to owners of parent			-	-	-	-	
Comprehensive income attributed to non-controlling interests			-	-	-	-	
Earning per share (unit: dollar)			1.47	0.57	1.63	2.01	

Note: 1. The financial information is audited and reviewed by the CPA every year.

2. The 2015 financial statement has not yet approved by the shareholders' meeting.

3. The Company retroactively adjusted previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission of the ROC as of January 1, 2015.

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

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

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2016
		2011	2012	2013	2014	2015	
Current assets		236,063,264	257,852,167	N/A	N/A	N/A	N/A
Funds and investments		23,908,349	28,044,206				
Fixed assets		16,951,183	21,386,512				
Intangible assets and other assets		1,923,503	2,000,627				
Total assets		278,846,299	309,283,512				
Current liabilities	Prior to distribution	164,527,553	192,909,628				
	After distribution	170,632,894	197,243,451				
Long-term and other liabilities		221,146	1,005,337				
Total liabilities	Prior to distribution	164,748,699	193,914,965				
	After distribution	170,854,040	198,248,788				
Ordinary shares		44,002,554	44,126,526				
Capital surplus		15,512,401	15,776,692				
Retained earnings	Prior to distribution	56,139,782	56,373,219				
	After distribution	49,964,431	51,989,033				
Currency exchange rate adjustment		(1,234,071)	(3,134,299)				
Net loss not recognized as pension cost		-	(165,627)				
Unrealized gains and losses of financial instruments		(7,478,947)	(5,518,799)				
Treasury shares		(881,247)	(881,247)				
Minority interest		8,037,128	8,792,082				
Total Shareholder's equity	Prior to distribution	114,097,600	115,368,547				
	After distribution	107,992,259	111,034,724				

Note: all yearly financial information has been audited.

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

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2016
		2011	2012	2013	2014	2015	
Net sales revenue		693,126,573	682,891,359				
Gross profit		33,587,365	29,812,097				
Net operating income		13,461,681	10,067,934				
Non-operating income and gains		2,696,593	2,261,926				
Non-operating expense and losses		2,934,003	2,890,453				
Income from continuing operations before income tax		13,224,271	9,439,407	N/A	N/A	N/A	N/A
Income from continuing operations p		11,096,306	7,255,485				
Consolidated total income		11,096,306	7,255,485				
Net income attributed to owners of parent		11,014,680	6,411,027				
Earning per share retroactive adjustment (Unit: dollars)		2.53	1.47				

Note: all yearly financial information has been audited.

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

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2016
		2011	2012	2013	2014	2015	
Current assets		165,602,004	193,064,991				
Funds and long term investments		67,921,249	76,151,586				
Fixed assets		2,183,514	2,160,328				
Intangible assets		743,568	724,106				
Other assets		507,276	189,276				
Total assets		236,957,611	272,290,287				
Current liabilities	Prior to distribution	130,872,137	165,490,729				
	After distribution	137,047,488	169,874,915				
Long-term liabilities		-	-				
Other liabilities		25,002	223,093				
Total liabilities	Prior to distribution	130,897,139	165,713,822	N/A	N/A	N/A	N/A
	After distribution	137,072,490	170,098,008				
Ordinary shares		44,002,554	44,126,526				
Capital surplus		15,512,401	15,776,692				
Retained earnings	Prior to distribution	56,139,782	56,373,219				
	After distribution	49,964,431	51,989,033				
Unrealized gains and losses of financial instruments		(7,478,947)	(5,518,799)				
cumulative exchange rate adjustments		(1,234,071)	(3,134,299)				
Net loss not recognized as pension cost		-	(165,627)				
Total shareholder's equity	Prior to distribution	106,060,472	106,576,465				
	After distribution	99,955,131	102,242,642				

Note: all yearly financial information has been audited.

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

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2016
	2011	2012	2013	2014	2015	
Net sales revenue	649,477,507	607,679,574				
Gross profit	20,573,404	16,228,493				
Net operating income	7,758,932	4,869,926				
Non-operating						
Income and gains	5,177,859	2,620,408				
Non-operating						
Expense and losses	834,458	315,184				
Continuing operations						
Net income (loss) before tax	12,102,333	7,175,150				
Continuing operations			N/A	N/A	N/A	N/A
Income (loss)	11,014,680	6,411,027				
Income (loss) from discontinued operations	-	-				
Income (loss) from extraordinary items	-	-				
Cumulative Effect of Changes in Accounting Principle	-	-				
Net income	11,014,680	6,411,027				
Retroactively adjusted earnings per share (Unit: Dollar)	\$2.53	\$1.47				

Note: all yearly financial information has been audited.

6.1.3 Auditors' Opinions from 2011 to 2015

Year	Accounting Firm	CPA	Audit Opinion
2011	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Unqualified opinion
2012	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Unqualified opinion
2013	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Modified unqualified opinion (Note 1)
2014	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Modified unqualified opinion (Note 1)
2015	KPMG	Kuo, Kuan Ying; Lo, Jui Lan	Modified unqualified opinion (Note 2)

Note: 1. Brief disclosures of Company disposal of the equity investment of VIBO Telecom Inc and a record of the impairment of equity investment in Chunghwa Picture Tubes, Ltd.

2. Impact of retroactive adjustments to the 2014 financial statement due to adoption of the 2013 version of the International Financial Reporting Standards (IFRS) endorsed by the Financial Supervisory Commission (FSC) of the ROC.

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis – Based on IFRS

Item	Year	Financial Analysis for the Last Five Years					As of March 31, 2016
		2011	2012	2013	2014	2015	
Capital Structure (%)	Debt ratio		63.18	70.19	71.96	66.58	62.89
	Long term fund to property, plant and equipment ratio		562.22	544.60	525.02	514.91	540.89
Liquidity analysis	Current ratio		132.89	130.27	129.80	137.00	145.03
	Quick ratio		105.61	106.85	102.70	113.71	118.98
	Interest coverage		23.88	9.83	10.54	14.11	11.88
Operating Performance Analysis	Account receivable turnover (times)		4.61	4.02	4.66	4.93	4.76
	Average collection turnover		79.18	90.76	78.25	74.03	76.72
	Inventory turnover (times)		13.29	12.91	13.73	14.31	14.99
	Account payable turnover (times)		4.82	4.67	5.13	5.42	5.73
	Average inventory turnover days		27.47	28.26	26.59	25.50	24.36
	Fixed assets turnover (times)		37.81	33.00	37.03	34.74	29.59
	Total assets turnover(times)		2.31	2.14	2.37	2.40	2.26
Profitability Analysis	Return on total assets (%)		2.55	1.00	2.33	2.74	0.61
	Return on equity (%)		6.34	2.70	7.31	8.35	1.59
	Operating income to paid-in capital ratio (%)		21.36	9.88	21.99	26.37	5.14
	Net margin (%)		1.06	0.42	0.89	1.06	0.99
	Earning per share (dollar)		1.47	0.57	1.63	2.01	0.37
Cash flow	Cash flow ratio (%)		(Note 1)	0.25	13.51	4.70	-
	Cash flow adequacy ratio (%)		(Note 2)	(Note 2)	(Note 2)	(Note 2)	-
	Cash reinvestment ratio (%)		(Note 1)	(Note 1)	19.59	1.95	-
Leverage	Operating leverage		1.58	1.66	1.57	1.58	-
	Financial leverage		1.04	1.06	1.10	1.09	-

Note: 1. The ratio is negative.

2. Not applicable as the financial information, for more than five years, in accordance with IFSR has not yet been disclosed.
3. The financial ratio has changed by up to 20% in the past two years:
 - Interest coverage (times): is higher than in the last period mainly due to income before tax being higher.
 - EPS: is higher than in last period mainly due to income after tax in the current period.
 - Cash flow ratio: the decrease is mainly due to the net inflow from operating activities during this period being less than in earlier periods.
 - Cash flow reinvestment ratio: the decrease is mainly due to the net inflow from operating activities in this period being lower than in prior periods.
4. The financial information is audited and certified by the CPA every year. The financial information as of March 31, 2016, has not yet audited by the CPA.
5. The Company made retroactive adjustment to previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission of the ROC as of January 1, 2015.
6. The 2015 financial statement has not yet been approved at a shareholders' meeting.

Formula:

1. Financial Structure

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

2. Solvency

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

3. Operating Efficiency

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

4. Profitability

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

5. Cash Flow

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

6. Leverage

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

B. Consolidated Financial Analysis – Based on ROC GAAP

Item		Year	Financial Analysis for the Last Five Years					As of March
		2011	2012	2013	2014	2015	31, 2016	
Capital Structure (%)	Debt ratio	59.08	62.70	N/A	N/A	N/A	N/A	
	Long-term capital to fixed assets ratio	673.24	542.02					
Liquidity analysis	Current ratio	143.48	133.66					
	Quick ratio	114.10	106.09					
	Interest coverage	29.82	23.98					
Operating Performance Analysis	Account receivable turnover (times)	4.50	4.66					
	Average collection turnover	81.15	78.31					
	Inventory turnover (times)	14.27	13.24					
	Account payable turnover (times)	4.63	4.81					
	Average inventory turnover days	25.57	27.56					
	Fixed assets turnover (times)	43.41	35.63					
	Total assets turnover(times)	2.26	2.32					
Profitability Analysis	Return on total assets (%)	3.75	2.57					
	Return on shareholder's equity (%)	9.43	6.32					
	to paid-in capital ratio %	Operating income	30.59	22.82				
		Income before tax	30.05	21.39				
	Net margin (%)	1.60	1.06					
	Retroactively adjusted earning per share (dollar)	2.53	1.47					
Cash flow	Cash flow ratio (%)	20.94	(Note 1)					
	Cash flow adequacy ratio (%)	73.27	46.44					
	Cash reinvestment ratio (%)	17.34	(Note 1)					
Leverage	Operating leverage	1.45	1.62					
	Financial leverage	1.04	1.04					

Note: 1. The ratio is negative.

2. The financial ratio has changed by up to 20% over the past two years: Not applicable.

3. The financial information is audited and reviewed by the CPA every year.

Formula:

1. Financial Structure

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

2. Solvency

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

3. Operating Efficiency

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

4. Profitability

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

5. Cash Flow

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

6. Leverage

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

6.3 Audit Committee's Report for the Most Recent Year

Report of the Audit Committee.


The 2015 Financial Statement of Compal Electronics, Inc and Subsidiaries (the "Company") has been approved by the Audit Committee and the Board of Directors and has been audited and certified by Gun-Yin Guo, CPA, and Rui-Lan Liu, CPA, of KPMG LLP and an audit report relating to the Financial Statements has been issued. The Board of Directors has prepared the Company's 2015 Business Report and a proposal for the allocation of profits has been reviewed by the Audit Committee which determined the aforementioned reports are in accordance with Company Law and the related regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Sincerely

The Company 2016 shareholders' meeting

Compal Electronics, Inc and Subsidiaries

Audit Committee Chair:

Handwritten signature in Chinese characters, likely reading '董明志' (Dong Mingzhi).

May 11, 2016

6.4 Consolidated Financial Statements and Independent Auditors' Report

Please refer to Attachment I.

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

Please refer to Attachment II.

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

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Analysis \ Year	2015	2014	Difference	
			Amount	%
Current Assets	277,783,476	324,845,249	(47,061,773)	(14.49)
Funds & Investments	11,788,042	11,694,855	93,187	0.80
Property, plant and equipment	24,308,631	24,472,732	(164,101)	(0.67)
Other Assets	14,045,426	17,737,882	(3,692,456)	(20.82)
Total Assets	327,925,575	378,750,718	(50,825,143)	(13.42)
Current Liabilities	202,757,075	250,264,267	(47,507,192)	(18.98)
Other Liabilities	15,570,384	22,266,514	(6,696,130)	(30.07)
Total Liabilities	218,327,459	272,530,781	(54,203,322)	(19.89)
Share capital	44,711,266	44,232,366	478,900	1.08
Capital reserves	12,838,638	14,296,445	(1,457,807)	(10.20)
Retained Earnings	51,877,511	47,721,872	4,155,639	8.71
Other Adjustments	(3,926,881)	(3,139,021)	(787,860)	25.10
Treasury stock	(1,724,739)	(1,724,739)	-	-
Non-controlling Equity	5,822,321	4,833,014	989,307	20.47
Total Shareholders' Equity	109,598,116	106,219,937	3,378,179	3.18

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

- The decrease in other assets: are mainly due to the increase of the unrealized valuation loss of available-for-sale financial assets (non-current) and the disposal of available-for-sale financial assets (non-current).
- The decrease in non-current liability: is mainly due to the decrease of long-term debt.
- The decrease of other equity: is mainly due to the increase of the unrealized loss of available-for-sale financial assets, the increase of exchange differences arising from the translation of the financial statements of foreign operations, and the increase of unearned employee benefits and other increases.
- The increase of non-controlling interests: is mainly due to the addition of Company subsidiaries.
- The Company retroactively adjusted previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission in the Republic of China as of January 1, 2015.

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

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Analysis	Year	2015	2014	Difference	
				Amount	%
Net Sales		847,305,698	845,700,752	1,604,946	0.19
Cost of Sales		813,927,341	813,336,090	591,251	0.07
Gross Profit		33,378,357	32,364,662	1,013,695	3.13
Operating Expenses		22,065,905	20,699,740	1,366,165	6.60
Operating Income		11,312,452	11,664,922	(352,470)	(3.02)
Non-operating Income and Expenses		479,641	(1,937,570)	2,417,211	(124.75)
Income Before Tax		11,792,093	9,727,352	2,064,741	21.23
Less: Tax Expense		2,784,946	2,181,971	602,975	27.63
Net Income (loss)		9,007,147	7,545,381	1,461,766	19.37
Other comprehensive income		(101,970)	4,555,499	(4,657,469)	(102.24)
Total comprehensive income		8,905,177	12,100,880	(3,195,703)	(26.41)

Note:

1. The analytics for change of more than 20%:

- The increase in net operating income and expenses: is mainly due to the decrease of impairment losses, an increase in foreign currency exchange losses, and the decrease of the profit recognition in affiliates and joint ventures using the equity method.
- The increase in income before tax: is mainly due to the decrease in the impairment losses.
- The increase in income tax expense: due to the current period's tax on undistributed earnings is higher than in the last period.
- The decrease in other comprehensive gains and losses (net of tax): is due to the decrease of exchange differences arising from the translation of the financial statements of foreign operations and the increase of the unrealized valuation loss of available-for-sale financial assets.
- The decrease in total net income: is mainly due to the decrease of other comprehensive gains and losses (net of tax).

2. The Company made retroactive adjustment to previous amounts in the financial statements effective January 1, 2014, due to the adoption of the 2013 International Accounting Standards endorsed by the Financial Supervisory Commission of the ROC as of January 1, 2015.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Financing of Cash Deficit	
				Investment Plans	Financing Plans
74,708,130	9,534,256	21,490,844	62,751,542	-	-

Note: 1. Analysis of the change of 2015 cash flow changes:

- Net cash inflow in operating activities of \$9,534,256 thousand: mainly due to a decrease in profit from operating and net changes of assets and liabilities from operating activities.
- Net cash outflow investing activities of \$3,821,735 thousand: mainly due to the purchase of property, plant, and equipment, disposal of investments using the equity method, and the purchase of available-for-sale financial assets.
- The net outflow of financing activities of \$19,232,562 thousand: mainly due to the repayment of debt and cash dividends.

2. The remedy for cash shortfall: Not applicable.

3. Liquidity analysis: current assets to current liability ratio is 137% and liquidity is healthy.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Financing of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
62,751,542	7,677,479	7,460,567	62,968,454	-	-

Note: 1. Analysis of the 2016 cash flow changes:

- Net cash inflow in operating activities of \$7,677,479 thousand: expect sales growth and profit from the operation.
- Net cash outflow in investing activities of \$6,691,011 thousand: expect to increase investment expenditures next year.
- Net cash outflow in financing activities of \$769,556 thousand: expect to distribute cash dividend and increase/decrease in long-term and short-term debt next year.

2. Remedy for cash shortfall: Not applicable.

3. Liquidity analysis: the Company expects the cash at the beginning of the year plus expected net cash inflow from operating activities to be sufficient to handle cash needs from investing and financing activities. The liquidity is healthy.

7.4 Major Capital Expenditures

7.4.1 Major Capital Expenditures and Sources of Capital

Unit: NT\$ thousands

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure
				2015
Investment in Avalue Technology Inc.	Private capital	2015	25,096	25,096
Investment in Lipo Holding	Private capital	2015	48,231	48,231

Note: APE: Ascendant Private Equity Investment Ltd.

7.4.2 Expected Benefits

1. Investment in Avalue Technology Inc: With this strategic investment Compal can extend product applications into the industrial computer field, cut into the future business opportunities for health care and IoT, adapt to a future industry development trend, and expand the depth and width of Company operation.
2. Investment in Lipo Holding: The Company invested in Liz Electronics (NanTong) Co. Ltd through Lipo Holding Co Ltd, Liz Electronics (NanTong) Co Ltd produces electronic parts such as resistors and diodes and this investment is intended to enhance the productivity and competitiveness of Liz Electronics (NanTong) Co Ltd.

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

(1) Investment policy

1. Competition in the industry has accelerated and Compal is in full thrust integration mode. “Enlightened Living and Computing with a Green Connection” is the Compal vision. Our long-term investment strategies are to focus on products that relate to our core business, to provide the best quality in computing, communications, consumer, cloud and connection, to provide full solutions in cost and technology, and to put emphasis on our partner’s compliance with labor regulations, and the avoidance of human trafficking and slavery. To strengthen the core resources through vertical integration, diversification, and strategic investments or acquisitions as well as integration and horizontal competition.
2. Improve post investment performance, strengthen the integration of Group resources and strategic partnerships with investment businesses, facilitate the cooperation between the Company and invested business, and require their full compliance with labor regulations and those against human trafficking and slavery. Connect related customers to an information network, and form strategic alliances with other industries. Sustain the performance of operating output in social, economic and environmental aspects using a high standard of specification. This includes increasing the efficiency and productivity, improving the rights of the workers, proper economic development, and environmentally friendly production in a clean operating base. The Company fully supports investment companies with good performance to plan for IPO to accelerate the realization of good return on investment.

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

The 2015 consolidated profits from investment using the equity method was NT\$ 367 million, coming mainly from the operation of Avalue Technology Inc, Compal Precision Module Co Ltd, and Allied Circuit Co Ltd. We also consolidated and integrated similar operations between Synchro-Seiki and MacTech Co Ltd (surviving company), both Company subsidiaries, to improve the efficiency of operation management.

(3) 2016 investment plans

The long-term investment plan next year will be based on the Company's operating policy to position ourselves as the pioneer provider of the mobile device solution and provide products, through the integration of R&D resources and clients, of an all-in-one computer, TV, AE and enterprise servers. The Company follows the principle of steady operation and always focuses on our core businesses. We expand on the foundation of our existing businesses, make some vertical integrations where appropriate and expand horizontally into related activities, while continuing to grow our core business.

In the vertical integration of upstream and downstream businesses, not involved in hardware production, we also expand the size of our developers and the proportion of software and firmware, to increase the value of their tangible assets and bring in value from additional sales.

We expect horizontal mergers and expansions to provide full IoT solutions for our clients which include applications in cross-industry automation, industrial computers, security control, the healthcare industry, cars, smart cities, smart buildings, restaurants and retail outlets, with the primary aim of providing new investment opportunities and challenges.

In practice, apart from achieving internal growth under the existing business framework, we also accept the possibility of mergers, acquisitions, joint ventures, technical collaborations and investment activities through bilateral or multi-lateral collaboration between business entities.

The Company and its affiliates will proceed with the aforementioned expansion based on the consideration of whether the expansion can strengthen the Group's advantage and assessment of reasonable risks. In terms of reinvestments, we follow the above mentioned principles and set basic principles in the following three directions:

1. The vertical integration of upstream and downstream businesses to increase the proportion of self-made parts and improve overall competitiveness.
2. Horizontal mergers and expansion of related products and services as well as other industries that provide prominent synergy or growth.
3. Develop technology which is beneficial to the Company or its affiliates, or invest in assets that provide synergy or growth.

7.6 Analysis of Risk Management

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

Unit: NTD thousand; %

Aspects	2015
Net interest revenue and expense	(299,938)
Net gain on exchange (including valuation of financial instruments)	(306,681)
Net revenues	847,305,698
Pre-tax income (Note)	11,792,093
Net interest revenue/expense to net revenues	(0.035%)
Net interest revenue/expense to pre-tax income	(2.544%)
Net exchange gains to net revenues	(0.036%)
Net exchange gains to pre-tax income	(2.601%)

1. Interest rate changes:

The most recent US Fed meeting statement showed the US economy is experiencing a moderate growth. However, the international financial market is still volatile and the United States continues to face global economic uncertainty. Therefore, the Fed revised the full-year economic growth rate downward to 2.2%, and reduced the rate hike from four to two. The current federal funds rate is from 0.25 to 0.5%. The Central Bank of Taiwan has cut interest rates three times since September 2015, lowering the rate by half a base point each time, to maintain stability of the domestic financial environment and boost the economy. This downwards revision is a response to the downwards trend of the global economy, and the domestic economic recovery is still slow, as is the expansion of any quantitative easing of monetary policy in major countries. The cash balance of the Company, as of the end of 2015, is about \$62.752 billion. The long and short-term bank borrowings are about \$58.054 billion and the net interest expense for the year was \$299,938 thousand. These account for 0.035% and 2.544% of net sales and income before tax, respectively. As of December 31, 2015, all other factors remain unchanged, the increase of 0.25% in interest will cause an increase in income before tax of \$7,629 thousand. The company will watch the change of interest closely and respond in a timely manner if necessary.

2. Exchange rate changes:

The company is export-oriented. Therefore, the change and movement of exchange rate have a considerable impact on the annual profit and loss. To minimize the impact on the Company's operating profit or loss, the Company mainly utilizes hedging such as forward foreign exchange contracts and swaps to minimize the risks of exchange rate movements. The full year net exchange gains and losses, including the valuation of financial assets, was \$(306,681) thousand, accounting for (0.036%) and (2.601%) of net revenue and net profit before tax, respectively, and this had some impact on Company operations and profitability. As of December 31, 2015, all other factors remain unchanged, a 5% appreciation of USD/TWD will increase the income before tax by \$2,462,325 thousand. We will take all necessary actions based on the fluctuation of the exchange rate in the future.

3. Inflation:

According to the Central Bank, the impact of the record low prices of international crude oil and raw material will widen gap in negative domestic export. The Directorate-General of the Budget, Accounting and Statistics, forecasts an annual CPI growth rate of 0.69%. While the CP outlook for this year remains stable, we will continue to watch for potential impact on prices.

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

Transactions

1. The Company does not make high-risk, high-leveraged investments.
2. The Company only offers financing to its related parties, mainly providing short-term financing for their operating needs.
3. The Company is engaged in endorsement and guarantee activities which are only negotiated between subsidiaries and the parent company. The arrangements are covered by proper Endorsement and Guarantee Procedures.
4. The Company uses hedging strategy for the assets and liabilities valued using foreign currencies. The hedging, which is done through forward foreign exchange contracts and swap trading, covers the amount of net assets and liabilities. At the end of 2015, the Company position in open forward foreign exchange contracts amounted to USD 20,000 thousand, EUR 59,140 thousand, and GBP 1,000 thousand and swap contracts of USD 44,000 thousand. We will continue to pay close attention to changes in exchange rates and execute timely hedging in the future.
5. In addition to prudent evaluation and control of the execution of related policies, the Company also relies on regulations such as “Guidelines for Handling Acquisition and Disposal of Assets”, “Endorsement and Guarantee Procedures”, “Third Party Lending Procedures” and “Procedures for the Handling of Derivatives Trading”.

7.6.3 Future Research & Development Projects and Corresponding Budget

Other than the Company’s efforts in innovation and improvement of computers, TVs, and other peripheral products, the Company also deems innovative research and development works as the niche for the Company’s sustainable growth. Various R&D programs are developed and proposed by R&D team based on their forecast of new technologies, understand of market trends, and intergration of add-on function. They also team with clients to meet their market planning and detail product developments.

In general, the Company’s usually has less than one year product development cycle and aim to shorten the R&D cycle year after year. The IT industry is highly competitive, and the timing of product development is of vital importance. The rapid growth of sales has made the quality, experience and capacity of R&D a decisive factor that will become the key as to whether the Company can achieve its sales target in 2016 and whether the existing clients will renew their contracts. The 2016 R&D expense is expected to be more than NT\$ 120 billion.

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

The Company’s management team is paying close attention to any policies or regulations that may impact the Company’s operation. In 2015, the Company made all the necessary responses to significant change in international and domestic policies and regulations, without significant impact on Company operation.

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

Tech products are always being updated and this changes user habits. The demand for different types of application is mushrooming. The presence of ARM and Android has also had an impact on Wintel, which used to have a market monopoly. To cope with these changes, the Company has expanded new business to its existing product lines to embrace the industry trends. As a result, the Company has established teams for innovative products, technology and design to strengthen Company research on consumer behavior, and provide more accurate market segregation and product positioning to satisfy user need. We are also focusing on innovative technology capability and plans for future product and market opportunities.

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

Compal has concentrated on the IT and Communications industry for many years and has firmly adhered to our business philosophy of transcendence, sincerity, and harmony in a culture of ethics and honesty. We aim to be the best in world-class professional design, manufacture and services. As we pursue business growth, we always remember our obligations as a corporate citizen. We have strengthened Company governance, fulfilled our social responsibility, and have established a good corporate image. In recent years, Company business has expanded, the number of employees has increased and our global production branches have increased in number. We have become acutely aware of the need for periodic checks of the external environment, a self-management system and operational strategies for the early detection of potential corporate crises and the need for concrete and positive response plans and corrective measures.

In 2015, Compal was again placed amongst the top 500 and top 2000 businesses by Fortune and Forbes Magazine, respectively. The Company also received the top 5% TWSE-listed Companies award in the first round of "Cooperate Governance Evaluation", and was ranked as 16th in CSR Corporate Citizenship by CommonWealth magazine. Our corporate imaging has once again been publically affirmed. There were no Company crises in 2015 nor was there any significant event that affected the company image in any way.

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

In addition to continued cultivation of the existing IT and IC operations and enhancement of the core profit base, we are actively seeking out upcoming industries for merger, acquisition, joint venture, technical collaboration and other patterns. The aim being to move into industrial computing, medical networking, IoT networking, vehicle networking and the medical equipment market. We will maintain stable development of existing business and also move ahead of the curve in other areas which have high growth momentum.

The Company will integrate resources to increase R&D capacity, improve operational efficiency, and increase competitiveness. We expect to benefit from synergy, have positive impact on future shareholder equity, and maintain adequate control of organizational integration matters and financial risks.

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

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

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

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

7.6.12 Litigation or Non-litigation Matters

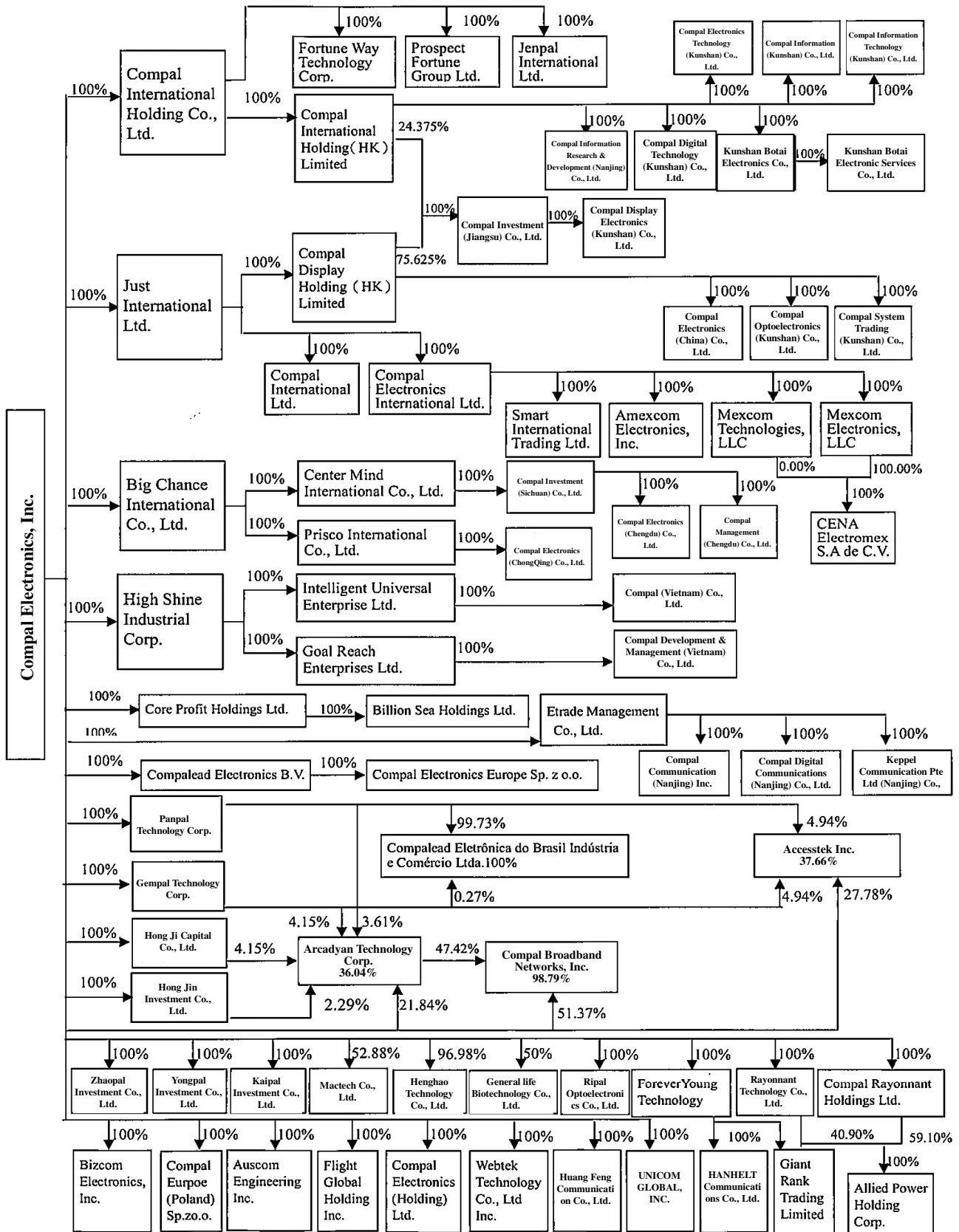
The Company and the Company's subsidiaries, Zhaopal Investment Co., Ltd, Yongpal Investment Co., Ltd, and Kaipal Investment Co. Ltd. (The Company and its subsidiaries) purchased newly issued shares of Chunghwa Picture Tubes, Ltd. ("CPT") through private placement in 2009. The Company and its subsidiaries purchased newly issued common stocks via the private placement at the cost of NTD \$2.5 dollars per share, amount to a total of NTD \$7 billion. The Company signed an agreement with Tatung Company ("Tatung") on such matter. In accordance with the agreement, the Company has the right to request Tatung to purchase all the CPT shares obtained via the private placement within certain agreed periods at the price the Company and its subsidiaries originally paid for the CPT shares plus interest. Despite many requests sent from the Company, Tatung has not fulfilled its obligation in accordance with the contract. The Company filed an arbitration based on the agreement on March 29, 2013, requesting Tatung to perform its obligations. The Company received the verdict on May 12, 2014. According to the verdict, Tatung should pay NTD \$2,118,607 thousand to the Company and its subsidiaries for the purchase of all the CPT shares held by the Company and its subsidiaries. Also, Tatung should pay the interest which is calculated at an annual rate of 5% for the period from April 3, 2013 to the actual date of payment. Also, Tatung is responsible for one-third of the legal expenses. With respect to the part which is not favorable to the Company, a civil complaint was lodged with the Taiwan Taipei District Court on June 13, 2014, to revoke the arbitration award. This was rejected by the Taiwan Taipei District Court on May 15, 2015. The Company then filed an appeal to the Taiwan High Court on June 12, 2015, which was rejected on March 29, 2016. The Company appealed to the Taiwan Supreme Court on April 27, 2016.

7.6.13 Other Major Risks

International conglomerates faces many risks such as regulatory compliance, business competition, localization, and globalization. It is the responsibility of each Company employee to turn such challenges into future opportunity. Ex ante risk identification, weekly risk assessment and prevention, and post-crisis management, have all been added to the Company target management cycle (PDCA), key performance indicators (KPI), and control system for internal use. Such processes allow the dedicated units responsible for these specific risks to establish rigorous and rapid means for response and a problem-solving culture. By working through regular and irregular reviews and combining education, training and a performance risk appraisal system, they can cope with significantly different kinds of risk management based on local conditions. The company was not faced by any significant risk in 2015.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies (As of Dec 31, 2015)



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

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

Unit: NT\$ thousands; Shares; %

Name of Subsidiary	Share Capital Acquired	Funding Source	Percentage of Shares Held by the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed	Investment Gain (Loss)	Shareholdings and Amount as of March 31, 2016	Collateralized	Amount of Endorsements Made for the Subsidiary	Amount Loaned to the Subsidiary
Panpal Technology Corporation	NTD 5,000,000,000	Proprietary capital	100%	-	-	-	-	31,648,082 shares NTD 559,812,000	N/A	-	-
Gempal Technology Co., Ltd.	NTD 900,000,000	Proprietary capital	100%	-	-	-	-	18,369,349 shares NTD 321,435,000	N/A	-	-

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

8.4 Any Events in 2015 and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Interests or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None

Attachment I

Independent Auditors' Report

To 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, IFRIC Interpretations and SIC Interpretations endorsed by the Financial Supervisory Commission of 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 of the Republic of China, 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.

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

Note to Readers

The accompanying financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations endorsed by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(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	2,399,255	0.7	2,604,042	0.7	Long-term borrowings, current portion	14,216,617	4.3	3,634,233	1.0
	<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 carried 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	186,864	0.1	163,793	-
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	509,734	0.2	429,122	0.1	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	(1,724,739)	(0.5)	(1,724,739)	(0.5)
						<u>103,775,795</u>	<u>31.6</u>	<u>101,386,923</u>	<u>26.8</u>
						<u>5,822,321</u>	<u>1.8</u>	<u>4,833,014</u>	<u>1.3</u>
					Non-controlling interests				
					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	813,927,341	96.1	813,336,090	96.2
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	12,249,660	1.4	12,111,034	1.4
	<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 will 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 of foreign financial statements	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>
Other comprehensive income, net of tax	<u>(101,970)</u>	<u>-</u>	<u>4,555,499</u>	<u>0.5</u>
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	322,537	-	520,920	0.1
	<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	352,251	-	552,400	-
	<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													Non-controlling interests	Total equity
	Retained earnings						Other equity interest					Total equity attributable to owners of parent			
	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	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)	<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>	<u>5,089,127</u>	<u>100,191,416</u>	
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)	<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>	<u>4,833,014</u>	<u>106,219,937</u>	
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	<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>	<u>5,822,321</u>	<u>109,598,116</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 Cash Flows
For the years ended December 31, 2015 and 2014
(expressed in thousands of New Taiwan dollars)

	<u>2015</u>	<u>2014</u> <u>(Retrospectively adjusted)</u>
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	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 carried 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	<u>22,998</u>	<u>58,941</u>
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	<u>1,563,453</u>	<u>1,545,398</u>
Net increase (decrease) in cash and cash equivalents	(11,956,588)	27,742,278
Cash and cash equivalents at beginning of period	<u>74,708,130</u>	<u>46,965,852</u>
Cash and cash equivalents at end of period	\$ <u><u>62,751,542</u></u>	<u><u>74,708,130</u></u>

Attachment II

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 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 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 Tubes, Ltd. and the related share of loss of associates and joint ventures accounted for using equity method of 3,041,000,000 for the three months ended March 31, 2014.

As stated in note (3)(a) of the annual parent company only financial reports, effective January 1, 2015, the annual parent company only financial reports of Compal Electronics, Inc. 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., and the annual parent company only financial reports for the year ended December 31, 2014 are retrospectively adjusted accordingly. The adjustment did not have any significant impact to the annual parent company only financial reports.

March 30, 2016

Note to Readers

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

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

COMPAL ELECTRONICS, INC.

Balance Sheets

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

	December 31, 2015		December 31, 2014		December 31, 2015		December 31, 2014		
	Amount	%	Amount	%	Amount	%	Amount	%	
	(retrospectively adjusted)				(retrospectively adjusted)				
Assets					Liabilities and equity				
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	-	Non-current 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	Equity attributable to owners of parent:				
Other non-current assets	<u>105,422</u>	<u>-</u>	<u>114,320</u>	<u>-</u>	Ordinary shares	44,711,266	15.1	44,232,366	12.9
	<u>88,742,231</u>	<u>29.9</u>	<u>87,821,561</u>	<u>25.6</u>	Capital surplus	12,838,638	4.3	14,296,445	4.2
Total assets	\$ <u>296,239,039</u>	<u>100.0</u>	<u>343,431,115</u>	<u>100.0</u>	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>

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 may not be reclassified subsequently to profit or loss				
Other comprehensive income, before tax, remeasurement of defined benefit plans	(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 may not be reclassified	<u>(13,527)</u>	<u>-</u>	<u>(6,268)</u>	<u>-</u>
Items that may not be reclassified subsequently to profit or loss	<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	<u>18,486</u>	<u>-</u>	<u>2,837</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss	<u>(60,652)</u>	<u>-</u>	<u>4,561,647</u>	<u>0.5</u>
Other comprehensive income, net of tax	<u>(131,684)</u>	<u>-</u>	<u>4,524,019</u>	<u>0.5</u>
Total 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>	

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 retroactive adjustment and retrospective 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
Total 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 arising from acquisition or disposal of subsidiaries	-	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)
Total 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 arising from acquisition or disposal of subsidiaries	-	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.

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	\$ <u>10,162,890</u>	<u>7,578,609</u>
Adjustments:		
Depreciation and amortization	698,496	855,418
Increase in allowances for uncollectible accounts	27,627	7,381
Interest expense	604,735	515,563
Interest income	(153,268)	(158,627)
Dividends income	(170,537)	(147,794)
Compensation cost arising from share-based payment transaction	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	<u>32,000</u>	<u>1,691,121</u>
Adjustments to reconcile profit	<u>(1,380,370)</u>	<u>2,129,446</u>
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	<u>(150,363)</u>	<u>506,306</u>
Total changes in operating assets	<u>35,747,842</u>	<u>38,984</u>
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	(49,432,576)	23,378,885
Increase (decrease) in other payables	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	<u>(26,483)</u>	<u>48,003</u>
Total changes in operating liabilities	<u>(49,056,123)</u>	<u>23,415,607</u>
Total changes in operating assets and liabilities	<u>(13,308,281)</u>	<u>23,454,591</u>
Total adjustments	<u>(14,688,651)</u>	<u>25,584,037</u>
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	<u>(240,077)</u>	<u>(184,371)</u>
Net cash flows from (used in) operating activities	<u>(4,292,738)</u>	<u>33,407,705</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method, available-for-sale financial assets and bond investment without active market	(1,023,451)	(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	<u>17,144</u>	<u>16,407</u>
Net cash flows from (used in) investing activities	<u>288,072</u>	<u>(1,723,700)</u>
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	<u>152</u>	<u>3</u>
Net cash flows from (used in) financing activities	<u>(8,293,519)</u>	<u>1,245,753</u>
Net increase (decrease) in cash and cash equivalents	(12,298,185)	32,929,758
Cash and cash equivalents at beginning of period	<u>43,095,497</u>	<u>10,165,739</u>
Cash and cash equivalents at end of period	\$ <u><u>30,797,312</u></u>	<u><u>43,095,497</u></u>

Compal Electronics, Inc.



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

Handwritten signature of Sheng-Hsiun Hsu in black ink.



Handwritten signature of Jui-Tsung Chen in black ink.



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